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Annual Report 2020



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2020 MediaTek Annual Report

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I. Letter to Shareholders

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, the global semiconductor supply chain has 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 in 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 WiFi chips is on the rise due to technology upgrade, global remote working and distant learning trend. MediaTek's WiFi 6 solutions have 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 rises under capacity constraint, power IC becomes another key component with steady growth. Moreover, MediaTek have 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 an 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 MediaTek 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 have achieved. MediaTek is dedicated in building both high-efficiency and low-power-consumption ICs to contribute to global environmental conservation and power saving. MediaTek has 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
CEO: Lih-Shyng Tsai

II. Company Profile

1. MediaTek Company Profile

MediaTek Inc. was founded on May 28, 1997 and listed on the Taiwan Stock Exchange (TSE) in July 2001. The Company is headquartered in Taiwan, with sales and research subsidiaries in Singapore, Mainland China, Hong Kong, India, United States, Japan, Korea, England, Finland, Sweden, France, Holland and Dubai.

With continuous investments in advanced process and technologies, the Company is aiming for first mover opportunities in AI (artificial intelligence) and 5G to provide chipset solutions across platforms, including smart home, connectivity, IoT and wearable, ASIC and smart mobile devices. It enables global customers to innovate and to provide higher value products and services. MediaTek has a leading position globally and possesses competitive edge.

By building technologies that help connect individuals to the world around them, the Company is enabling people to expand their horizons and more easily achieve their goals. We believe anyone can achieve something amazing. And we believe they can do it every single day. We call this idea Everyday Genius and it drives everything we do.

2. Milestones

Year	Milestones
2021	<ul style="list-style-type: none"> ■ MediaTek Dimensity 1000 honored as "Digital Semiconductor Product of the Year " award by 2020 Elektra Awards ■ Recognized as one of India's Best Tech Brands 2020-21 by the Economic Times ■ Received Editor's Choice award for "Best Gaming Phone Chipset Maker of 2020" at the 7th Mobility Conclave and Excellence Awards Night 2021 ■ MediaTek Dimensity 1200 honored as "Best Mobile 5G Chip of 2020" award at the 7th Mobility Conclave and Excellence Awards Night 2021 ■ Published 4 papers in ISSCC and hit a new record of papers selected by ISSCC for 18 consecutive years among Taiwan companies, totaling 83 papers – "35.1 An Octa-Core 2.8/2GHz Dual-Gear Sensor-Assisted High Frequency/Power Efficiency CPU in 7nm FinFET 5G Smartphone SoC", "27.5 An 80MHz-BW 640MS/s 2x Time-Interleaved Passive Noise-Shaping SAR ADC in 22nm FDSOI Process", "4.1 7nm 5G Mobile SoC featuring a 3.0GHz Tri-Gear Applications Processor Subsystem", "11.1 A 1.7-pJ/B 112Gbps XSR Transceiver for Intra-package Communication in 7nm FinFET technology."
2020	<ul style="list-style-type: none"> ■ Ranked top 3 in several senior management team and investor relations team awards from Institutional Investor Magazine's "All-Asia Executive Team-Technology/Semiconductor" rankings ■ Received the Excellence Reward in promoting gender equality at work from Hsinchu Science Park, Ministry of Science and Technology. ■ MediaTek Dimensity Series won "5G Chipmaker" by Device Next ■ Won the "Outstanding Asia-Pacific Semiconductor Company Award" for the 2020 Global Semiconductor Alliance Awards ■ Listed for the "Best IoT Connectivity Solution Award" for the IoT World Awards 2020 ■ Received Interbrand's "Top 20 Best Taiwan Global Brands" for straight six years ■ Published 11 papers in ISSCC and hit a new record of papers selected by ISSCC for 17 consecutive years among Taiwan companies – "Fertilizing AIoT from Roots to Leaves (Invited paper)", "2.5 A 7nm FinFET 2.5GHz/2.0GHz Dual-Gear Octa-Core CPU Subsystem with Power/Performance Enhancements for a Fully Integrated 5G Smartphone SoC", "6.2 A 460mW 112Gb/s DSP-Based Transceiver with 38dB Loss Compensation for Next-Generation Data Centers in 7nm FinFET Technology", "7.1 A 3.4-to-13.3 TOPS/W 3.6TOPS Dual-Core Deep-Learning Accelerator for Versatile AI Applications in 7nm 5G Smartphone SoC", "9.1 A Current-Sensing Front-End Realized by A Continuous-Time Incremental ADC with 12b SAR Quantizer and Reset-Then-Open Resistive DAC Achieving 140dB DR and 8ppm INL at 4kS/s", "10.3 A 12nm CMOS RF Transceiver Supporting 4G/5G UL MIMO", "10.4 A 4x4 Dual-Band Dual-Concurrent WiFi 802.11ax Transceiver with Integrated LNA, PA and T/R Switch Achieving +20dBm 1024-QAM MCS11 Pout and -43dB EVM Floor in 55nm CMOS", "10.6A 4G/5G Cellular Transmitter in 12nm FinFET with Harmonic Rejection", "21.3 A 5.69mm2 0.98nJ/Pixel Image-Processing SoC with 24b High-Dynamic-Range and Multiple Sensor Format Support for Automotive Applications", "26.1 A 4.5mm2 Multimodal Biosensing SoC for PPG, ECG, BIOZ and GSR Acquisition in Consumer Wearable Devices", and "18.5 ZVS flyback converter ICs optimizing USB power deliver for fast charging mobile devices to achieve 93.5% efficiency"

Year	Milestones
	<ul style="list-style-type: none"> ■ Won TCSA "The Most Prestigious Sustainability Award - Top 10 Domestic Corporates;" also received "People Development Award," "Growth through Innovation Award," "Social Inclusion Award" and "Supply Chain Management Award" ■ Received Commonwealth Magazine's "Corporate Citizen Award" for straight six years
2019	<ul style="list-style-type: none"> ■ Selected as "Taiwan Top 10 Global Brands", hosted by Ministry of Economic Affairs and Interbrand for the fifth consecutive year ■ Won "Outstanding Asia-Pacific Semiconductor Company" at GSA Awards ■ Won TCSA "The Most Prestigious Sustainability Award - Top 10 Domestic Corporates"; also received "Top 50 Corporate Sustainability Report Gold Award," "Growth through Innovation Award" and "Social Inclusion Award" for the Manufacturing industry ■ MediaTek 5G SoC honored as "Best Mobile Chipset" at Computex given by GadgetMatch ■ Published 8 papers in ISSCC and hit a new record of papers selected by ISSCC for 16 consecutive years among Taiwan companies – "6.4 A 180mW 56Gb/s DSP-Based Transceiver for High-Density IOs in Data Center Switches in 7nm FinFET Technology", "18.1 A - 105dBc THD+N (-114dBc HD2) at 2.8VPP Swing and 120dB DR Audio Decoder with Sample-and-Hold Noise Filtering and Poly Resistor Linearization Schemes", "A 40MHz-BW 320MS/s Passive Noise-Shaping SAR ADC with Passive Signal-Residue Summation in 14nm FinFET", "20.4 An 8x-OSR 25MHz-BW 79.4dB/74dB DR/SNDR CT DS Modulator Using 7b, Linearized Segmented DACs with Digital Noise-Coupling-Compensation, Filter in 7nm FinFET CMOS", "20.6 An 80MHz-BW 31.9fJ/conv-step Filtering DS ADC with a Built-In DAC-Segmentation/ELD-Compensation 6b 960MS/s SAR-Quantizer in 28nm LP for 802.11ax Applications", "An LTE-A Multimode Multiband RF Transceiver with 4RX/2TX Inter-Band Carrier Aggregation, 2-Carrier 4x4 MIMO with 256QAM and HPUE Capability in 28nm CMOS", "An 8b Injection-Locked Phase Rotator with Dynamic Multiphase Injection for 28/56/112Gb/s Serdes Application", and "Data Converter Design Considerations for Mobile Transceivers: Benchmark and Trends from 4G LTE to 5G NR" ■ MediaTek Helio P90 won the "Best Mobile Chipset" award at the 5th EM Best of Industry Awards 2019 ■ MediaTek Helio G90T won "The Best Gaming Chip" by The Mobility India ■ MediaTek Helio P90 honored as Winner of "Compass Intelligence Tech Awards" given by Compass Intelligence ■ MediaTek Helio P60 honored as Gold Winner of "Golden Mousetrap Award" given by Design News ■ MediaTek Helio P60 won IoT Breakthrough "IoT Semiconductor Company of the Year" Award ■ MediaTek Helio P60 chosen as the Finalist of "Electronic Products Product of the Year Award" given by Digital ICs ■ MediaTek NB-IoT chipset MT2625 chosen as the Finalist of "Best IoT Connectivity Solution Award" given by IoT World
2018	<ul style="list-style-type: none"> ■ Received "Outstanding Asia-Pacific Semiconductor Company" Award from Global Semiconductor Alliance (GSA) ■ Selected as "Taiwan Top 10 Global Brands", hosted by Ministry of Economic Affairs and Interbrand for the fourth consecutive year ■ Won TCSA "Top 50 Corporate Sustainability Award"; also received "Top 50 Corporate Sustainability Platinum Award", "People Development Award", "Growth through Innovation Award," "Social Inclusion Award" and "Supply Chain Management Award" for the Manufacturing industry ■ Ming-Kai Tsai, MediaTek Chairman, chosen as one of Harvard Business Review's "Top 50 the Best CEOs in Taiwan" ■ MediaTek Helio P60, awarded by Android Authority, as the best of MWC 2018 ■ Published 4 papers in ISSCC and hit a new record of papers selected by ISSCC for 15 consecutive years among Taiwan companies – "An 87.1% Efficiency RF-PA Envelope Tracking Modulator for 80MHz LTE- Advanced Transmitter and 31dBm PA Output Power for HPUE in 0.153µm CMOS", "A 0.0004% (-10dB) THD+N 112dB SNR and 3.15W Fully Differential Class-D Audio Amplifier with Gm Noise Cancellation and Negative Output Common Mode Injection Techniques", "A 50MHz-BW Continuous-Time III: ADC with Dynamic Error Correction Achieving 79.8dB SNDR and 95.2dB SFDR (Co-author with Oregon State University)", and "94% Power-Recycle and Near-Zero Driving-Dead-Zone N-type LowDropout Regulator with 20mV Undershoot at Short-Period LoadTransient of Flash Memory in Smart Phone" ■ Received the awards of "2018 all Asia Executive team" on top-ranked company for CEO, CFO, IR Professional, IR Program, Analyst Days and Website" from "Institutional Investor Magazine"
2017	<ul style="list-style-type: none"> ■ Selected as "Taiwan Top 10 Global Brands", hosted by Ministry of Economic Affairs and Interbrand for the third consecutive year ■ Received Taiwan Corporate Sustainability Awards' highest honor for the very first time, namely, "The Most Prestigious Sustainability Awards-Top Ten Domestic Corporate", as well as its "Top 50 Corporate Sustainability Report Award", "Growth through Innovation Award", "Social Inclusion Award" and "Supply Chain Management Award" ■ Rated by Forbes as one of "Top Multinational Performers" and "Growth Champions" as well as "Asia's Fab 50 Companies" ■ Awarded "Top 100 Applicants" by European Patent Office (EPO) for the third consecutive year. ■ Received award of "Foreign Direct Investment Company of the Year 2017" from City of Oulu, Finland ■ Listed in PwC's "The 2017 Global Innovation 1000 Study" as one of the world's top corporate R&D investors ■ Selected as FTSE4Good Index component ■ MediaTek HEVC codec won 2017 Primetime Emmy Engineering Award ■ MediaTek Helio X30 honored as "Innovation Product Award and R&D Accomplishment Award (Integrated Circuit)" by Hsinchu Science Park Bureau ■ Published 10 papers in ISSCC and hit a new record of number of papers selected by ISSCC among MediaTek's history, Taiwanese companies and global semiconductor companies – "A high-efficiency multi-band Class-F power amplifier in 0.1531µm bulk CMOS for WCDMA/LTE applications", "A 0.46mW 5MHzBW79.7dB SNDR Noise-Shaping SAR ADC with Dynamic FIR-IIR Filter", "A 10nm

Year	Milestones
	<p>FinFET 2.8GHz, Tri-gear Deca-core CPU complex with optimized Power-delivery network for Mobile SoC Performance”, “An 802.11ac 5stage2(80+80) Dual-Band Reconfigurable Transceiver Supporting up to FourVHTBO Spatial Streams with 116f5 JitterRMS Frequency Synthesizer & Integrated LNAJPA Delivering 256QAM 19dBm per Stream Achieving 1.733Gbps PHY Rate”, “An Intelligent Low Power Transceiver Design for LTE-A Carrier Aggregation”, “A +8dBm BLEIBT Transceiver with Automatically Calibrated Integrated RF Band-Pass Filter and -58dBc TX HD2”, “A 125MHz BW, 74.BdB DR, 71.9dB SNDR, -BOdBc THD, VCO-Based CT A.r. ACe with Phase-Domain ELD Compensation using 128- State Segmented Rotator in 16nm CMOS S-”, “A Fully Integrated Multi-Mode TxM for GSMEDGEITD-SCDMAITDLTE Applications Using A Class-F CMOS Power Amplifier”, ”A Digitally Assisted CMOS WiFi802.11ac/11ax Front-End Module Achieving 12% PA Efficiency at 20dBm Output Power with 160MHz 256QAM OFDM Signal”, and “A high-linearity CMOS receiver achieving +44dBm IIP3 and +13dBm B1dB for SAW-less LTE radio”</p> <ul style="list-style-type: none"> ■ Acquired Airoha Technology Corp.
2016	<ul style="list-style-type: none"> ■ Awarded “Top 100 Global Innovators 2016” by Clarivate Analytics (formerly Thomson Reuters) for the third consecutive year ■ Received “Outstanding Asia-Pacific Semiconductor Company Award” from Global Semiconductor Alliance (GSA) for the fifth consecutive year ■ Selected as “Taiwan Top 10 Global Brands 2016”, hosted by Ministry of Economic Affairs and Interbrand for the second consecutive year ■ Mr. Ming-Kai Tsai, MediaTek Chairman and CEO, was honored by Harvard Business Review as one of “100 Best-Performing CEOs in the World” ■ Won “Taiwan Corporate Sustainability Awards 2016 – Electronics Industry” Gold Medal from Taiwan Institute for Sustainable Energy (TAISE) and “Supply Chain Management Awards” as well as “Growth through Innovation Awards” for the first time ■ Selected as “Most Admired Company Top 10”, hosted by CommonWealth Magazine and Mr. Ming-Kai Tsai, MediaTek Chairman and CEO, was honored as one of the “Most Admired Entrepreneurs” ■ Published 6 papers in ISSCC and hit a new record of papers selected by ISSCC for 13 consecutive years among Taiwan companies – “A 20nm, 2.5GHz, UltraLow Power TriCluster CPU Subsystem with Adaptive Power Allocation for Optimal Mobile SoC Performance”, “A 10MHzbandwidth, 4μs largesignal settling, 6.5nV/vHz noise, 2μVoffset Chopper Operational Amplifier”, “A Dual-Band Digital-WiFi 802.11a/b/g/n Transmitter SoC with Digital I/Q Combining and Diamond Profile Mapping for Compact Die Area and Improved Efficiency in 40nm CMOS”, “A 160MHz BW, 72dB DR, 40mW Continuous Time DeltaSigma Modulator in 16nm CMOS with Analog ISIReduction Technique”, “An Oversampling SAR ADC with DAC Mismatch Error Shaping Achieving 105dB SFDR and 101dB SNDR over 1kHz BW in 55nm CMOS”, and “A 0.35mW 12b 100MS/s SAR Assisted Digital Slope ADC in 28nm CMOS” ■ Acquired ILI Technology Corp. ■ MediaTek MT7615, MU-MIMO 4x4 802.11ac Wave 2 enterprise-class SoC for Wi-Fi connectivity, honored as “Innovation Product Award and R&D Accomplishment Award (Integrated Circuit)” given by Hsinchu Science Park Bureau
2015	<ul style="list-style-type: none"> ■ Once again selected by “Thomson Reuters' Top 100 Global Innovators 2015” (the only Greater China company won the prize for second consecutive year) ■ Awarded “Outstanding Asia Pacific Semiconductor Company Award” by the GSA for the fourth consecutive year ■ Mr. Ming-Kai Tsai, MediaTek Chairman and CEO, winner of “Dr. Morris Chang Exemplary Leadership Award” awarded by GSA ■ Selected as “Taiwan Top 10 Global Brands 2015”, hosted by Ministry of Economic Affairs and Interbrand for the first time ■ MediaTek MT6795 (MediaTek Helio X10), Highly-integrated 64-bit True Octa-Core SoC, honored as “Innovation Product Award and R&D Accomplishment Award (Integrated Circuit)” given by Hsinchu Science Park Bureau ■ MediaTek Helio Chinese naming campaign received Bronze prize in “MAwards - Best Use of Social Media Promotion & Innovation Awards” ■ MediaTek Helio Chinese naming campaign won Bronze prize in “GOLDEN AWARDS - Best Use of Social Media Promotion & Innovation Awards” ■ Won “Taiwan Corporate Sustainability Awards 2015 – Electronics Industry” Silver Medal by TAISE ■ Ranked sixth in “Top 20 Most Innovative Taiwanese Companies 2015” by Ministry of Economic Affairs, China Productivity Center and Boston Consulting Group (BCG) ■ Published 5 papers in ISSCC, and hit a new record of papers selected by ISSCC for 12 consecutive years among Taiwan companies – “A Highly Integrated Smartphone SoC Featuring a 2.5GHz Octa-Core CPU with Advanced High-Performance and Low-Power Techniques”, “An LTE SAW-less Transmitter Using 33% Duty-Cycle LO Signals for Harmonic Suppression”, “A Wideband Fractional-N Ring PLL Using a Near-Ground Pre-Distorted Switched-Capacitor Loop Filter”, “A 4.5mW CT Self-Coupled rΣ Modulator with 2.2MHz BW and 90.4dB SNDR Using Residual ELD Compensation”, and “A 0.5nJ/Pixel 4K H.265/HEVC Codec LSI for Multi-format Smartphone Applications” ■ Acquired Alpha Imaging Technology Corp. ■ Acquired Chingis Technology Corp. ■ Acquired Richtek Technology Corp.

Year	Milestones
2014	<ul style="list-style-type: none"> ■ Named “Outstanding Asia Pacific Semiconductor Company Award” by the GSA for the third consecutive year ■ MediaTek MT6592, High Performance and Low Power True Octa-Core Heterogeneous Computing SoC, honored as “Innovation Product Award and R&D Accomplishment Award (Integrated Circuit)” given by Hsinchu Science Park Bureau ■ Selected by Thomson Reuters in “The World’s 100 Most Innovative Companies in 2014” ■ Mr. Ming-Kai Tsai, Chairman of MediaTek Inc., is honored by Harvard Business Review as one of “The Best-Performing CEOs in the World” for second consecutive years, and is the only leader from Taiwan on this list ■ Awarded “2014 Most Admired Company in Taiwan Top 3” by CommonWealth Magazine ■ Awarded seventh place in the “2014 Top 20 Taiwan Innovative Corporations” by the Ministry of Economic Affairs, China Productivity Center and BCG ■ Published 8 papers in ISSCC, not only ranked no.1 in Taiwan, but also a record high for the semiconductor industry – “Heterogeneous Multi-Processing Quad-core CPU and Dual-GPU design for optimal Performance, Power and Thermal tradeoffs in a 28nm Mobile Application Processor”, “A Digitally Assisted Self-Calibrating NFC SoC with a Triple-Mode Reconfigurable PLL and a Single-Path PCCC-PCD Receiver in 110nm CMOS”, “A 2.4GHz ADPLL with Digital-Regulated Supply Noise Insensitive and Temperature Self-Compensated Ring DCO”, “A 1.89nW/0.15V self-charged XO for real-time clock generation”, “A Multi-band Inductor-less SAW-less 2G/3G Cellular Receiver in 40nm CMOS”, “A 2.667 Gb/s DDR3 Memory Interface with Asymmetric ODT on Wirebond Package and Single-Side Mounted PCB”, “A 0.29mm² Frequency Synthesizer in 40nm CMOS with 0.19ps RMS Jitter and <-100dBc Reference Spur for 802.11ac”, and “Cloud 2.0 Clients and Connectivity 40nm CMOS with 0.19ps RMges” ■ Acquired MStar Semiconductor, Inc. (Cayman)
2013	<ul style="list-style-type: none"> ■ Once again won “Outstanding Asia-Pacific Semiconductor Company Award” selected by GSA ■ Selected by Forbes Magazine in “The World’s 100 Most Innovative Companies”, and the only company in Taiwan in this list ■ Mr. Ming-Kai Tsai, Chairman & CEO of MediaTek Inc., was named in “The Best-Performing CEOs in the World” by Harvard Business Review ■ Selected as a test bed for the Wi-Fi Alliance’s Wi-Fi CERTIFIED™ ac certification program ■ Awarded “2013 Most Admired Company in Taiwan Top 3” by CommonWealth Magazine ■ Published 6 papers in ISSCC, the most among Taiwan technology companies – “A Wideband Fractional-N Ring PLL with Fractional Suppression using Spectrally Shaped Segmentation”, “A 0.27mm², 13.5dBm, 2.4GHz All-digital Polar Transmitter with 34%-Efficiency Class-D DPA in 40nm CMOS”, “An AC-Coupled Hybrid Envelope Modulator for HSUPA Transmitters with 80% Modulator Efficiency”, “A 24.7dBm All-Digital RF Transmitter for Multimode Broadband Applications in 40nm CMOS”, “A 28fj/conv-step CT Modulator with 78dB DR and 18MHz BW in 28nm CMOS Using a Highly Digital Multibit Quantizer”, and “A Universal GNSS (GPS/Galileo/Glonass/Beidou) SoC 10:15 AM with a 0.25mm² Radio in 40nm CMOS”
2012	<ul style="list-style-type: none"> ■ MediaTek Android smartphone platform included in the Wi-Fi CERTIFIED Passpoint™ test bed as the first and only mobile benchmark platform ■ Ralink Technology, a wholly owned subsidiary of MediaTek Inc., was selected to be in the Wi-Fi CERTIFIED WMM®-Admission Control test bed as the benchmark for advanced Wi-Fi performance and interoperability ■ MT6620, highly Integrated WiFi/BT/FM/GPS 4-in-1 SoC, honored as “2012 Innovative Product Award” by Science-based Industrial Park Administration (SIPA) ■ The winner of “Outstanding Asia-Pacific Semiconductor Company Award” selected by GSA ■ Awarded “2012 Top 10 Taiwan Innovative Corporations” by Ministry of Economic Affairs, China Productivity Center and BCG ■ Won “2012 Thomson Reuters Taiwan Innovation Awards - Top 5 Corporate Innovators in Taiwan” ■ Awarded “2012 Most Admired Company in Taiwan Top 3” by CommonWealth Magazine ■ Awarded “2012 INFO TECH TOP 100 in Asia” by Business Next magazine ■ Awarded 6th National Telecom Award 2012 – “Best Innovation in Mobile Video Technology” by CMAI Association of India ■ Mr. Ming-Kai Tsai, Chairman & CEO of MediaTek Inc., awarded as “Academician of Industrial Technology Research Institute (ITRI), R.O.C.” ■ Mr. Ming-Kai Tsai, Chairman & CEO of MediaTek Inc., awarded as “The Best-Performing CEOs in the World” by Harvard Business Review ■ MediaTek papers selected for presentation at 2012 Symposium on VLSI Circuits- the only fabless semiconductor company to have more than two papers selected for presentation at the 2012 Symposium ■ Published papers in ISSCC – “A 4-in-1 (WiFi/BT/FM/GPS) Connectivity SoC with Enhanced Co-Existence Performance in 65nm CMOS”, and “Near Independently Regulated 5-Output Single-Inductor DC-DC Buck Converter Delivering 1.2W/mm² in 65 nm CMOS”

Year	Milestones
2011	<ul style="list-style-type: none"> ■ MT5395, highly-integrated 3D/Internet TV SoC, honored as “2011 The Most Innovative Product” by SIPA ■ Awarded “2011 The Best Telecommunication Technology” by CMAI Association of India ■ Awarded “The Boldness in Business” by UK Financial Times ■ Awarded Top 10 Most Admired Companies in Taiwan” by Commonwealth Magazine for ninth continuous years ■ Published five research papers in the ISSCC – “An Injection-Locked Ring PLL with Self-Aligned Injection Window”, “A 70Mb/s - 100.5dBm Sensitivity 65nm IP MIMO Chipset for WiMAX Portable Router (Industrial Demo)”, “A Saw-Less GSM/GPRS/EDGE Receiver Embedded in a 65nm CMOS SOC (Industrial Demo)”, “A Receiver for WCDMA/EDGE Mobile Phones with Inductorless Front-End in 65nm CMOS”, and “A GPS/Galileo SOC with Adaptive in-Band Blocker Cancellation in 65nm CMOS” ■ Acquired Ralink Technology Corp.
2010	<ul style="list-style-type: none"> ■ MediaTek’s “WiMAX 802.16e device chipset project” awarded “Outstanding Contribution Award” by Ministry of Economic Affairs ■ Awarded “Top 50 Corporate Citizens” by Commonwealth Magazine for four continuous years ■ Awarded “Top 10 Most Admired Companies in Taiwan” by Commonwealth Magazine for 8 continuous years ■ Ranked Top 10 of “2010 Asia’s 200 most-admired companies” by The Wall Street Journal ■ Awarded #12 of “Global Top 100 High-Tech Companies” by Bloomberg Business Week ■ Awarded “2010 Corporate Social Responsibility Top 65” by Global Views Monthly ■ Awarded “Best Annual Report in Taiwan” and “Best One-on-One Meetings in Taiwan” by IR Magazine ■ Published research papers in the ISSCC – “23.6 A 1V 17.9dBm 60GHz Power Amplifier”
2009	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s High Sensitivity GPS SoC by SIPA ■ Awarded “Asia Pacific Leadership Council Award” by GSA ■ Awarded “Best Investor Relations by a CEO Award” and “Best Investor Relations for a Corporate Transaction” by IR Magazine ■ Awarded “Best Corporate Governance in Taiwan and in Asia” by Asiamoney Magazine ■ Awarded the third annual “Top 50 Corporate Citizens” by Commonwealth Magazine ■ Published four research papers in the ISSCC, the most among Taiwan technology companies – “A Multi-Format Blu-ray Player SOC in 90nm CMOS”, “A 1.2V 2MHz BW 0.084mm² CT ΔΣ ADC with -97.7dBc THD and 80dB DR Using Low-Latency DEM”, “A 250Mb/s-to-3.4Gb/s HDMI Receiver with Adaptive Loop Updating Frequencies and an Adaptive Equalizer”, and “A 110nm RFCMOS GPS SOC with 34mW -165dBm Tracking Sensitivity”
2008	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s Full-HD ATSC DTV SoC, by SIPA ■ Launched Blu-ray DVD player chipset, GSM/GPRS/EDGE handset baseband chip, and next-generation ATSC and DVB-T digital TV single-chip ■ Awarded “Best Financially Managed Company” by Fabless Semiconductor Association (FSA) for the third consecutive year ■ Awarded “Corporate Social Responsibility Award” by Global View Magazine ■ Awarded the second annual “Top 50 Corporate Citizens” by Commonwealth Magazine ■ Published seven research papers in the ISSCC, hit a new record of papers selected by ISSCC for 5 consecutive years among Taiwan companies, and was the only selected Taiwan company – “A 1V 11b 200MS/s Pipelined ADC with Digital Background Calibration in 65nm CMOS,” and “A Fractional Spur Free All-Digital PLL with Loop Gain Calibration and Phase Noise Cancellation for GSM/GPRS/EDGE”
2007	<ul style="list-style-type: none"> ■ Awarded “Distinguished Innovation Accomplishment” at the 15th ITA Award by the Ministry of Economic Affairs ■ Launched high-performance GPS signal receiver single-chip, first generation Bluetooth chip, and next-generation 120Hz video processing chip ■ Awarded “Best Financially Managed Company” by FSA for the second consecutive years ■ Awarded “The Asian Top 50” by Forbes Asia ■ Awarded “Corporate Social Responsibility Award” by Global View Magazine ■ Awarded the 12th annual “Most Admired Company in Taiwan” by Commonwealth Magazine ■ Awarded “Top 50 Corporate Citizens” by Commonwealth Magazine ■ Published research paper in the ISSCC – “RTL-based Clock recovery architecture with all-digital duty-cycle correction” ■ Published research paper in the IEEE IRPS (International Reliability Physics Symposium) “A New Device Reliability Evaluation Method for Overdrive Voltage Circuit Application”
2006	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s Blu-ray DVD player chipset, by SIPA ■ Launched GSM/GPRS/EDGE high-resolution camcorder chipset for mobile phones ■ Awarded “The Asian Top 50” by Forbes Asia ■ Published research paper in the ISSCC – “Fully Integrated CMOS SoC for 56/18/16 CD/DVD-dual/RAM Applications” ■ Awarded “Best Financially Managed Company” by FSA

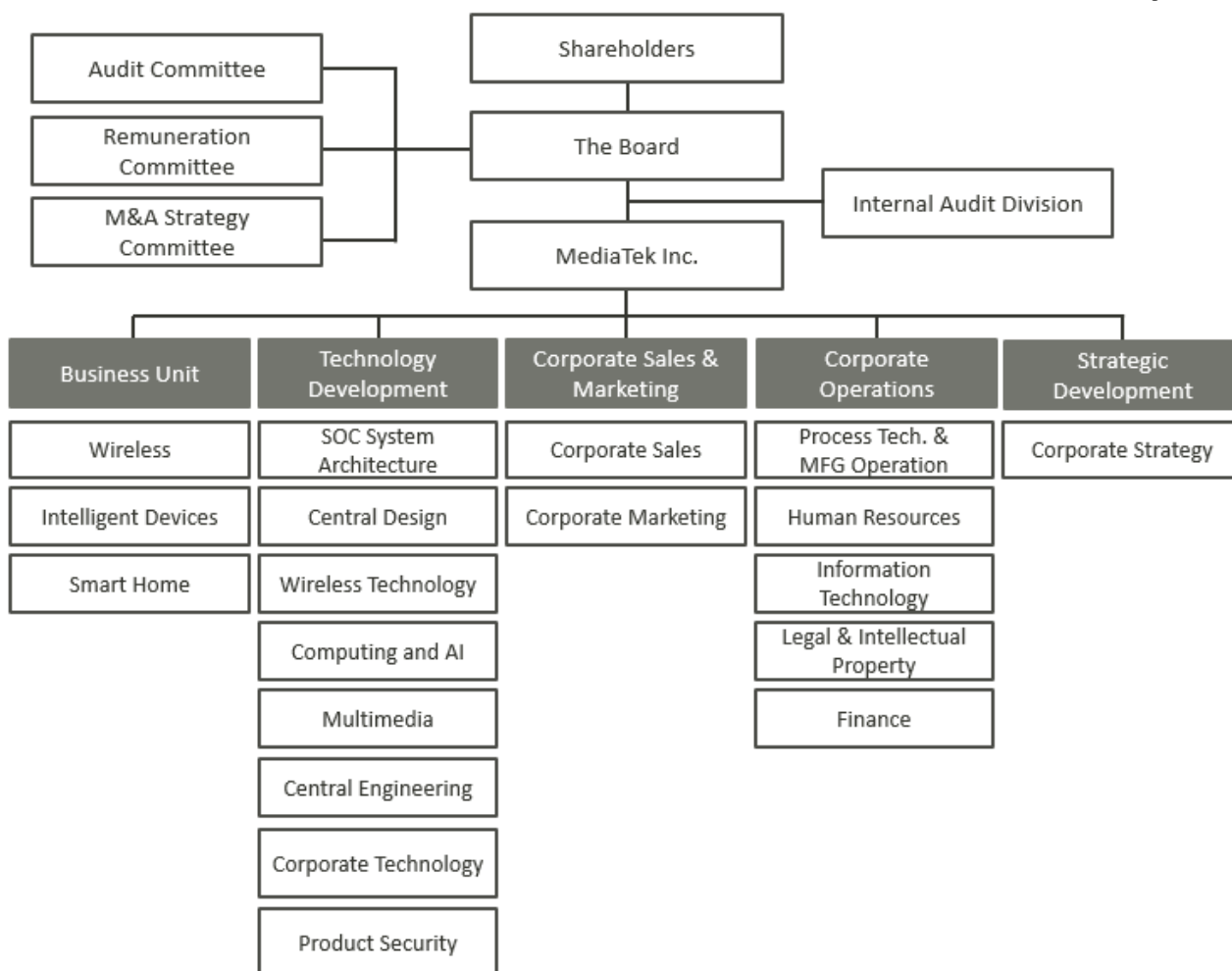
Year	Milestones
2005	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s multimedia GSM/GPRS mobile phone chipset, by SIPA ■ Launched ATSC and DVB-T high-resolution LCD TV chipset ■ Awarded “The Asian Top 50” by Forbes Asia ■ Awarded the 10th annual “Most Admired Company in Taiwan” by Commonwealth Magazine ■ Published research papers in the ISSCC – “Multi-Format Read/Write SoC for 7x Blu-ray/16x DVD/56x CD” and “DLL-Based Clock Recovery in a PRML Channel”
2004	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s DVD-Recorder Backend single-chip, by SIPA ■ Launched GSM/GPRS baseband handset chips ■ Ranked no.3 in the high-tech industry in Taiwan as part of Euromoney’s “Best Corporate Governance” survey in 2004 ■ Awarded the ninth annual “Most Admired Company in Taiwan” by Commonwealth Magazine ■ Published one paper at the International Solid-State Circuits Conference “A CMOS SoC for 56/32/56/16 COMBO driver applications”
2003	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s 8x DVD-read/write (DVD-R/W) optical storage chipset, by SIPA ■ Awarded “National Quality Award” by the Executive Yuan of Taiwan R.O.C. ■ Launched DVD-Dual chipset ■ Awarded Top High-Tech Company in Taiwan by “Business Next Magazine”
2002	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the company’s high-speed COMBI optical storage chipset by SIPA ■ Launched 48x CD-R/W chipset ■ Launched CD/DVD COMBI chipset
2001	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s high-integration DVD-Player chipset by SIPA ■ Awarded the ninth annual MOEA Award for Industrial Technology Advancement ■ Listed on the Taiwan Stock Exchange (TSE) under the ticker of “2454”
2000	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s high-speed CD-R/RW chipset by SIPA ■ Launched 12x DVD-ROM chipset
1999	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s 12x DVD-ROM chipset by SIPA ■ Launched 12-x DVD-ROM chipset
1998	<ul style="list-style-type: none"> ■ Awarded “Innovative Product Award” for the Company’s CD-ROM digital data/servo processor by SIPA ■ Launched the highest performance 48x CD-ROM chipset in the world
1997	<ul style="list-style-type: none"> ■ Founded on May 28th

III. Corporate Governance

1. Organization

1.1. Organization Chart

As of April 30, 2021



1.2. Major Corporate Functions

Department	Functions
Wireless	Research, design and promote mobile communication chips
Intelligent Devices	Research, design and promote intelligent entertainment, intelligent connectivity, intelligent display, ASIC and intelligent automotive chips
Smart Home	Research, design and promote TV business and monitor/TCON products
SOC System Architecture	Construct and plan competitive and technology-leading chips
Central Design	Integrate and implement technologies into chips, including wireless communication, computing and artificial intelligence, multimedia, analog, circuit and RF
Wireless Technology	Develop and design wireless communication core technologies, system, software, wireless communication technologies and communication system
Computing and AI	Research and develop high-efficiency computing platforms and artificial intelligence technologies
Multimedia	Research and develop video and image multimedia technologies
Central Engineering	Research and develop analog technologies in wireless communication field, including RF, audio/video, transmission interface, server and power as well as board design, high-performance circuit and advanced processor technologies
Corporate Technology	Research and develop advanced technologies and manage industry-academia collaboration
Product Security	Product safety framework planning and introduction, industry standard, protocol setting, training, threat risk model, protocol testing, vulnerability management and audit to enhance.
Corporate Sales	Sell products, develop customers, maintain customer relationship and manage sales operation
Corporate Marketing	Manage corporate image and promote market position
Process Tech. & MFG Operation	Pilot run products in development, develop related technologies, manage quality and reliability, manage customer satisfaction, plan production and procurements, research and develop advanced process, pilot run high-end products and develop component technologies
Human Resources	Manage human resource, organization development, general affairs, plant administration, and labor safety
Information Technology	Manage information system architecture, e-commerce strategy, information system development and operation and information security
Legal & Intellectual Property	Manage corporate legal affairs, contracts, patents, and other intellectual property
Finance	Manage finance and accounting, tax, treasury and asset, strategic investments and investor relations
Corporate Strategy	Analyze, plan and execute corporate strategies
Internal Audit Division	Manage internal audit, operational procedure and information security

2. Directors

2.1. Information Regarding Board Members

As of April 12, 2021/ Unit: Shares

Title/Name	Nationality or Registry	Gender	Date Elected	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Current Positions at the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Chairman Ming-Kai Tsai	R.O.C	Male	June 15, 2018	3	May 21, 1997	41,062,592	2.60%	41,342,481	2.60%	41,250,145	2.59%	-	-	- Master, Electrical Engineering, University of Cincinnati, USA - President of the 2nd Business Group, UMC	- Chairman, Andes Technology Corp. - Director, MediaTek affiliates.
Vice Chairman Ching-Jiang Hsieh	R.O.C	Male	June 15, 2018	3	June 13, 2005	4,052,648	0.26%	4,111,802	0.26%	856,051	0.05%	-	-	- Master, Electrical Engineering, National Taiwan University - Engineer, Multimedia R&D Team, UMC	- Chairman / Director, MediaTek affiliates.
Director and CEO Lih-Shyng Tsai	R.O.C	Male	June 15, 2018	3	June 15, 2017	31,500	0.00%	397,183	0.02%	-	-	-	-	- Ph.D., Material Science, Cornell University, USA - Chairman & CEO, Chunghwa Telecom Co., Ltd. - President & CEO, TSMC	- CEO, MediaTek Inc. - Director, Lam Research Corporation - Chairman, MediaTek affiliates.
Director Cheng-Yaw Sun	R.O.C	Male	June 15, 2018	3	June 13, 2012	29,244	0.00%	29,244	0.00%	-	-	-	-	- B.S., Chung Yuan Christian University of Taiwan - Managing Director, HP China	None.
Director Kenneth Kin	R.O.C	Male	June 15, 2018	3	June 13, 2012	-	-	-	-	-	-	-	-	- Ph.D., Nuclear Engineering and Applied Physics, Columbia University, USA - Senior VP, Worldwide Sales & Services, TSMC - Microelectronics VP of worldwide sales, IBM - Asian Pacific Operation VP, Computer Group, Motorola	- Independent Director, eMemory Technology Inc. - Independent Director, Vanguard International Semiconductor Corp. - Independent Director, Global Unichip Corp. - Director, Medtech Investment Co. LTD. - Professor, Department of Economics, National Tsing Hua University.
Director Gon-Wei Liang	R.O.C	Male	June 15, 2018	3	June 15, 2018	54,134	0.00%	54,134	0.00%	24,236	0.00%	-	-	- Master, Chemical Engineering, Stanford University, USA - Chairman, MStar Semiconductor, Inc. - Senior Director, Marketing, TSMC - Vice President, WSMC	- Director, Ilitek Technology Co. Ltd.

Title/Name	Nationality or Registry	Gender	Date Elected	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Current Positions at the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
														- Director, Winbond Electronics Corp.	
Independent Director Chung-Yu Wu	R.O.C	Male	June 15, 2018	3	June 13, 2012	236,000	0.01%	236,000	0.01%	426,118	0.03%	-	-	- Ph.D., Electronics Engineering, National Chiao Tung University - Independent Director, Global Unichip Corp. - Independent Director, Leadtrend Technology Corp. - Independent Director, Powerchip Semiconductor Manufacturing Co., Ltd.	- Chairman/CTO, A-Neuron Electronic Corp. - Honorary Retired Professor, National Chiao Tung University - Independent Director, Global Unichip Corp. - Independent Director, Leadtrend Technology Corp. - Independent Director, Powerchip Semiconductor Manufacturing Co., Ltd.
Independent Director Peng-Heng Chang	R.O.C / U.S.A	Male	June 15, 2018	3	June 13, 2012	-	-	-	-	-	-	-	-	- Ph.D., Materials Engineering, Purdue University - VP, Human Resources, TSMC - Chairman, Motech Industries, Inc.	-Representative of juristic person director, Big Sun Technology Inc. - Chairman, Chi-Kuang Solar Energy Corp. - Chairman, Ruei-Yang Solar Corp. - Chairman, Ruei-Rih Solar Corp. - Chairman, Lumos Corporation - Independent Director, VisEra Technology Co., Ltd.
Independent Director Ming-Je Tang	R.O.C	Male	June 15, 2018	3	June 15, 2017	-	-	-	-	-	-	-	-	- Ph.D., Business Management, MIT, USA - Associate Professor with tenure, University of Illinois at Urbana-Champaign - Professor and Chair of Industrial and Business Management Department, Chang Gung University - Visiting Associate Professor, Hong Kong University of Science and Technology - President, National Taiwan University	- Independent Director, Fubon Financial Holding Co., Ltd., and Fubon Insurance Co., Ltd. - Director, VSense Co., Ltd. - Representative of juristic person director, Wesync Startup Service and Consulting Corporation Limited - Director, Smart-Core Holdings Limited - Director, VSense Medical Inc. - Professor, National Taiwan University

2.2. Professional Qualifications and Independence Analysis of Directors

Name/ Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of other public companies concurrently serving as an independent director
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	11	12	
Ming-Kai Tsai			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ching-Jiang Hsieh			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Lih-Shyng Tsai			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Cheng-Yaw Sun			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Kenneth Kin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Gon-Wei Liang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chung-Yu Wu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Peng-Heng Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Ming-Tze Tang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note: Directors or Supervisors with a "✓" sign meets the following criteria:

- (1). Not an employee of the Company or any of its affiliates.
- (2). Not a director or supervisor of the Company or the Company's affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds in accordance of Taiwan government or local government laws.)
- (3). Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4). Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3.
- (5). Directors who do not directly hold more than 5% of the total issued shares of the company, the top five shareholders, or a legal person shareholder who appoints a representative as a company director or supervisor according to Article 27, paragraph 1 or 2, Supervisor or employee (but if the company and its parent company, subsidiary or subsidiary of the same parent company are independent directors established by this law or local state laws, they are not limited to this).
- (6). More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if they are the company or its parent company, subsidiary or a child of the same parent company) (The independent directors established by the company in accordance with this law or local national laws shall not be limited to this).
- (7). Directors, supervisors or employees (but in the case of the company and its parent company) of other companies or organizations that are not the same person or spouse with the company's chairman, general manager or equivalent, Independent directors set up by a subsidiary company or a subsidiary of the same parent company in accordance with this law or local national laws shall not be limited to this).
- (8). Directors, supervisors, managers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but if a specific company or organization holds issued shares in the company) If the total number is more than 20% but not more than 50%, and the independent directors established by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations concurrently serve each other, this limit shall not apply).
- (9). Professionals, sole proprietorships, partnerships, companies or institutions that do not provide audits for companies or related companies or business, legal, financial, accounting and other related services that do not exceed NT \$ 500,000 in cumulative compensation in the past two years Business owners, partners, directors, supervisors, managers and their spouses. However, members of the Salary and Compensation Committee, Public Acquisition Review Committee, or M&A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited to this.
- (10). Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11). Not been a person of any conditions defined in Article 30 of the Company Law.
- (12). Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2.3. Remunerations Paid to Directors

2.3.1. Remunerations Paid to Directors (Note1)

Unit: NT\$ thousands

Title Name	Remunerations Paid to Directors								(A+B+C+D) as % of Net Income		Compensation Earned as Employee of the Company or of the Company's Affiliates								(A+B+C+D+E+F+G) as % of Net Income (Note3)		Other compensations from non-subsidiary affiliates
	Salary (A)		Pension (B)		Remunerations (C)		Allowances (D)				Salary, Bonus, etc. (E)		Pension (F) (Note2)		Employee Compensation (G)						
	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
															Cash	Stock	Cash	Stock			
Chairman Ming-Kai Tsai	0	0	0	0	6,144	6,144	0	0	0.17	0.17	342,644	346,426	216	216	0	0	0	0	1.01	1.02	2
Vice Chairman Ching-Jiang Hsieh	0	0	0	0	6,144	6,144	0	0													
Director and CEO Lih-Shyng Tsai	0	0	0	0	6,144	6,144	0	0													
Director Cheng-Yaw Sun	3,000	3,000	0	0	6,144	6,144	30	30													
Director Kenneth Kin	3,000	3,000	0	0	6,144	6,144	90	90													
Director Gon-Wei Liang	0	0	0	0	6,144	6,144	0	0													
Independent Director Chung-Yu Wu	4,000	4,000	0	0	6,144	6,144	90	90													
Independent Director Peng-Heng Chang	4,042	4,042	0	0	6,144	6,144	75	75													
Independent Director Ming-Tze Tang	3,542	3,542	0	0	6,144	6,144	75	75													
Other than disclosure in the above table, Directors remunerations earned by providing services (i.e. non-employee consulting services) to companies which are listed in the latest financial reports: None.																					

Note1: The remuneration paid to directors is in compliance with the law, MediaTek's Articles of Incorporation §14, §24, "Remuneration Committee Charter" and "Rules for Distribution of Compensation to Director". The compensations are determined in accordance with the MediaTek's Articles of Incorporation with reference to industry. As stated in the Articles of Incorporation §24, the Company shall allocate at a maximum of 0.5% of the profit as remuneration to Directors as compensations to directors for the year. The rules states the compensation should be based on the Company's overall operating performance with consideration of the contribution of each director to the Company, including the level of involvement, actual time after appointment and individual performance (including the contribution to the improvement of the quality of decision-making, the degree of individual professional advancement, etc.). The compensations are reviewed regularly in Remuneration Committee and the Board meetings. Related performance and the plausibility of compensations are both approved by Remuneration Committee and the Board meetings and the remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations to reach a balance between the company's sustainable operation and risk control.

Note2: Pensions funded/paid according to applicable law.

Note3: Remunerations of the Company, and the Company and its consolidated entities paid to Directors and a not full-time employees in 2019, including their employee compensation, totaled NT\$306,191 thousand and NT\$310,005 thousand, which was 1.32% and 1.34% of 2019 net profit.

2.3.2. Remunerations Paid to Directors

	Compensation Paid to Directors (A+B+C+D)		Total Compensation Paid to Directors (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Less than NT\$1 million	-	-	-	-
NT\$1 million ~ \$2 million	-	-	-	-
NT\$2 million ~ \$3.5 million	-	-	-	-
NT\$3.5 million ~ \$5 million	-	-	-	-
NT\$5 million ~ \$10 million	Ming-Kai Tsai, Ching-Jiang Hsieh, Lih-Shyng Tsai, Cheng-Yaw Sun, Kenneth Kin, Gon-Wei Liang, Ming-Tze Tang		Cheng-Yaw Sun, Kenneth Kin, Gon-Wei Liang, Ming-Tze Tang	
NT\$10 million ~ \$15 million	Chung-Yu Wu, Peng-Heng Chang		Chung-Yu Wu, Peng-Heng Chang	
NT\$15 million ~ \$30 million	-	-	-	-
NT\$30 million ~ \$50 million	-	-	-	-
NT\$50 million ~ \$100 million	-	-	Ching-Jiang Hsieh	
Above NT\$100 million	-	-	Ming-Kai Tsai, Lih-Shyng Tsai	
Total	9		9	

3. Management Team

3.1. Profiles of Key Managers

As of April 12, 2021 / Unit: Shares

Title/Name	Nationality	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Past Positions	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman Ming-Kai Tsai	R.O.C.	Male	May 21, 1997	41,342,481	2.60%	41,250,145	2.59%	-	-	- Master, Electrical Engineering, University of Cincinnati, USA - President of the 2nd Business Group, UMC	- Chairman, Andes Technology Corp. - Director, MediaTek's affiliates	None		
Vice Chairman Ching-Jiang Hsieh	R.O.C.	Male	Sep. 15, 2005	4,111,802	0.26%	856,051	0.05%	-	-	- Master, Electrical Engineering, National Taiwan University - Engineer, Multimedia R&D Team, UMC	- Chairman / Director, MediaTek's affiliates	None		
CEO Lih-Shyng Tsai	R.O.C.	Male	Jun. 1, 2017	397,183	0.02%	-	-	-	-	- Ph.D., Materials Science and Engineering, Cornell University - Chairman & CEO, Chunghwa Telecom Co. Ltd. - President & CEO, TSMC	- Director, Lam Research Corporation - Chairman, MediaTek's affiliates	None		
President Joe Chen	R.O.C.	Male	Jul. 1, 2012	425,562	0.03%	30,414	0.00%	-	-	- Master, Electronics Engineering, National Chiao Tung University - Engineer, SiS Corp.	None	None		
Executive Vice President & CFO & Spokesman David Ku	R.O.C.	Male	Jan. 1, 2011	234,137	0.01%	-	-	-	-	- MBA, University of Illinois at Urbana Champaign - Vice President of JPMorgan Investment bank	- Chairman / Director, MediaTek's affiliates and invested companies	None		
Executive Vice President Cheng-Te Chuang	R.O.C.	Male	Apr. 7, 2009	807,129	0.05%	203,077	0.01%	-	-	- Master, Electronics Engineering, National Chiao Tung University - Engineer, UMC	- Director, MediaTek's affiliates	None		
Executive Vice President & CTO Kevin Jou	R.O.C.	Male	May 30, 2011	-	-	-	-	-	-	- Ph.D, Electrical Engineering, University of Southern California - Vice President, Qualcomm Inc.	- Director, MediaTek's affiliates	None		
Senior Vice President Kou-Hung Loh	R.O.C.	Male	Jul. 1, 2006	-	-	-	-	-	-	- Ph.D., Electrical Engineering, Texas A&M University - CEO and founder of Silicon Bridge	- Director, MediaTek's affiliates	None		
Senior Vice President Jerry Yu	R.O.C.	Male	Feb. 16, 2015	145,183	0.01%	-	-	-	-	- Master, Electrical Engineering, National Taiwan University - Technical Director, Afreey Inc.	- Director, MediaTek's affiliates	None		
Senior Vice President Jasper Yang	R.O.C.	Male	Jun. 1, 2016	104,972	0.01%	-	-	-	-	- Bachelor, Electrical Engineering, National Tsing Hua University - Shanghai Chief Representative, UMC	None	None		

Title/Name	Nationality	Gender	Date Effective	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Past Positions	Current Positions at Other Companies	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Senior Vice President SR Tsai	R.O.C.	Male	Dec. 1, 2017	404,228	0.03%	13,910	0.00%	-	-	- Master, Mechanical Engineering, National Taiwan University - Section Chief, KTC	None	None		
Vice President Rolly Chang	R.O.C.	Male	Aug. 1, 2015	117,091	0.01%	-	-	-	-	- Master, Communications Engineering, National Chiao Tung University - Technical Specialist, NCSIST	None	None		
Vice President JC Hsu	R.O.C.	Male	Aug. 1, 2015	131,494	0.01%	-	-	-	-	- Ph.D., Power Mechanical Engineering, National Tsing Hua University	- Director, MediaTek's invested companies	None		
Vice President & CHRO Sherry Lin	R.O.C.	Female	Jun. 1, 2016	124,392	0.01%	-	-	-	-	- Master, Industrial Relations and HRM, Rutgers University - HR Director, TSMC	None	None		
Vice President & General Counsel David Su	R.O.C.	Male	Nov. 1, 2016	103,968	0.01%	-	-	-	-	- SJD, University of Wisconsin Law School - Senior Program Director, TSMC	None	None		
Vice President HW Kao	R.O.C.	Male	Dec. 1, 2017	102,301	0.01%	-	-	-	-	- Master, Electronics Engineering, National Chiao Tung University - Section Manager, ITRI	None	None		
Vice President Mike Chang	R.O.C.	Male	Jan. 1, 2019	82,698	0.01%	-	-	-	-	- Ph.D., Electrical Engineering, National Tsing Hua University - Executive Vice President of MStar Semiconductor, Inc.	None	None		
Vice President Vincent Yung Mien Hu	U.S.A	Male	Aug. 3, 2020	-	-	-	-	-	-	- MBA, Marketing and Entrepreneurship, Anderson School of Business, UCLA - Master, Electrical Engineering, USC - Vice President, Intel Corp.	None	None		
Vice President Ching San Wu	R.O.C	Male	Nov 1, 2020	416,160	0.03%	4,404	0.00%	10,000	0.00%	- Master, Electronics Engineering, National Chiao Tung University - Project Manager, Macronix International CO., LTD.	None	None		
Vice President Alan Hsu	R.O.C.	Male	Nov 1, 2020	49,084	0.00%	2,022	0.00%		0.00%	- Master, Control Engineering, National Chiao Tung University - Senior Engineer, Phoenixtec Power CO., LTD.	None	None		

3.2. Remunerations and Employee Bonus Paid to Key Managers (Note1)

Unit: NT\$ thousands

Name / Title	Salary (A)		Pension (B) (Note2)		Bonus (C)		Employee Compensation (D)				(A+B+C+D) as % of Net Income (Note3)		Remuneration from non- subsidiary affiliates
	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company (Note3)		Consolidated Entities		The Company	Consolidated Entities	
							Cash	Stock	Cash	Stock			
Chairman – Ming-Kai Tsai													
Vice Chairman – Ching-Jiang Hsieh													
CEO – Lih-Shyng Tsai													
President – Joe Chen													
Executive Vice President & CFO & Spokesman – David Ku													
Executive Vice President – Cheng-Te Chuang													
Executive Vice President & CTO – Kevin Jou													
Senior Vice President – Kou-Hung Loh													
Senior Vice President – Jerry Yu													
Senior Vice President – Jasper Yang	63,694	69,693	2,353	2,809	1,247,541	1,404,144	-	-	-	-	3.21	3.61	2
Senior Vice President – SR Tsai													
Vice President – Rolly Chang													
Vice President – JC Hsu													
Vice President & CHRO– Sherry Lin													
Vice President & General Counsel – David Su													
Vice President – HW Kao													
Vice President – Mike Chang													
Vice President – Vincent Yung Mien Hu													
Vice President – Ching San Wu													
Vice President – Alan Hsu													

Note1: The remuneration of the Company's management refers to the company's overall operating performance, according to the positions of the executives, contribution to the company's operations (including the practice of the company's core values and leadership management capabilities, financial and comprehensive operation management indicators, etc.), individual performance, and consideration of the company's future risks and reference to the industry's payment, the remuneration of the company's executives is evaluated by the remuneration committee for its plausibility, and submitted to the board of directors waiting for resolution. It is reviewed anytime under the actual operating situation and related laws to seek for the balance of company's sustainability and risk control.

Note2: Pensions funded/paid according to applicable law.

Note3: Remunerations and bonus of the Company and the entities mentioned in the financial statement are paid to key managers in 2019 were NT\$935,252 thousand and NT\$997,572 thousand respectively which were 4.06% and 4.33% of 2019 net income, respectively.

3.3. Key Managers Remunerations Scale

Remuneration scale for individual key managers	Compensation Paid to Key Managers	
	The Company	Consolidated Entities
Less than NT\$1 million	-	-
NT\$1 million ~ \$2 million		
NT\$2 million ~ \$3.5 million		
NT\$3.5 million ~ \$5 million	-	-
NT\$5 million ~ \$10 million	-	-
NT\$10 million ~ \$15 million	-	-
NT\$15 million ~ \$30 million	-	-
NT\$30 million ~ \$50 million	Vincent Yung Mien Hu, Ching-San Wu, Alan Hsu	
NT\$50 million ~ \$100 million	Ching-Jiang Hsieh, David Ku, Cheng-Te Chuang, Kevin Jou, Kuo-Hung Loh, Jerry Yu, Jasper Yang, SR Tsai, Rolly Chang, JC Hsu, Sherry Lin, David Su, HW Kao, Mike Chang	
Above NT\$100 million	Ming-Kai Tsai, Lih-Shyng Tsai, Joe Chen	
Total	20	

3.4. Employee Compensation Paid to Key Managers:

None.

4. Corporate Governance Report

4.1. Operation of the Board

4.1.1 Board of Directors' Meeting Status

The Company's shareholders elected the 8th Board of Directors in Annual General Meeting on June 15, 2018, effective immediately. (From June 15, 2018 to June 14, 2021) The 8th Board of Directors held 6 sessions in 2020.

The attendance of the Directors is shown in the following table:

Title/Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Note
Chairman: Ming-Kai Tsai	6	0	100%	None
Vice Chairman: Ching-Jiang Hsieh	5	0	83%	None
CEO and Director: Lih-Shyng Tsai	6	0	100%	None
Director: Cheng-Yaw Sun	6	0	100%	None
Director: Kenneth Kin	6	0	100%	None
Director: Gon-Wei Liang	6	0	100%	None
Independent Director: Chung-Yu Wu	6	0	100%	None
Independent Director: Peng-Heng Chang	6	0	100%	None
Independent Director: Ming-Tze Tang	6	0	100%	None

4.1.2 Other Required Notes for the Board Meetings:

A. Items listed in Article 14-3 in Securities and Exchange Act or board resolutions independent directors have dissenting opinions or qualified opinions recorded or noted in writing in the board meeting minutes:

a. Items listed in Article 14-3

Date	Meeting	Resolution	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
Feb 7, 2020	The 11th meeting of the 8th Board	Matter of 2019 fourth quarter new common stock issuance for employee stock option	All independent directors had no dissenting opinion or qualified opinion

Date	Meeting	Resolution	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
Mar 20, 2020	The 12th meeting of the 8th Board	Matter of Director Ruminant and compensation Matter of 2019 fourth quarter new common stock issuance for employee stock option	All independent directors had no dissenting opinion or qualified opinion
Apr 28, 2020	The 13th meeting of the 8th Board	Matter of organization adjustment Matter of 2020 first quarter new common stock issuance for employee stock option	
Jul 31, 2020	The 14th meeting of the 8th Board	Stipulate procedure for share buyback Matter of 2020 second quarter new common stock issuance for employee stock option	
Oct 30, 2020	The 15th meeting of the 8th Board	2020 CPA compensation Equipment acquisition and lease to Powerchip Semiconductor Manufacturing Corporation Matter of 2020 third quarter new common stock issuance for employee stock option	
Dec 7, 2020	The 16th meeting of the 8th Board	Matter of subsidiary endorsement/guarantee	

b. Written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion: None.

B. Execution status for Article 206 of the Company Act regarding matters bearing on the personal interests of directors: the Company's directors all recused themselves when there were conflicts of interests.

C. Goals to enhance the Board's operations:

a. Establishment of Remuneration Committee, Audit Committee and M&A Strategy Committee: the Company established the Remuneration Committee on August 24, 2011, elected independent directors

and established the Audit Committee in 2015 AGM, and set up M&A Strategy Committee in 2020 to enhance the Board's operation.

- b. Corporate governance operations enhancement: the Company's Board approved the "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles", "Corporate Social Responsibility Best Practice Principles", "Board of Directors Self-Assessment of Performance", and "Rules for Board meetings" (including standard operating procedures for processing director demands). The board and individual directors shall perform evaluation in accordance with "Board of Directors Self-Assessment of Performance" by conducting self-assessment annually.
- c. Information transparency improvement: the Company's Board previously approved "Procedures for Internal Material Information".

4.1.3 Evaluation of the Implementation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Range	Evaluation Method	Evaluation Content
The company's board of directors performs an internal annual performance evaluation of the board of directors, individual directors and functional committees	Jan 1, 2020 to Dec 31, 2020	Performance evaluation of the board of directors, individual directors and functional committees	Use internal questionnaires to conduct internal self-evaluation of the board of directors, self-evaluation and peer evaluation of directors.	The company's performance measures for the board of directors, individual directors and functional committees include at least the following items: 1. Performance evaluation of the board of directors: participation in the company's operations, decision-making quality of the board of directors, composition and structure of the board of directors, election and continuous education of directors, and internal control. 2. Performance evaluation of individual director members: mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' profession and continuous education, and internal control. 3. Performance measures of functional committees: participation in the company's operations, awareness of the responsibilities of functional committees, decision-making quality of functional committees, composition of functional committees and election of members, internal control.

4.2. Operation of Audit Committee

The audit committee of the Company consists of three independent directors to supervise the adequate presentation of the company's financial statements, the selection and discharge of the CPA, the independence and performance, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the control mechanism for existing or potential risk.

4.2.1 Responsibilities of Audit Committee

The matters discussed in the Audit Committee mainly include:

- A. Establish or amend internal control systems
- B. Assessment of the effectiveness of the internal control system
- C. Operating procedures for obtaining or disposing of assets, engaging in derivative transactions, outward loans to others, endorsement and guarantee to others
- D. Matters relating to the director's own interests

- E. Significant assets or derivatives transactions
- F. Significant outward loans to others, endorsement and guarantee to others
- G. Transaction of public offering, issuance or private placement of equity-type securities
- H. Appointment, discharge or remuneration of CPA
- I. Appointment and discharge of finance, accounting or internal audit supervisor
- J. The annual financial report signed or sealed by the chairman, manager and accountant, and the second quarter financial report subject to the audit check by the accountant.

Review annual financial report:

The Board of Directors prepared the Company's 2020 annual business report, financial statements and proposal for profit distribution. The financial statements have been audited and certified by Ernst & Young Taiwan. The aforementioned business report, financial statements and proposal for profit distribution have been audited by the Audit Committee and no disagreement has been found.

Assessment of the effectiveness of the internal control system:

The Audit Committee evaluates the effectiveness of the Company's internal control system policies and procedures (including sales, procurement, production, personnel, finance, information security, compliance and other control measures), and oversees the internal audit unit operations and review internal control self-assessment result. The Audit Committee considered the company's internal control system to be effective.

4.2.2 Audit Committee Meeting

The Audit Committee held 6 sessions in 2020. The attendance of the independent directors is shown in the following table:

Title/Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Note
Independent Director: Chung-Yu Wu (Convener)	6	0	100%	None
Independent Director: Peng-Heng Chang	6	0	100%	None
Independent Director: Ming-Tze Tang	6	0	100%	None

4.2.3 Other Required Notes for Audit Committee Meeting

A. Any items listed in Article 14-5 of the Securities and Exchange Act, or any resolution not approved by the Audit Committee but approved by two thirds or more of all directors instead:

a. Items listed in Article 14-5

Date	Meeting	Resolution	Any Independent Director Having a Dissenting Opinion or Qualified Opinion
Feb 6, 2020	The 10 th meeting of the 2 nd Committee	In compliance with Article 14-5, Securities and Exchange Act	All independent directors had no dissenting opinion or qualified opinion
Mar 19, 2020	The 11 th meeting of the 2 nd Committee	2019 Business Operating Report Matter of the Company's 2019 financial statements Matter of the Company's 2019 internal control statement and self-assessment report	
Apr 27, 2020	The 12 th meeting of the 2 nd Committee	Matter of 2019 Profit Distribution Matter of organization adjustment	
Jul 30, 2020	The 13 th meeting of the 2 nd Committee	In compliance with Article 14-5, Securities and Exchange Act	
Oct 29, 2020	The 14 th meeting of the 2 nd Committee	2020 CPA compensation Equipment acquisition and lease to Powerchip Semiconductor Manufacturing Corporation	
Dec 7, 2020	The 15 th meeting of the 2 nd Committee	Matter of subsidiary endorsement/guarantee	

b. Other resolution which was not approved by the Audit Committee but was approved by two thirds or more of all directors: None.

B. Any recusal of Independent Directors due to conflicts of interests: None.

C. Communications of independent directors with internal auditors and CPAs:

a. Independent directors and internal auditors regularly (at least 4 times per annum) communicate with each other in the Audit Committee meetings. They communicated well. The internal auditors presented the execution and improvement of audit plan in the meetings regularly (at least 4 times per annum) . Also, they communicated and exchanged ideas to assess the internal control effectiveness.

b. Independent directors and CPAs regularly communicate with each other in the Audit Committee meetings. The CPAs report the Company's financial results and fully discuss with Independent Directors on the issues related to financials, taxes, internal control, etc.

4.3. Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status		Reason for Non-implementation	
	Yes	No		Summary Description
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/ Listed Companies”?	✓		The Company has established, via Board resolution, corporate governance best-practice principles. Under these principles, the Company has established a comprehensive corporate internal governance framework, and fairly treats shareholders while protecting their rights.	None
2. Equity structure and shareholders’ equity				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement them according to the procedure?	✓		The Company has designated relevant departments, such as Investor Relations, Public Relations, Legal, etc. to handle shareholders’ suggestions or disputes.	None
(2) Does the company keep track of the list of its major shareholders as well as the ultimate owners of those shares?	✓		The Company tracks the shareholdings of directors, officers and shareholders’ holding more than 10% of the Company’s outstanding shares.	None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		When designing the structure of its subsidiaries, the Company has implemented a firewall mechanism. The Company and its subsidiaries have established appropriate internal control systems.	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		The Company published “Insider Trading Policy”, strictly prohibiting staffs and managers from insider trading with material nonpublic information. Violators are subject to punishment, investigation, and legal liability.	None
3. Composition and Responsibilities of the Board of Directors				
(1). Does the Board develop and implement a diversification policy for the composition of its members?	✓		<p>The company has a diversification policy for the board of directors. According to this policy, the composition of the company’s board of directors should be diversified. According to the company’s operations, business models and development needs, the selection of members with diversified backgrounds and perspectives includes but it is not limited to gender, age, nationality, culture, education background, professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. In addition, the consideration factors for the nomination of board members also include that the director candidates should have a reputation for integrity, outstanding achievements, experience and reputation in various professional fields, and promise to invest sufficient time to participate in the supervision of the company’s business, and have the ability to assist in operation and management abilities, and contribute to the company’s success. In the case of independent directors, their qualifications shall meet the requirements of laws and regulations.</p> <p>The current board of directors of the company consists of nine directors, including three independent directors (33%). Members of the board of directors include relevant professional backgrounds in science and technology, finance and economics, and industry experience covers various fields of the semiconductor industry, including upstream wafer foundry (including Lih-Shyng Tsai, Kenneth Kin and Peng-Heng Chang), IC design engaged by the company (including Ming-Kai Tsai, Ching-Jiang Hsieh, Gon-Wei Liang, and Chung-Yu Wu), downstream end product applications (Cheng-Yaw Sun), and financial (Ming-Tze Tang). The board of directors includes experts from industry and academia, in line with the aforementioned diversity policy. The company focuses on the diversity of board members. The board of directors of the company should have at least one director with academic background, at least one director with accounting or finance experience, and at least one director with business management experience. Currently, three of the nine directors have been working in the academic community for a long time (including Professor Chung-yu Wu of NCTU, Professor Ming-Je Tang of NTU and Professor Kenneth Kin of NTHU). One director with finance experience (Ming-Tze Tang), and six directors with business management experience (Ming-Kai Tsai, Lih-Shyng Tsai, Ching-Jiang Hsieh, Cheng-Yaw Sun, Kenneth Kin and Peng-Heng Chang). The board is consist of experts in the industries and has reached the goal of constructing a board of diversity.</p>	None
(2). Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		The Company’s executives formed Corporate Social Responsibility Committee, which holds semiannual Committee meetings regularly to ensure that the process and direction of execution plan can meet the expectation of the Board and society. In 2020,	None

Assessment Item	Implementation Status		Reason for Non-implementation	
	Yes	No		Summary Description
			the company decided to establish an M&A Strategy Committee by a resolution of the board of directors. The committee has established organizational articles. In 2021, meetings will be held in accordance with the organizational articles.	
(3). Does the company establish a standard to measure the performance of the Board, and implement it annually?	✓		<p>The Board approved rules for “Board of Directors Self-Assessment of Performance” and all Board Directors annually assess the functioning of the Board, individual directors and the functional committee.</p> <p>The Board, individual directors and the functional committee’s performance evaluation by self-assessment covers the following four major areas or other items required or adjusted by law:</p> <ol style="list-style-type: none"> 1. Performance measures of the board of directors: participation in the company’s operations, decision-making quality of the board of directors, composition and structure of the board of directors, selection and continuous education of directors, and internal control. 2. Performance measures of individual director members: mastery of company goals and tasks, awareness of directors’ responsibilities, participation in company operations, internal relationship management and communication, directors’ profession and continuous education, and internal control. 3. Performance evaluation of functional committees: participation in the company’s operations, awareness of the responsibilities of functional committees, decision-making quality of functional committees, composition of functional committees and selection of members, internal control. <p>The performance measures indicators of the board of directors shall be based on the company’s operations and needs to determine the content that is in line with and suitable for the company’s performance evaluation.</p> <p>The scoring standard can be revised and adjusted according to the needs of the company, and it can also be scored in a weighted manner according to each measurement aspect.</p> <p>The evaluation is carried out by the company unit responsible for corporate governance. The evaluation standards of the board of directors, individual directors and functional committees are all handled in accordance with the above evaluation methods, using internal questionnaires. The performance evaluation results of the board of directors, individual directors and members of functional committees are used as the reference basis for determining their individual salary and remuneration. After all the questionnaires are collected in January each year, the company’s corporate governance unit will analyze the previous measures, report the results to the board of directors, and make improvements in areas that can be strengthened.</p> <p>According to the most recent (2020) Board performance evaluation: The Board’s performance was graded as excellent (the average score of the evaluation result is 4.3 points; >4 is excellent; 3~4 is good; <3 is needs improvement). Detailed information regarding the above evaluation were reported to the Board at the Board Meeting of January 27th, 2021. The company will continue to review the company’s relevant performance measures to improve the performance of the board of directors and functional committees.</p>	None
(4). Does the company regularly evaluate the independence of CPAs?	✓		At least once a year, the Company evaluates the independence and suitability of its CPA. The Company also evaluates the accounting firm with regard to its financial interests, funding and guarantees, commercial relations, family and personal relations, employment relations, gifts and special offers rotation of CPAs, and non-audit services, and obtains a statement of independence issued by the accounting firm. The results of the most recent evaluations in the last two years were reported to the Board on Mar. 20, 2020 and Mar. 19, 2021.	None
4. Does the company established an exclusively (or concurrently) corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders’ meetings according to laws, handle corporate registration and amendment registration, produce minutes of board meetings and shareholders meetings, etc.	✓		<p>The Company’s board of directors resolved to appoint General Counsel David Su as the supervisor for corporate governance and the Legal & Intellectual Property Department under the General Counsel as the department responsible in March 22, 2019 for corporate governance and business integrity, to safeguard shareholder rights and strengthen the Board’s functioning. The General Counsel is an officer of the Company and a qualified attorney with over 3 years of experience in managing legal matters of a publically traded company. Primary duties are to handle related matters according to law and make meeting minutes for board of director meetings and shareholder meetings, assist in the matters of director appointment and profession enhancement, provide directors with related information required in conducting business, and assist directors in compliance with laws. Please refer to “III. Corporate Governance - 4.8.3 Supervisor for Corporate Governance Profession Enhancement Status” for the profession enhancement of the supervisor of corporate governance.</p> <p>Implementation in 2020:</p>	None

Assessment Item	Implementation Status		Reason for Non-implementation	
	Yes	No		Summary Description
			<ol style="list-style-type: none"> 1. Conducted matters relating to Board Meetings and Shareholder Meetings 2. Recorded minutes of Board Meetings and Shareholder Meetings 3. Assisted in the matters of director appointment and profession enhancement 4. Provided directors with related information required in conducting business 5. Assist directors in compliance with laws 6. Handle matters relating to company registration and change of company registration 7. Regularly conduct performance evaluation pursuant to the rules for “Board of Directors Self-Assessment of Performance” 	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established a Corporate Social Responsibility section with contact information of responsible person on the Company website. The Company has also established a Stakeholder section to timely respond issues which stakeholders care about.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has engaged CTBC Bank’s agency department to handle matters relating to Shareholder Meetings.	None
7. Information Disclosure				
(1). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company discloses financial information and corporate governance items on its company website: http://www.mediatek.com	None
(2). Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		<ol style="list-style-type: none"> 1. The Company has designated appropriate persons to handle information collection and disclosure. Contact person: Jessie Wang, TEL: +886-(0)3-567-0766 ext.23447 / email: ir@mediatek.com 2. The Company has established a Spokesperson policy. Spokesman: David Ku; Acting Spokesperson: Jessie Wang. 3. The Company provides investor conferences webcasts and presentation materials on its website in a timely manner. 4. The Company discloses real-time information to shareholders and stakeholders on both Company website and MOPS website. 	None
(3). Does the company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		✓	The company announced and declared the quarterly and annual financial reports and the monthly operating situation within the prescribed time limit, but did not announce and declare the annual financial report within month of the end of the fiscal year.	As explained in summary description.
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<ol style="list-style-type: none"> 1. The Company discloses its financial statements and corporate governance information on its Chinese and English websites (http://www.mediatek.com). The Company aims to provide free access to transparent information for employees, investors, suppliers and stakeholders. 2. The Company’s Directors are experts in their professional specialties. The Company provides new regulation updates that require the attention of Directors. The executive team of the Company also reports to the Board periodically. Director training records can be found on the MOPS website. 3. The Company has already instituted internal control systems as required by law and has properly implemented the system. The Company also conducts risk assessments on banks, customers, and suppliers in order to reduce credit risks. 4. All Directors of the Company avoid issues when there are conflicts of interests. 5. The Company maintains D&O insurance for its Directors and key officers. 6. In the succession planning of important management, MediaTek emphasizes that successors should have excellent corporate strategy planning and operational capabilities, and also focus on their core values (integrity, customer focus, innovation, conviction inspired by deep thinking, inclusiveness, and constant renewal). The candidates of the board of directors of the Company and the manager of the important management team will go through systematic trainings such as building experience in subsidiaries, rotating between business units to deepen professional abilities and personal development plans, enhancing the depth and broadness in their decision making process and operation, to be ready for the succession. 	None

Assessment Item	Implementation Status		Reason for Non-implementation
	Yes	No	
<p>9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange</p> <p>In order to implement the risk management and supervision function of the board of directors and take sustainable operation as the highest goal of corporate operation, the board of directors of the company passed a resolution in July 2020 and adopted the "Risk Management Policy and Procedure" as the highest guiding principle for risk management of each unit, and establish Risk Management Committee as the highest guiding unit of the company's risk management, and report to the board of directors on the operation and implementation effects of risk management at least once a year.</p> <p>In addition, in order to strengthen corporate governance and implement the strategic guidance function of the board of directors, the company was approved by the board of directors in December 2020 to set up the "M&A Strategy Committee" as a functional committee of the board of directors to conduct strategic evaluations of the company's group mergers and acquisitions. And report to the board of directors.</p>			

4.4. Operation of the Company's Remuneration Committee

4.4.1 Responsibilities of the Company's Remuneration Committee:

The Remuneration Committee aims at establishing and regularly reviewing the performance evaluation procedure for directors and managers as well as establishing compensation policy, system, standard and structure and regularly reviewing the compensation of directors and managers.

4.4.2 Composition of the Company's remuneration committee:

The Company's Remuneration Committee was established on August 24, 2011. According to related regulations of the Securities and Futures Bureau, Financial Supervisory Commission, the professional qualification and independence criteria of Remuneration Committee's members are below:

Criteria	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Criteria (Note)										Number of other public companies concurrently serving as an independent director	
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10		
Independent Director Peng-Heng Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director Chung-Yu Wu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Other Ji-Ren Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4

Note: Directors or Supervisors with a "✓" sign meet the following criteria:

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. The spouse, relatives within the second and other relatives of the manager listed in (1) or the persons listed in (2) and (3), or a blood relative within the third parent.
5. Directors who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint representatives to act as directors or supervisors of the company's corporate shareholders in accordance with Article 27, paragraph 1 or 2, Supervisor or servant (but if the company and its parent company, subsidiary or subsidiary of the same parent company are independent directors established by this law or local state laws and regulations, they are not limited to this).
6. More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if they are the company or its parent company, subsidiary or a child of the same parent company (The independent directors established by the company in accordance with this law or local national laws shall not be limited to this).
7. Directors (directors), supervisors (supervisors) or employees (but in the case of the company and its parent company) of other companies or institutions that are not the same person or spouse with the company's chairman, general manager or equivalent, Independent directors set up by a subsidiary company or a subsidiary of the same parent company in accordance with this law or local state laws shall not be limited to this).
8. Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but if a specific company or organization holds issued shares in the company) If the total number is more than 20% but not more than 50%, and the independent directors established by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws are concurrently serving, they are not limited).
9. Professionals, sole proprietorships, partnerships, companies or institutions that do not provide audits for companies or related companies or business, legal, financial, accounting and other related services that do not exceed NT \$ 500,000 in cumulative compensation in the past two years Business owners, partners, directors (directors), supervisors (supervisors), managers and their spouses. However, members of the Salary and Compensation Committee, Public Takeovers Review Committee, or M & A Special Committee performing their functions and powers in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited to this.
10. Not been a person of any conditions defined in Article 30 of the Company Act.

4.4.3 Remuneration Committee Meeting Status

The tenure of the Company's 4th remuneration committee is from July 31, 2018 to June 14, 2021. The convener, Mr. Peng-Heng Chang held 2 sessions in 2020 and the attendance of members is shown in the following table:

Title	Name	Attendance in Person	Attendance Rate in Person (%)	Note
Convener	Peng-Heng Chang	2	100%	None
Member	Chung-Yu Wu	2	100%	None
Member	Ji-Ren Lee	2	100%	None

The Company's remuneration committee's resolutions in 2020 and the Company's response to the remuneration committee's proposal:

Date	Meeting	Proposal	Resolution	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
Feb 5, 2020	The 4 th meeting of the 4 th Committee	Key management's 2019 performance evaluation and remuneration proposal for 2020	Approved by all attending members of the committee	Approved by all attending directors in the board of director meetings
Mar 15, 2020	The 5 th meeting of the 4 th Committee	Directors' 2019 performance evaluation and remuneration		

4.4.4 Other Required Notes for Remuneration Committee:

- A. In cases the Board doesn't adopt or revise Remuneration Committee's proposals, the Company shall list date/number of the Board meeting, agenda, the Board's resolution and the Company's response to Remuneration Committee's proposal: None.
- B. In cases Remuneration Committee members have dissenting opinions or qualified opinions against the resolution and recorded with notes in paper, the Company shall list date, number of the Remuneration Committee meeting, agenda, all members' opinion and the follow-up of the members' opinion: None.

4.5. Status of Fulfilling Corporate Social Responsibility and Differences and Causes of CSR Practices

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
1. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies based on the principle of materiality?	✓		The company uses the Business Continuity Plan (BCP) to face the risks and crises of the environment, society and corporate governance. According to the principle of materiality, the company assesses, plans and ensures that major impacts on stakeholders can be controlled. Management, including hazard identification and risk management strategy formulation, and pre-prevention and simulation exercises for potential risks. At the same time, there are backup control mechanisms in important global locations, so that important business functions must be organized and planned to resume normal operations in the shortest time in the event of a disaster.	None
2. Does the company establish dedicated first-line managers (or acting in concurrent positions) authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		The Company established a Corporate Social Responsibility Committee in 2014, led by CEO, Mr. Lih-Shyng Tsai. According to the Company's entrepreneurship, focusing on global view, innovation and talents, and three major topics: supply chain management and environment, corporate governance and local presence, in total of six teams. The related departments' managers are appointed as team leaders, responsible for coordinating all matters, including setting up the annual sustainable development objective, communication between management and each department, allocation of internal resources, controlling project progress, audit certification, awards application, and other tasks. In addition to regularly reporting annual execution results to the Board every January, the Company holds regular discussion meetings semiannually to report the Board about execution plans of the current year to achieve the highest principle of the corporate sustainability development via continuous improvement, while review the implementation performance of the previous semi-year. Therefore, the Company can improve continually in order to achieve the highest principle of sustainable development.	None
3. Sustainable Environment Development				
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		The company continues to implement the environmental management system (ISO-14001) and occupational safety and health management system (ISO-45001), and all have obtained certification. The company is responsible for system management, environmental protection concept promotion and education promotion, and passes the SGS regular review every year. In addition, the company also expects to carry out the certification of the greenhouse gas inventory system (ISO-14064) in 2020. At the same time, the company expects to carry out the certification of the energy management system (ISO-50001) in 2021.	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		The process to optimize utilization of raw materials: Waste management and recycling: in order to manage waste efficiently and maximize the benefits of recycling, the Company prioritizes waste reduction, classification for reuse, adherence to recycling and reutilization. The Company also handles and disposes waste properly and continually improves waste storage, transport and processes and evaluates the impact on the environment. We choose only qualified partners for waste disposal and recycling, and also audit the waste processes randomly to ensure the legal disposal of our waste and fulfill our responsibility in waste management supervision.	None
(3) Does the company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address climate-related issues	✓		The company actively identifies the risks brought by climate change (for example: lack of water, lack of electricity, typhoons, earthquakes, etc.), and continuously controls the operational impact and damage caused by extreme climates. In response to various disaster risks that may affect operations, the company has formulated countermeasures to ensure that operations can be resumed quickly after a disaster occurs.	None
(4) Does the company keep records of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		The Company implements the greenhouse gas examination and makes continuous efforts to reduce CO2 creation and save energy including the reducing, reusing and recycling resources. Dedicated personnel are assigned to take responsibility for environmental management. Please see "Section VI, Corporate Social Responsibility" section in this report.	None
4. Social Topics				
(1). Does the company establish an appropriate environmental management system according to its industrial characteristics?	✓		The Company abides by the rules, policies, and procedures of the Labor Standards Act and international human rights agreements to protect the legitimate rights and interests of employees. Please refer to "Section VI, Corporate Social Responsibility – 1. Corporate Promise – 1.1 Employee Relations" for more details.	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(2). Does the company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation?	✓		The company regularly measures the market compensation level and formulates reasonable compensation and bonus policies based on the overall economic indicators to ensure the overall compensation and bonus are competitive. It is written in the company's articles of association that if the company makes profit in the year, the Company should provide employee compensation no less than 1% of net income, to link company performance to employee compensation and bonus. At the same time, in order to balance the work and life of employees, in addition to the sick leave, marriage leave and maternity leave stipulated by the law, the Company provides benefits that are better than the law, it gives employees additional leave hours, and improve the convenience to arrange employee's time off; also provides one day of pay leave to employee to do social volunteer work per year to encourage employees to give back to society; for employees whose spouse is pregnant, an additional 2 days of paternity leave is provided. In addition, in order to achieve a balance between work and life of employees, promote cross-unit fellowship and relief, provide multiple community activities, sign special store discounts, set up pension plans and multiple welfare subsidies. In addition, through regular performance appraisal and development operation mechanisms, a two-way communication and interaction platform is provided to achieve organizational and personal development, and corresponding rewards are given according to performance results, so as to encourage employees and the company to grow together.	None
(3). Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	✓		The company is committed to providing employees with a safe and healthy working environment, promoting health promotion, providing healthy and wholehearted programs, and regularly implementing safety and health education for employees. The company has obtained ISO 14001 (valid until Aug 17 th , 2022) and ISO 45001 (valid until Jul 30 th , 2022) certifications, and has dedicated personnel responsible for system management and annual SGS periodic review.	None
(4). Does the company provide its employees with career development and training sessions?	✓		The Company offers a comprehensive career development training program, a challenging learning environment to develop employee's potential to continuously enhance the organization's capabilities. For more details, please refer to VI. Corporate Social Responsibility – 1. Corporate Promise - 1.1 Employee Relations.	None
(5). With regard to customer health and safety, customer privacy, marketing and labeling of products and services, does the company follow relevant regulations and international standards, and formulate relevant protection policies and appeal procedures for consumer rights?	✓		The company's products and services, in terms of customer health and safety, customer privacy, marketing and labeling, all comply with relevant regulations and international standards, and formulate relevant consumer protection policies and appeal procedures.	None
(6). Does the company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?	✓		The company has formulated the MediaTek Supplier Code of Conduct based on the Code of Conduct of the Responsible Business Alliance, the ILO Tripartite Declaration of Principles, and the United Nations Universal Declaration of Human Rights. To formulate the supplier's code of conduct for MediaTek and covers 5 areas: labor and human rights, health and safety, environmental protection, code of ethics and management. With the management system, all suppliers are required to sign a guarantee to comply with this code of conduct, and implement an annual review to continuously track the actual compliance of suppliers.	None
5. Does the company make reference to internationally-used report preparation standards or guidelines to prepare corporate social responsibility reports and other reports that disclose the company's non-financial information? Did the pre-report obtain the confidence or assurance opinion of the third-party verification unit?	✓		The company's corporate social responsibility report has been commissioned by the independent and credible British Standards Institution (BSI) to guarantee according to the AA1000 AS (2008) Type 1 intermediate guarantee standard and the GRI Standard core project (Core). After the guarantee work is completed, the relevant results have been fully communicated with the governance unit, and provided an independent guarantee statement (attached to the corporate social responsibility report).	None
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has set up a corporate social responsibility policy in written form and the practices are in accordance with “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”.				
7. Other important information to facilitate better understanding of the company's corporate social responsibility practices : Please refer to the Company's web page at http://www.mediatek.com/corporate-social-responsibility .				

4.6. Ethical Corporate Management and Differences and Causes of CSR Practices

Assessment Item	Implementation Status		Reason for Non-implementation
	Yes	No	
1. Establishment of ethical corporate management policies and programs			
(1). Has the company formulated the integrity management policy approved by the board of directors, and stated in the regulations and external documents the policies and practices of integrity management, and the board and senior management's commitment to actively implement the management policy?	✓		The Company strictly follows the six core values: integrity, conviction inspired by deep thinking, customer focus, constant renewal, innovation and inclusiveness as the guidance of business operation and sets up various internal guidelines based on the core values as well as all related laws and standards. Also, The Company has set up many internal guidelines to ensure ethical corporate management and compliance.
(2). Whether the company has established an evaluation mechanism for the risk of dishonesty, and regularly analyze and evaluate business activities with high risks of dishonesty in the business scope, and establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	✓		The Company has the following corporate governance guidelines and regulations in place: 1. Articles of Incorporation 2. Rules and Procedures of Shareholders' Meeting 3. Rules and Procedures for Board of Directors Meetings 4. Rules for Election of Directors 5. Procedures Governing the Acquisition or Disposition of Assets 6. Operating Procedures of Endorsement and Guarantee 7. Operating Procedures of Outward Loans to Others 8. Procedures of Internal Material Information 9. Remuneration Committee Charter 10. Audit Committee Charter 11. Ethical Corporate Management Best Practice Principles 12. Corporate Social Responsibility Best Practice Principles 13. Corporate Governance Best Practice Principles 14. Code of Business Conduct 15. Insider Trading Policy 16. Reporting Method 17. IT Security Access Link: http://www.mediatek.com
(3). Does the company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	✓		The Directors and Officers of the Company adhere to the core principle of integrity. If any matter involves a conflict of interest, the affected Director(s) or Officer(s) shall avoid such conflict and refrain from participating in resolutions in such matter.
2. Fulfill operations integrity policy			
(1). Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		Maximizing shareholders and employees' values has been the Company's major management principle. The Company follows the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Law Against Accepting Bribes Act, Government Procurement Act, Act on Recusal of Public Servants due to Conflicts of Interest and other relevant regulations for listed companies. The Company also conducts due diligence on counterparties' integrity records and includes ethical principles in relevant contracts before trading with upstream and downstream companies to minimize the risks.

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
(2). Does the company set up a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board on its integrity management policies and plans to prevent dishonesty and supervision and implementation?	✓		For ethical corporate management, the Company's Board meeting approved "Ethical Corporate Management Best Practice Principles" on October 30, 2015, which designated Human Resource Department and Legal & Intellectual Property Department to make policy and Audit Division to monitor execution results. The Company's "Ethical Corporate Management Best Practice Principles" is available on the Company website and a commitment of the Company's ethical corporate management. It is promoted by Legal & Intellectual Property Department, which annually (Oct 30 th , 2020) reports the implementation status to the Audit Committee and the Board. The Company regularly holds operational integrity-related educational training courses covering the topics of misconduct management, intellectual property information management, insider trading prevention, and trade secret infringement prevention, internal and customer communication principles, etc. In 2020, 14,823 personnel received such training for an aggregate total of 5,269 hours.	None
(3). Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		The Company's internal rules covering business conduct and the conduct of Directors and Officers clearly define policies to prevent conflicts of interest. In addition, the Company also designates a contact window for each department to consult, communicate or resolve relevant issues in order to achieve results rapidly and effectively.	None
(4). Whether the company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit formulates the relevant audit plan based on the assessment results of the risk of dishonesty, and checks the compliance with the plan to prevent dishonesty, Or entrust an accountant to perform the audit?	✓		The Company has built up an effective accounting system and internal control systems that is constantly under review and evaluation to ensure the system's design and execution remains effective. Internal auditors evaluates the risk according to the results and conduct related internal control in compliance regularly or irregularly.	None
(5). Does the company regularly hold internal and external educational trainings on operational integrity?	✓		Operating with integrity is the Company's core value and is regularly promoted throughout the Company.	None
3. Operation of the integrity channel				
(1). Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The Company's "Code of Business Conduct" and "Reporting Method" are disclosed on the Company's website and states reporting channels, anyone can report any inappropriate behaviors and the Company will assign senior management team to handle related issue.	None
(2). Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		The Company sets related reporting and handling procedures for the investigations of misconduct. The Company's "Code of Business Conduct" and "Reporting Method" clearly states that the personal data and reporting information of the informant should be kept confidential.	None
(3). Does the company provide proper whistleblower protection?	✓		The Company established precautions in order to protect whistleblowers.	None
4. Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company discloses and advocates "Ethical Corporate Management Best Practice Principles" on the Company's internal website. The Company also discloses "Ethical Corporate Management Best Practice Principles" and its practices on the Company's external website. In addition, the annual report which including relevant information about ethical corporate management on TSEC "MOPS" website.	None
5. If the company has established the ethical corporate management policies based on "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the policies and their implementation. The Company has set up an ethical corporate management policy and the practices are in accordance with Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies. Please refer to the "Corporate Governance" section for more details.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). Please refer to the "Corporate Governance" section for more details.				

4.7. Corporate Governance Guidelines and Regulations

4.7.1 The company has the following corporate governance guidelines and regulations in place:

- (1) Articles of Incorporation
- (2) Rules and Procedures of Shareholders' Meeting
- (3) Rules and Procedures for Board of Directors Meetings
- (4) Rules for Election of Directors
- (5) Procedures Governing the Acquisition or Disposition of Assets
- (6) Operating Procedures of Endorsement and Guarantee
- (7) Operating Procedures of Outward Loans to Others
- (8) Procedures of Internal Material Information
- (9) Remuneration Committee Charter
- (10) Audit Committee Charter
- (11) Ethical Corporate Management Best Practice Principles
- (12) Corporate Social Responsibility Best Practice Principles
- (13) Corporate Governance Best Practice Principles
- (14) Code of Business Conduct
- (15) Insider Trading Policy
- (16) Reporting Method
- (17) IT Security

4.7.2 More detailed information on corporate governance guidelines and regulations:

Please refer to the Company's website at <http://www.mediatek.com>

4.8. Other Important Corporate Governance Information

The Company continues to add more resources to enhance corporate governance including adding corporate governance session and attaching corporate governance guidelines and regulations for download on the Company website, disclosing material information in a timely matter and host regular investor conferences.

4.8.1 Directors Profession Enhancement Status

Title/Name	Date	Host by	Training / Speech title	Hours
Chairman Ming-Kai Tsai	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
Vice Chairman Ching-Jiang Hsieh	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
Director and CEO Lih-Shyng Tsai	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
Director Cheng-Yaw Sun	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
Director Kenneth Kin	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
	Jul 30, 2020	Securities and Features Institute	The global economic impact from COVID-19	3
Director Gon-Wei Liang	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
Independent Director Chung-Yu Wu	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
	Jun 23, 2020	Taiwan Corporate Governance Association	The legal responsibility and risk control of the false financial reports of directors and supervisors - case studies	3
	Jul 30, 2020	Securities and Features Institute	The global economic impact from COVID-19	3
	Aug 3, 2020	Taiwan Corporate Governance Association	How to supervise companies to conduct corporate risk and crisis management	3
	Aug 3, 2020	Taiwan Corporate Governance Association	Threat management and prevention of new generation enterprises: big data analysis and company fraud detection and prevention	3
Independent Director Peng-Hen Chang	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
Independent Director Ming-Tze Tang	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3

4.8.2 Key Management Profession Enhancement Status

Title/Name	Date	Host by	Training / Speech title	Hours
Executive Vice President & CFO & Spokesman David Ku	Jun 12, 2020	Accounting Research and Development Foundation	The latest "Taiwanese businessmen return to Taiwan investment" fiscal and taxation policy and practical analysis	3
	Jun 12, 2020	Accounting Research and Development Foundation	The key role and legal responsibility of "perjury" in economic crimes	3
	Aug 6, 2020	Accounting Research and Development Foundation	Policy analysis and internal control management of "Assisting companies to improve their own financial reporting capabilities"	6
Associate General Manager, Internal Audit Kirin Liu	Dec 11, 2020	The Institute of Internal Auditors – Chinese Taiwan	How to use Robotic Process Automation (RPA) to improve internal control efficiency	6
	Dec 14, 2020	The Institute of Internal Auditors – Chinese Taiwan	Analysis of corporate governance policies and the establishment of corporate governance personnel audit law compliance	6

4.8.3 Supervisor for Corporate Governance Profession Enhancement Status

Title/Name	Date	Host by	Training / Speech title	Hours
Vice President & General Counsel David Su	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (1)	3
	Jun 11, 2020	Taiwan Corporate Governance Association	The trend and challenges of IT governance (2)	3
	Dec 8, 2020	Securities and Futures Institute Education Center	The functions of the board of directors from the prevention of corporate fraud	3
	Dec 16, 2020	Securities and Futures Institute Education Center	Discussion on Human Resources and M&A Integration Issues in the Process of Enterprise M&A	3

4.9. Status of the Internal Control System Implementation

4.9.1 Declaration of Internal Control

MediaTek Inc. Statement of Declaration of Internal Control

Date: March 19th, 2021

MediaTek Inc. has conducted internal audits in accordance with its Internal Control Regulations for the period ended December 31, 2020, and hereby declares the following:

1. The Company acknowledges and understands that the establishment, enforcement, and preservation of internal control systems are the responsibility of the Board and that the managers and the Company have already established such systems. The purpose is to reasonably ensure the effectiveness (including profitability, performance, and security of assets), the reliability, timeliness, transparency of financial reporting, and legal and regulation compliance.
2. Internal control systems have limitations, no matter how perfectly they are designed. As such, effective internal control systems may only reasonably ensure the achievement of the aforementioned goals. Furthermore, the operation environment and situation may vary, hence the effectiveness of the internal controls systems may vary. The internal control systems of the Company feature certain self-monitoring mechanisms. The Company will take immediate corrective actions once any shortcomings are identified.
3. The Company judges the effectiveness of the internal control systems in design and enforcement according to the “Criteria for the Establishment of Internal Control Systems of Public Offering Companies” (hereinafter referred to as “the Criteria”). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control systems. There are five components for effective internal control as specified by the Criteria of which the procedures for effective internal controls are composed: (1) Control environment (2) Risk evaluation (3) Control operation (4) Information and communication (5) Monitoring. Each of the elements in turn contains several items, and the Criteria shall be referred to for details.
4. The Company has adopted the aforementioned internal control systems for an internal assessment of the effectiveness of internal control design and enforcement.
5. Based on the aforementioned audit findings, the Company holds that within the aforementioned period, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
6. This statement of declaration shall form an integral part of the annual report and prospectus of the Company and shall be made public. If there is any fraud, concealment, or unlawful practices discovered in the content of the aforementioned information, the Company shall be liable for legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchanges Act.
7. This statement of declaration has been approved by the Board on March 19, 2021 with all directors present under unanimous consent.

MediaTek Inc.

Chairman: Ming-Kai Tsai

President: Joe Chen

4.9.2. Disclose the Review Report of Independent Auditors if They are Retained for Reviewing the Internal Control System

None.

4.10. Reprimands on the Company and its Staff

None.

4.11. Major Resolutions of Shareholders' Meeting and Board Meetings

4.11.1 Major Resolutions of Shareholders' Meeting and Implementation Status

The Company held 2020 Annual General Meeting on June 11, 2020 at the International Convention Center of MediaTek in No. 1, Dusing 1st Rd., Hsinchu Science Park, Hsinchu, Taiwan. In the meeting, the attended shareholders approved the following proposals:

Major Proposals	Implementation Status
Acknowledgement Items:	
1. Adoption of the 2019 business report and financial statements	Approved.
2. Adoption of the proposal for distribution of 2019 profits	Approved a cash dividend per share of NT\$5, and distribution base date was set at July 12, 2020. Cash dividend distribution was completed by July 30, 2020.
Discussion Items:	
1. Discussion of cash distribution from additional paid-in capital	Resolution passed – July 12, 2020 designated as distribution base date, and payments completed by July 30, 2020 (NT\$5.5 per share)
2. Suspension of the non-competition restrictions on the directors of the Company	Approved.

4.11.2 Major Resolutions of Board Meetings

During the 2020 calendar year and as of the printing date of this annual report, 9 Board meetings were convened. Major resolutions approved at these meetings are summarized below:

Date	Meeting	Major Approvals
Feb 7, 2020	The 11 th meeting of the 8 th board	2020 first quarter financial forecasts Cancellation of 2019 fourth quarter restricted stock award Matter of 2019 fourth quarter new common stock issuance for employee stock option Matter of management compensation
Mar 20, 2020	The 12 th meeting of the 8 th board	Matter of Director performance and compensation 2020 general shareholder meeting date, location, and agenda Lifting non-competition restriction on directors 2019 business operating report 2020 operating plans and operating budget forecast Matter of 2019 employee compensation 2019 financial statement Assess CPA's independence 2019 internal control statement and internal control self-assessment report Amend Rules and Procedures for Board of Directors Meetings Amend Audit Committee Charter Amend Remuneration Committee Charter Amend The Evaluation of Board of Directors' Performance
Apr 28, 2020	The 13 th meeting of the 8 th board	2020 second quarter financial forecasts Matter of organization structure adjustment Cancellation of 2020 first quarter restricted stock award Matter of 2020 first quarter new common stock issuance for employee stock option Amend 2020 agenda of annual meeting of shareholders Matter of 2019 profit distribution Matter of cash distribution from additional paid-in capital
Jul 31, 2020	The 14 th meeting of the 8 th board	2020 third quarter financial forecasts Stipulate procedure for share buyback Stipulate risk management policy and procedure Cancellation of 2020 second quarter restricted stock award Matter of 2020 second quarter new common stock issuance for employee stock option Matter of management appointment
Oct 30, 2020	The 15 th meeting of the 8 th board	2020 fourth quarter financial forecasts 2020 CPA compensation Equipment acquisition and lease to Powerchip Semiconductor Manufacturing Corporation 2021 audit plan

Date	Meeting	Major Approvals
		Matter of management appointment Cancellation of 2020 third quarter restricted stock award Matter of 2020 third quarter new common stock issuance for employee stock option Matter of the Company's board diversification policy
Dec 7, 2020	The 16 th meeting of the 8th board	Matter of endorsement and guarantee Establishment of the M&A Strategy Committee of the Company
Jan 27, 2021	The 17 th meeting of the 8th board	2021 first quarter financial outlook 2021 operating plans and operating budget and intangible asset forecast Cancellation of 2020 fourth quarter restricted stock award Matter of 2020 fourth quarter new common stock issuance for employee stock option Lifting non-competition restriction on directors Donation to MediaTek Education Foundation Matter of management compensation
Mar 19, 2021	The 18 th meeting of the 8th board	Matter of Director performance and compensation Matter of issuance of restricted stock for employees 2021 general shareholder meeting date, location, and agenda Matter of electing the 9th Board (including independent directors) Matter of handling timing and nomination of director candidates for the 9th Board Matter of nominating directors Lifting non-competition restriction on directors 2020 business operating report Matter of 2020 employee compensation 2020 operating plans and operating budget forecast Matter of capital increase of MediaTek Investment Singapore Pte. Ltd. Assess CPA's independence 2020 internal control statement and internal control self-assessment report Amend Board of Directors Self-Assessment of Performance
Apr 28, 2021	The 19 th meeting of the 8th board	2021 second quarter financial outlook Cancellation of 2021 first quarter restricted stock award Matter of 2021 first quarter new common stock issuance for employee stock option Acquisition of real estate Matter of 2020 profit distribution Matter of cash distribution from additional paid-in capital Matter of dividend policy

4.12. Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors

None.

4.13. Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D during 2020 and as of the Date of this Annual Report

None.

5. Information Regarding the Company's Independent Auditors

5.1. Auditor Information

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Ernst & Young	Shau-Pin Kuo	Wen-Fun Fuh	2020	None

5.2. Information on Audit Fees

5.2.1 Audit Fee Scale

	Audit Fee	Non-Audit Fee	Total
Less than NT\$2 million		✓	
NT\$2 million ~ \$4 million			
NT\$4 million ~ \$6 million			
NT\$6 million ~ \$8 million			
NT\$8 million ~ \$10 million			
Above NT\$10 million	✓		✓

5.2.2 Information on Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee				Subtotal	Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others			
Ernst & Young	Shau-Pin Kuo	13,563	-	358	-	1,248	1,606	2020	Non-audit fee – other includes financial and tax consulting services of NT\$748 thousand and corporate consulting fee of NT\$500 thousand.
	Wen-Fun Fuh								

5.2.3 Non-audit fee paid to auditors, the audit firm and its affiliates accounted for more than one-fourth of total audit fee:

None.

5.2.4 Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of previous year:

Not applicable.

5.2.5 Audit fee reduced more than 10% year over year:

None.

5.3. Replacement of Independent Auditors in the Last Two Years and in the Subsequent Periods:

None.

5.4. The Company's Chairman, President or managers in charge of finance or accounting has been under current audit firm or its affiliates' employment in 2019:

None.

5.5. Evaluation of the External Auditor's Independence:

The Company Accounting Division evaluates the independence of auditors once a year and receives Statement of Independence issued by external auditors. After evaluation, the Company's external auditors can meet the Company's independency evaluation standards and be qualified as the Company's external auditors.

The Company has reported the evaluation result to Audit Committee and the Board for their review. Both of them approved.

Evaluation item	Evaluation result	Does it meet with independency?
1. Do the accounting firm's audit team members and their families have direct or indirect significant financial interest in the Company?	None	Yes
2. Do the Company and the accounting firm engage in mutual financing or mutual guarantee activities?	None	Yes
3. Do the accounting firm, their affiliates and audit team members have close business relationship with the Company or the Company's directors and key managers?	None	Yes
4. Do the accounting firm and their audit team members as well as their families serve as the Company's directors, key managers or any other position which can have direct and significant impact on auditing?	None	Yes
5. Do the CPAs serve as the Company's auditors for more than seven years? The same CPAs may serve as the Company's auditors again after the Company's CPAs have been changed to other CPAs for two years.	None	Yes
6. Do the CPAs provide the Company with non-audit services which are likely to influence their audit service?	None	Yes

6. Net Changes in Shareholding

Net Change in Shareholding and Net Change in Shares Pledged by Directors, Management and Shareholders with 10% Shareholding or More

Unit: Shares

Title/Name	2020		Jan. 1 to April 12, 2021	
	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman Ming-Kai Tsai	100,813	-	-	-
Vice Chairman Ching-Jiang Hsieh	(52,954)	-	-	-
Director & CEO Lih-Shyng Tsai	100,813	-	-	-
Director Cheng-Yaw Sun	-	-	-	-
Director Kenneth Kin	-	-	-	-
Director Gon-Wei Liang	-	-	-	-
Independent Director Chung-Yu Wu	-	-	-	-
Independent Director Peng-Heng Chang	-	-	-	-
Independent Director Ming-Tze Tang	-	-	-	-
President Joe Chen	80,651	-	-	-
Executive Vice President & CFO & Spokesman David Ku	64,520	-	-	-
Executive Vice President Cheng-Te Chuang	(12,545)	-	(10,000)	-
Executive Vice President & CTO Kevin Jou	-	-	-	-
Senior Vice President Kou-Hung Loh	-	-	-	-
Senior Vice President Jerry Yu	41,455	-	-	-
Senior Vice President Jasper Yang	27,636	-	-	-
Senior Vice President SR Tsai	40,324	-	-	-
Vice President Rolly Chang	32,636	-	-	-
Vice President JC Hsu	28,604	-	-	-
Vice President & CHRO Sherry Lin	40,324	-	-	-
Vice President & General Counsel David Su	32,260	-	-	-
Vice President HW Kao	32,260	-	-	-
Vice President Mike Chang	40,324	-	-	-
Vice President Vincent Yung Mien Hu	-	-	-	-
Vice President Ching San Wu	-	-	-	-
Vice President Alan Hsu	-	-	-	-

Stock Trade with Related Party: None.

Stock Pledge with Related Party: None.

7. Top 10 Shareholders Who are Related Parties to Each Other

As of April 12, 2021. Unit: Share / %

Top 10 Shareholders	Shareholding		Shareholding under Spouse and Minor		Shareholding under 3 rd Party		Top 10 Shareholders Who are Related Parties to Each Other	
	Shares	Proportion	Shares	Proportion	Shares	Proportion	Name	Relationship
Government of Singapore	45,025,415	2.83%	-	-	-	-	-	-
Ming-Kai Tsai	41,342,481	2.60%	41,250,145	2.59%	-	-	Chui-Hsing Lee	Spouse
Chui-Hsing Lee	41,250,145	2.59%	41,342,481	2.60%	-	-	Ming-Kai Tsai	Spouse
Saudi Arabian Monetary Authority - fund manager Schroders Investment Management Limited - administrator HSBC Bank Plc	29,919,833	1.88%	-	-	-	-	-	-
Jyh-Jer Cho	29,064,222	1.83%	10,558,414	0.66%	-	-	-	-
New Labor Pension Fund Management Committee	27,934,719	1.76%	-	-	-	-	-	-
Fubon Life Assurance Co., LTD	24,748,000	1.56%	-	-	-	-	-	-
BNP Paribas Arbitrage S.N.C.	24,103,956	1.52%	-	-	-	-	-	-
Norges Bank - internal - NBIM PF EQ INTERNAL CFD	23,014,321	1.45%	-	-	-	-	-	-
Cathay Life Insurance Co., Ltd.	21,698,084	1.36%	-	-	-	-	-	-

8. Long-Term Investment Ownership

As of December 31, 2021. Unit: Share / %

Long-Term Investments	Investments by the Company (1)		Investments Directly or Indirectly Controlled by Directors and Managers of the Company (2)		Total Investment (1) + (2)	
	Shares	Portion	Shares	Portion	Shares	Portion
MediaTek Investment Singapore Pte. Ltd.	2,251,157,978	100%	-	-	2,251,157,978	100%
Hsu-Ta Investment Corp.	737,515,603	100%	-	-	737,515,603	100%
Hsu-Si Investment Corp.	624,304,756	100%	-	-	624,304,756	100%
Richtek Technology Corp.	148,482,806	100%	-	-	148,482,806	100%
HFI Innovation	118,062,084	100%	-	-	118,062,084	100%
MediaTek Singapore Pte. Ltd.	111,993,960	100%	-	-	111,993,960	100%
MStar International Technology Inc.	30,000,000	100%	-	-	30,000,000	100%
MStar Co., Ltd.	13,350,000	100%	-	-	13,350,000	100%
Spidcom Technologies	146,200	100%	-	-	146,200	100%
Digimoc Holdings Limited	3,805	100%	-	-	3,805	100%

IV. Capital and Shares

1. Capital and Shares

1.1. Capitalization

As of April 30, 2021, Unit: shares / NTS

Month/ Year	Issue Price (per share)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital (shares)	Capital Increase by Assets Other than Cash	Date of Approval & Approval Document No.
Feb 2020	10	2,000,000,000	20,000,000,000	1,589,981,632	15,899,816,320	Restricted stock award cancellation: 43,690 Restricted stock award issuance: 377,973	-	Feb 25, 2020 Yuan-Shang-Tze No. 1090004993
Apr 2020	10	2,000,000,000	20,000,000,000	1,588,850,262	15,888,502,620	Restricted stock award cancellation: 1,194,780 Restricted stock award issuance: 63,410	-	May 14, 2020 Yuan-Shang-Tze No. 1090013405
Jul 2020	10	2,000,000,000	20,000,000,000	1,588,766,587	15,887,665,870	Restricted stock award cancellation: 83,846 Restricted stock award issuance: 171	-	Aug 14, 2020 Yuan-Shang-Tze No. 1090023534
Oct 2020	10	2,000,000,000	20,000,000,000	1,590,062,183	15,900,621,830	Restricted stock award cancellation: 19,436 Treasury stock cancellation: 130,000 Restricted stock award issuance: 1,445,032	-	Nov 16, 2020 Yuan-Shang-Tze No. 1090031763
Feb 2021	10	2,000,000,000	20,000,000,000	1,590,250,608	15,902,506,080	Restricted stock award cancellation: 24,840 Restricted stock award issuance: 213,265	-	Feb 18, 2021 Yuan-Shang-Tze No. 1100004417
Apr 2021	10	2,000,000,000	20,000,000,000	1,590,335,788	15,903,357,880	Restricted stock award cancellation: 61,873 Restricted stock award issuance: 147,053	-	Currently under amendment registration

As of April 30, 2021; Unit: shares

Type of Stock	Authorized Capital			Remark
	Outstanding	Un-Issued	Total	
Common Stock	1,590,335,788	409,664,212	2,000,000,000	Listed on TSE

Shelf Registration: None.

1.2. Composition of Shareholders

As of April 12, 2021; Unit: shares / %

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Persons	Individuals	Total
Number of Shareholders	1	74	709	2,569	81,527	84,880
Shareholding	2	90,258,521	128,367,150	1,052,956,678	318,888,234	1,590,470,585
Holding Percentage	0.00%	5.67%	8.07%	66.21%	20.05%	100.00%

1.3. Distribution of Shareholding

1.3.1 Distribution of Common Stock

As of April 12, 2021, Unit: shares / %

Common Share Shareholder Ownership	Number of Shareholders	Number of Shares held	Ownership
1 ~ 999	50,990	4,903,108	0.31%
1,000 ~ 5,000	27,257	46,792,834	2.94%
5,001 ~ 10,000	2,392	17,852,193	1.12%
10,001 ~ 15,000	839	10,452,829	0.66%
15,001 ~ 20,000	469	8,398,704	0.53%
20,001 ~ 30,000	519	12,699,479	0.80%
30,001 ~ 40,000	298	10,501,664	0.66%
40,001 ~ 50,000	215	9,740,346	0.61%
50,001 ~ 100,000	555	39,503,192	2.48%
100,001 ~ 200,000	463	66,351,248	4.17%
200,001 ~ 400,000	328	91,830,919	5.77%
400,001 ~ 600,000	163	80,292,886	5.05%
600,001 ~ 800,000	92	63,981,836	4.02%
800,001 ~ 1,000,000	52	46,625,173	2.93%
Over 1,000,001	248	1,080,544,174	67.95%
Total	84,880	1,590,470,585	100.00%

1.3.2 Distribution of Preferred Stock: Not Applicable.

1.4. Major Shareholders

As of April 12, 2021; Unit: shares / %

Top 10 Shareholders	Number of Shares held	Ownership (%)
Government of Singapore	45,025,415	2.83%
Ming-Kai Tsai	41,342,481	2.60%
Chui-Hsing Lee	41,250,145	2.59%
Saudi Arabian Monetary Authority - fund manager Schrodgers Investment Management Limited - administrator HSBC Bank Plc	29,919,833	1.88%
Jyh-Jer Cho	29,064,222	1.83%
New Labor Pension Fund Management Committee	27,934,719	1.76%
Fubon Life Assurance Co., LTD	24,748,000	1.56%
BNP Paribas Arbitrage S.N.C.	24,103,956	1.52%
Norges Bank - internal - NBIM PF EQ INTERNAL CFD	23,014,321	1.45%
Cathay Life Insurance Co., Ltd.	21,698,084	1.36%

1.5. Market Price, Net Worth, Earnings, Dividends per Common Share

Unit: NT\$ / Shares

Item		2019 (Distributed in 2020)	2020 (Distributed in 2021)	Jan. 1 ~ Mar. 31, 2021	
Market Price Per Share (Note1)	Highest	464.0	763.0	1,010.0	
	Lowest	213.5	273.0	752.0	
	Average	329.8	542.5	900.1	
Book Value Per Share	Before Distribution	197.71	235	260.20	
	After Distribution	187.16	*	*	
Earnings Per Share	Weighted Average Shares		1,567,873,703	1,573,329,335	1,577,282,725
	EPS	Not-Adjusted	14.69	26.01	16.21
		Adjusted	14.69	*	**
Dividends Per Share	Cash Dividends		10.5	*	**
	Stock Dividend	Earning Distribution	-	*	**
		Capital Distribution	-	*	**
	Accumulated Undistributed Dividend		-	-	**
Return on Investment	Price/Earnings Ratio (Note2)		22.45	20.86	**
	Price/Dividend Ratio (Note3)		31.41	*	**
	Cash Dividend Yield (Note4)		3.18%	*	**

* : Pending shareholders' approval in Annual General Shareholders' Meeting

** : Not applicable.

Note1: Retroactively adjusted for stock dividends and stock bonuses to employees

Note2: Price/Earnings Ratio = Average Market Price / Earnings Per Share

Note3: Price/Dividend Ratio = Average Market Price / Cash Dividends Per Share

Note4: Cash Dividend Yield = Cash Dividends Per Share / Annual Average Market Price

1.6. Dividend Policy and Status

1.6.1 Dividend Policy under the Articles of Incorporation

According to Article 24-1 of the Articles of Association of the Company, since the Company is in an industry that is in a growth phase, the dividend policy shall take several factors into consideration 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 strikes a balance between 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 all 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.

The board of directors has resolved in accordance with the articles of association. In line with the company's financial business development goals and plans, and without consideration of other special circumstances, the Company's dividend distribution is based on the principle of distributing 80% to 85% of the current year's net income.

1.6.2 Proposal to Distribute 2020 Profits (Approved by the Board and subject to Shareholders' approval)

The Board adopted a proposal for 2020 profit distribution as follows:

Cash dividends to common shareholders from retained earnings is NT\$33,398,284 thousand and cash distributed from additional paid-in capital in capital surplus to common shareholders is NT\$25,446,312 thousand, which totals NT\$58,844,596 thousand, or NT\$37 per share of cash to common shareholder. The proposal is subject to shareholders' approval at the Annual Shareholders' Meeting. The Chairman will then determine an ex-dividend date.

1.7. Effect of 2020 Share Dividends to Operating Performance and EPS

Not applicable.

1.8. Employees' Compensation and Remuneration to Directors

1.8.1 Employees' Compensation and Remuneration to Directors as Stated in the Articles of Incorporation

If the company makes a profit during the year, no less than 1% shall be allocated for employee remuneration and no more than 0.5% for directors' remuneration. However, when there are accumulated losses, the compensation amount shall be reserved in advance. The aforesaid employee remuneration can be in stock or cash, and the board of directors shall make a resolution with more than two-thirds of the directors present and a resolution approved by more than half of the directors, and report to the shareholders meeting.

1.8.2 Proposed Compensation and Remuneration to Employees and Directors

The Company accrued employees' compensation and remuneration to directors based on a specific rate percentage of profit of the year. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment to income of next year. A resolution was approved at the board meeting held on March 19, 2021 to distribute employees' compensation and remuneration to directors. The details of discrepancy between the aforementioned approved amounts and the estimated amounts in 2020 are as follows.

Unit: shares / NT\$ thousands

Items	Board resolution	Estimate	Difference	Reason of difference
Employee Compensation – Cash	546,125	546,125	-	-
Remuneration to Directors	55,295	55,295	-	-

Note: Other than the aforementioned employees' compensation in the amount of NT\$546,125 thousand, the Company also expects to distribute employee bonus of NT\$10,376,378thousand.

1.8.3 Earnings Retained in Previous Period (2019) Allocated as Employee Compensation and Directors Remuneration

Unit: shares / NT\$ thousands

Items	AGM resolution	Estimate	Difference	Reason of difference
Employee Compensation – Cash	317,139	317,139	-	-
Remuneration to Directors	32,110	32,110	-	-

1.9. Repurchase of Company Shares:

As of April 30, 2021

Implementation of Buybacks	3
Purpose of Buyback	Defend company credit and shareholders' rights
Buyback Period	Mar 23, 2020 ~ May 22, 2020
Price Range of Share Buyback (NT\$)	301.00~452.00
Class and Quantity of Shares Buyback Bought	130,000 common Shares
Amount of Share Buyback Bought (NT\$)	53,599,766
Percentage of Number of Company Shares Bought back to Total Number of Shares Buyback (%)	0.82%
Number of Shares Cancelled and Transferred	130,000
Accumulated Quantity of Company Shares Bought Back	0
Percentage of Accumulated Number of Company Shares Bought back to Total Number of Shares Buyback (%)	0

2. Status of Corporate Bonds

None.

3. Status of Preferred Stocks

None.

4. Status of GDR/ADR

None.

5. Status of Employee Stock Option Plan

5.1. Issuance of Employee Stock Options

As of April 30, 2021 / Unit: shares and NT\$ thousands

Employee Stock Options Granted	4 th Grant	5 th Grant	6 th Grant
Approval Date by the Securities & Futures Bureau	May 10, 2010	May 10, 2010	Aug. 9, 2011
Issue (Grant) Date	Aug 27, 2010	Nov. 4, 2010	Aug. 24, 2011
Number of Options Granted	1,605,757	65,839	2,109,871
Percentage of Shares Exercisable to Outstanding Common Shares	0.10%	0.00%	0.13%
Option Duration	10 years	10 years	10 years
Source of Option Shares	New Common Share	New Common Share	New Common Share
Vesting Schedule	2nd Year: Up to 30% 3rd Year: Up to 60% 4th Year: Up to 100%	2nd Year: Up to 30% 3rd Year: Up to 60% 4th Year: Up to 100%	2nd Year: Up to 30% 3rd Year: Up to 60% 4th Year: Up to 100%
Shares Exercised	629,778	9,057	1,245,895
Value of Shares Exercised	251,560	3,362	341,385
Shares Unexercised (Note)	-	-	110,950
Adjusted Exercise Price Per Share (NT\$)	-	-	272.6
Percentage of Shares Unexercised to Outstanding Common Shares	-	-	0.01%
Impact to Shareholders' Equity	Dilution to shareholder's equity is limited		

Employee Stock Options Granted	15 th Grant	16 th Grant
Approval Date by the Securities & Futures Bureau	Aug. 9, 2012	Aug. 9, 2013
Issue (Grant) Date	Aug. 14, 2012	Aug. 22, 2013
Number of Options Granted	1,346,795	1,436,343
Percentage of Shares Exercisable to Outstanding Common Shares	0.08%	0.09%
Option Duration	10 years	10 years
Source of Option Shares	New Common Share	New Common Share
Vesting Schedule	2nd Year: Up to 30% 3rd Year: Up to 60% 4th Year: Up to 100%	2nd Year: Up to 30% 3rd Year: Up to 60% 4th Year: Up to 100%
Shares Exercised	622,872	593,252
Value of Shares Exercised (NT\$)	175,953	218,317
Shares Unexercised (Note)	222,244	325,286
Adjusted Exercise Price Per Share (NT\$)	281.9	368.0
Percentage of Shares Unexercised to Outstanding Common Shares	0.01%	0.02%
Impact to Shareholders' Equity	Dilution to original shareholders' holding is limited	

Note: The number of invalid shares due to resignation was deducted. The fourth issuances are terminated in August, 2020. The fifth issuances are terminated in November, 2020.

5.2. Employee Stock Option Granted to Management Team and to Top 10 Employees:

As of April 30, 2021 / Unit: shares and NT\$ thousands

Title	Name	Number of Option Acquired	Number of Option Acquired / Number of Option Issued (Note2)	Exercised				Not Exercised			
				Number of Option	Exercise Price (NT\$)	Option amount	Number of Option / Number of Option Issued (Note2)	Number of Option (Note3)	Exercise Price (NT\$)	Option amount (Note3)	Number of Option / Number of Option Issued (Note2)
Manager and employee	Jonathan Strange	516,674	0.03%	455,214	322.1	146,614	0.03%	61,460	323.1	19,860	0.004%
	John Finbarr Moynihan										
	Bernard Tenbroek										
	James K Farley										
	Douglas P Remington										
	Vincent DelVecchio										
	Stacy Ho										
	Henry Vickers										
	Russell Mestechkin										
	John Lee (Note 3)										

Note1: The Company's managers are not granted with employee stock option.

Note2: The share issued is calculated based on the amended number of total share issued approved by Ministry of Economic Affairs on Feb 18, 2021.

Note3: As of the printing date of the annual report, the employee has left the Company.

6. Status of New Employees Restricted Stock Issuance

6.1. Issuance of New Restricted Employee Shares

As of April 30, 2021

Type of New Restricted Employee Shares	2018 1 st Grant	2018 2 nd Grant	2018 3 rd Grant	2018 4 th Grant												
Date of Effective Registration	Aug. 13, 2018															
Issue date	Sep. 6, 2018	Feb. 27, 2019	Apr. 12, 2019	Jul. 15, 2019												
Number of New Restricted Employee Shares Issued	12,259,550	2,205,888	17,818	2,182,958												
Issued Price (NT\$)	None															
New Restricted Employee Shares as a Percentage of Shares Issued	0.77%	0.14%	0.001%	0.14%												
Vesting Conditions of New Restricted Employee Shares	<p>1. If an employee continues to be employed with the Company through the vesting dates after granted new restricted employee shares, without any violation of any terms of the Company's employment agreement, employee handbook, non-compete and NDA or policies and achieves both personal performance criterion and the Company's operation objectives during the vesting period, are eligible to receive the vested shares. The maximum portions of the vested shares of each year are 34%, 33%, and 33% for the year ended 2019, 2020, and 2021 respectively. The actual portions of the vesting shares shall be determined by achievement of both the personal performance and the Company's operation objectives. The share shall be rounded down to the nearest integer.</p> <p>2. Personal Performance Index ("PPI") is determined with reference to the Employee's year-end performance rating for the year preceding the vesting date and shall be an I (Meets Expectations) rating or better. And, the work result has to meet the predetermined performance standard between employee and Company. The Company's Operating Target ("COT") shall be determined with reference to Revenue, Gross Margin, Operating Margin, and Return on Equity (ROE) operating index targets. Achievement of Operating Index Targets for a particular vesting date shall be determined by the Company with reference to the corresponding operating indices set forth in the Company's audited, annual consolidated financial statements for the Company's fiscal year ending in the year prior to the vesting date. Each objective sets two targets (as following table). Achieving either one of the target is considered achieving the objective. The actual shares received is set according to the level of achievement with individual employee.</p> <table border="1" data-bbox="507 1055 1362 1361"> <thead> <tr> <th>Company's Operation Objectives</th> <th>Operating Target A</th> <th>Operating Target B</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>Increase \geq 5% YoY</td> <td rowspan="4">Higher than the average of previous three years</td> </tr> <tr> <td>Gross Margin (%)</td> <td>Increase \geq 1.5ppt YoY</td> </tr> <tr> <td>Operating Margin (dollar)</td> <td>Increase \geq 20% YoY in 2018; Increase \geq 15% YoY in 2019/2020</td> </tr> <tr> <td>Operating Margin (%)</td> <td>Increase \geq 2% YoY</td> </tr> </tbody> </table>				Company's Operation Objectives	Operating Target A	Operating Target B	Revenue	Increase \geq 5% YoY	Higher than the average of previous three years	Gross Margin (%)	Increase \geq 1.5ppt YoY	Operating Margin (dollar)	Increase \geq 20% YoY in 2018; Increase \geq 15% YoY in 2019/2020	Operating Margin (%)	Increase \geq 2% YoY
Company's Operation Objectives	Operating Target A	Operating Target B														
Revenue	Increase \geq 5% YoY	Higher than the average of previous three years														
Gross Margin (%)	Increase \geq 1.5ppt YoY															
Operating Margin (dollar)	Increase \geq 20% YoY in 2018; Increase \geq 15% YoY in 2019/2020															
Operating Margin (%)	Increase \geq 2% YoY															
Restricted Rights of New Restricted Employee Shares	<p>1. During the vesting period, the employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance.</p> <p>2. During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., are in accordance with the Company's issued common shares and exercised by trust agency.</p> <p>3. During the vesting period, other restricted employee shares' rights including but not limited to cash dividend, share dividend, legal reserve and capital surplus distributable right, subscription rights of capital increase, etc. are in accordance with the Company's issued common shares and exercised by trust agency.</p> <p>4. During the period from the Company's book closure date for issuance of bonus shares, book closure date for cash dividends, book closure date for subscription rights of capital increase, book closure date for AGM provided by Article 165-3 of the Company Act, or statutory book closure date for other event to ex-rights (ex-dividend) record date, when employees achieve the vesting condition, their vesting shares' unrestricted schedule and process are carried out in accordance with custody contract or relevant regulations.</p>															
Custody Status of New Restricted Employee Shares	<p>1. After new restricted employee shares are issued, the shares must immediately be deposited in trust. Furthermore, before the vesting conditions have been met, the employee may not for any reason or in any manner request that the trustee return the new restricted employee shares.</p> <p>2. During the period in which the new restricted employee shares are placed in trust, the Company shall have full discretion to act as agent for the employee to conduct with the share trust institution matters including, but not limited to, the negotiation, signing, amendment, extension, rescission, and termination of the trust agreement, and giving of instructions for the delivery, utilization, or disposition of the assets in trust.</p>															
Measures to be Taken When Vesting Conditions are not Met	<p>1. In the event that (i) the employment with the Company is terminated through the vesting dates, (ii) employee violates on any terms of the Company's employment agreement, employee handbook, or policies, (iii) personal performance criterion and the Company's operation objectives are not achieved, (iv) employee violates the issuance policy to cancel Company's authorization to act as agent for the employee to conduct the share trust institution matters, the Company will redeem the issued restricted employee shares and cancel the full number of the share with immediate effects.</p>															

Type of New Restricted Employee Shares	2018 1 st Grant	2018 2 nd Grant	2018 3 rd Grant	2018 4 th Grant
	2. During the vesting period, if the employee quits, is fired or is laid off, the Company will redeem the unvested and cancel the restricted employee shares with immediate effects.			
Number of New Restricted Employee Shares that have been Redeemed or Bought Back	2,017,830	398,364	2,389	362,669
Number of Released New Restricted Employee Shares	6,397,012	1,149,795	9,550	1,147,371
Number of Unreleased New Restricted Shares	3,844,708	657,729	5,879	672,918
Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)	0.24%	0.04%	0.00%	0.04%
Impact on possible dilution of shareholdings	Dilution of original shareholders' holding is limited			

6.2. List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

As of April 30, 2021 / Unit: shares and NT\$ thousands

	Title	Name	No. of New Restricted Shares (Note 1)	New Restricted Shares as a Percentage of Shares Issued (Note 2)	Released			Unreleased				
					No. of Shares (Note 1)	Issued Price (NT\$)	Amount (NT\$ thousands)	Released Restricted Shares as a Percentage of Shares Issued (Note 2)	No. of Shares (Note 1)	Strike Price (NT\$)	Amount (NT\$ thousands)	Unreleased Restricted Shares as a Percentage of Shares Issued (Note 2)
Manager and employee	Chairman	Ming-Kai Tsai										
	Vice Chairman	Ching-Jiang Hsieh										
	CEO	Lih-Shyng Tsai										
	President	Joe Chen										
	Executive Vice President & CFO & Spokesman	David Ku										
	Executive Vice President	Cheng-Te Chuang										
	Senior Vice President	Jerry Yu										
	Senior Vice President	Jasper Yang										
	Senior Vice President	SR Tsai										
	Vice President	Rolly Chang										
	Vice President	JC Hsu										
	Vice President & CHRO	Sherry Lin										
	Vice President & General Counsel	David Su										
	Vice President	HW Kao	3,856,186	0.24%	2,650,654	0	0	0.17%	1,305,532	0	0	0.08%
	Vice President	Mike Chang										
	Vice President	Ching San Wu										
	Vice President	Alan Hsu										
	Employee	CH Wang										
	Employee	Yi-Ching Lee										
	Employee	Ryan Chen										
	Employee	Alex Chen										
	Employee	PC Tseng										
	Employee	SA Huang										
Employee	HC Huang											
Employee	JS Pan											
Employee	Alan Cheng											
Employee	Harrison Hsieh											
Employee	Ken Hsieh											
Employee	Evan Su											

Note 1: The number of unrestricted shares and the number of unrestricted totaled 3,856,186 shares, including 530,150 shares that have been recovered.

Note 2: The share issued is calculated based on the amended number of total share issued approved by Ministry of Economic Affairs on February 18, 2021.

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions

None.

8. Financing Plans and Implementation

8.1. Uncompleted share issuance or private placement or completed transactions without expected benefits in the past 3 years:

None.

V. Business Activities

1. Business Scope

1.1. Business Scope

1.1.1 The Main Business Activities of the Company

- A. Design, develop, produce, manufacture and market the following products:
 - a. Multimedia Integrated Circuits (IC);
 - b. Computer peripheral ICs;
 - c. High-end digital consumer ICs;
 - d. Other application specific ICs;
 - e. Patent and circuit-layout licensing and services of the above-mentioned products
- B. Provide the above-mentioned products with software and hardware application design, test, maintenance, and technological consultation services
- C. Import and export of the above-mentioned products

1.1.2 Revenue Mix (2020)

Product Category	Multimedia Chipsets	Others (Note)
Revenue Mix	98.56%	1.44%

Note: Others include revenue from technical services and licensing fees.

1.1.3 Products Currently Offered by the Company

- A. Mobile communication chipsets;
- B. Tablet chipsets;
- C. Bluetooth chips;
- D. Wireless LAN (WLAN) chips;
- E. Global Positioning Satellite (GPS) chips;
- F. Connectivity combo SoCs that integrated Bluetooth, FM, WLAN, GPS, etc.;
- G. Artificial Intelligence of Things (AIoT) device SoCs;
- H. Smart home connectivity chips;
- I. Bio-sensing analog front-end chips;
- J. Optical storage chipsets;
- K. DVD player SoCs;
- L. Blu-ray DVD player chipsets;
- M. Highly-integrated digital TV controller chips;
- N. xDSL chipsets;
- O. Automotive chipsets;
- P. Power management and controller chips for various electronics;
- Q. USB PD Type-C controller chips; and
- R. Consumer and enterprise ASIC chips

1.1.4 New Products Planned for Development

- A. Next generation highly-integrated mobile communication chipsets;
- B. Next generation tablet chipsets;
- C. Next generation highly-integrated multi-functional wireless communication SoCs;
- D. Next generation artificial intelligence of things (AIoT) device SoCs;
- E. Next generation low-power smart home connectivity chips;
- F. Next generation highly integrated 8K Ultra HD smart TV chips;
- G. Next generation 10G PON(passive optical network) chipsets;
- H. New generation NBASE-T Ethernet physical chipsets;
- I. Next generation power management and controller chipsets for various electronics;
- J. Next generation server power management and controller chipsets; and
- K. Next generation consumer and enterprise ASIC chips

1.2. Industry Outlook

1.2.1 The semiconductor manufacturing supply chain:

The semiconductor industry can be categorized as: upstream – IC design companies, midstream – wafer foundries, and downstream – IC packaging and testing service providers. The horizontal specialization is the main difference that sets Taiwan’s IC industry apart from its overseas peers. Major international semiconductor companies usually operate vertically across the value chain, from IC design and manufacturing, to packaging, testing, to systems integration. However, as the rapidly-evolving industry environment requires high capital expenditures, horizontal model is able to focus resources on specific field more efficiently to meet industry trends and proves to be an outperformer compared to the integrated model.

The major business of an IC design company is to design and sell semiconductor devices, or to design products based on customers’ requirements. IC design is the upstream of the industry value chain, while other players in the backend of supply chain, including photo mask providers, wafer foundries, packaging and testing companies, etc. In general, IC companies outsource almost 100% of photo mask, wafer fabrication, and IC packaging to specialized manufacturing partners. Most companies also outsource their IC testing work to specialized testing houses, while some IC design companies keeps a certain portion of in-house testing.

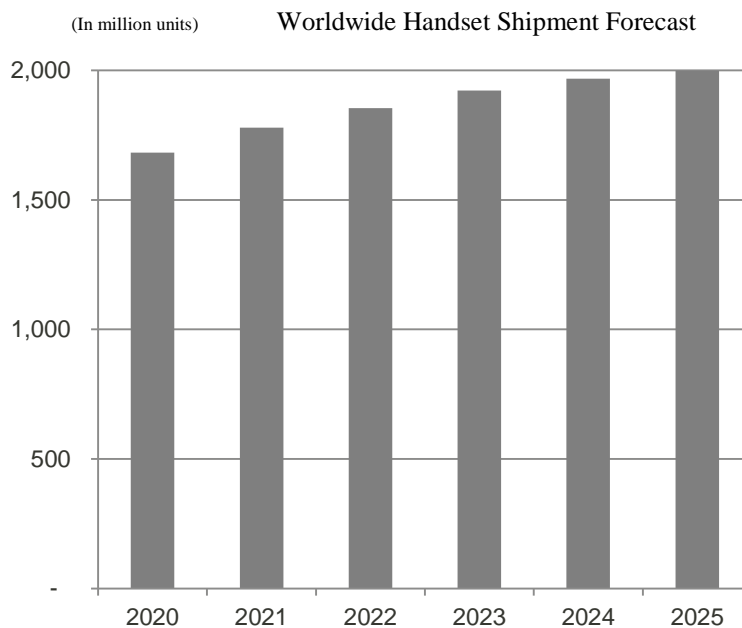
In the semiconductor supply chain, the IC design industry is a knowledge-intensive industry with a relatively high return on investment. Coupled with complete semiconductor industry ecosystem and ample talents, IC design is a thriving industry in Taiwan.

1.2.2 Industry Outlook, Trends and Competition

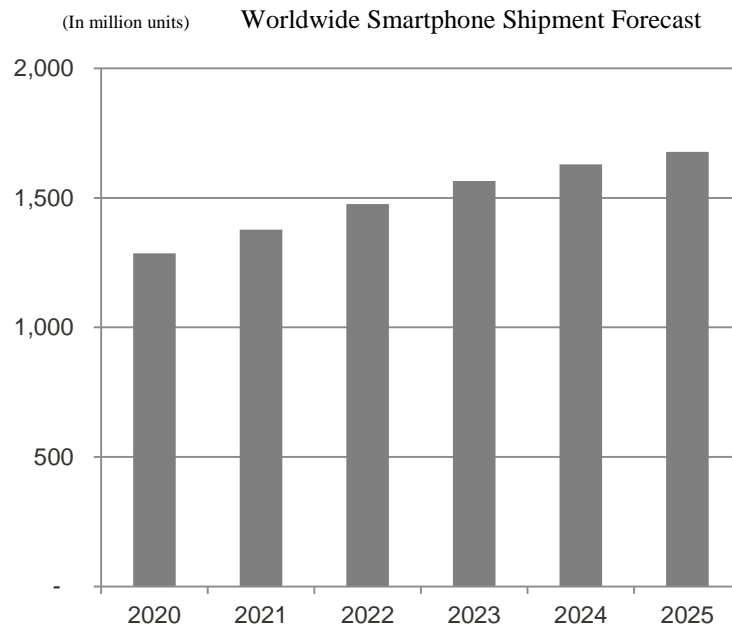
A. Wireless Communications Products

a. Mobile Computing Platform

The wireless communication industry is booming and relevant applications are growing with handsets carrying the largest volume. According to Strategy Analytics, due to the pandemic impact, worldwide handset shipment was 1.7 billion units in 2020. The shipment is expected to grow steadily to 2.0 billion units in 2025. Strategy Analytics estimated that global smartphone shipments were about 1.3 billion units in 2020 and the number is expected to grow to 1.7 billion units in 2025. MediaTek ranked 1st in handset SoC shipments in 2020, with a market share of 32%, according to statistic data released in April 2021 by Counterpoint, a market research agency.



Source: Strategy Analytics, March 2021



Source: Strategy Analytics, March 2021

Global communication technologies continue to evolve and upgrade. As the communication technology is migrating toward large-scale 5G commercialization, the characteristics of 5G in enhanced mobile broadband (eMBB), massive machine type communication (mMTC), and ultra-reliable low latency communication (URLLC) are contributing the long-term application development of cloud computing, internet of vehicles and IoT. These lift the hardware and performance requirement of mobile devices and bring up the prices of the end products and push the evolution of the whole industry. As the penetration rate of 5G smartphone increases, 5G smartphones are replacing 4G smartphones to become the mainstream. 5G technology is expanding to more platforms, such as laptop. 4G network continues to play an important role in the global market. 4G technology in the emerging market is maturing and continues to bring up the smartphone demand.

In addition to mobile communication, consumers also look forward to advanced camera applications and higher performance of multimedia, such as adding more lenses to deliver more photo effects and better picture quality, on-line gaming, video streaming, social networking, augmented/virtual reality, and etc. In order to meet consumers' need and support more applications, the specifications and features of mobile computing products continue to be upgraded such as integrating and enhancing network connections, optimizing gaming control, picture quality and some adjustments to enhance the overall gaming experience, deliver higher performance AI accelerator to not only improve photo quality but also provides stronger computing power with lower power consumption.

The competition of rapidly-growing wireless communication market is intensifying, primarily from semiconductor companies in the US, Europe, Mainland China and Taiwan. Not only will semiconductor companies have to keep up with new technology specifications and launch more advanced products to compete but also need to compete on cost management and technical support to offer comprehensive total solutions and product development services to customers.

For smartphone related business, MediaTek establishes partnerships with worldwide operators and distribution channels to proactively expand global market with customers. MediaTek, being in the leading group, launched 5G multimode SoC and participated in the first wave of large-scale 5G commercialization. By working closely with customers and global ecosystem, MediaTek further strengthens the comprehensiveness of the product portfolio which brings up the replacement demand. In addition, MediaTek will continue to cultivate 4G market to maintain good market share and explore the opportunities in product and technology upgrades.

b. Internet of Things (IoT)

In addition to smartphones, internet of things, all kinds of connectivity devices and Internet of Vehicles are all important applications in wireless communication. As the consumer demand for higher bandwidth is increasing, it accelerates the rise of the number of device connected to the internet and the upgrade of long distance multimedia applications, such as the penetration rate of WiFi 6 in high-end routers, PON, and laptop is continuously growing, and the demand for WiFi 5 in mainstream market is also rising substantially. IoT products intergrading Wi-Fi, GPS and Bluetooth function are also boosting the market demand for wireless communications, including AI voice assistant devices, smart home appliances, Bluetooth ear buds, smart utility meters.

Moreover, consumer electronics, such as game console and TV, are emphasizing more on the connectivity. At the same time, Chromebook and tablet products are benefiting from distant learning and market is growing rapidly. Internet of Vehicle is also becoming another important developing platform for wireless communication. The Company is leveraging the technology advantage in mobile computing, wireless communication, and multimedia and the comprehensive IPs across different platforms to continuously developing new generation ICs with higher speed for wireless communication in cellular and WiFi, SoC for ARM architecture with integrated connectivity, eCockpit and telematics, to grasp future trend and opportunities.

B. Digital TV Products

Global digital TV shipment is stable and the 4K Ultra High Definition (4K Ultra HD) has matured and become the mainstream technology in the market. Higher yield rate and lower production costs of OLED panels both contribute to the gradually increasing shipment of OLED TV. As panel technology develops and consumers pursues better picture quality, the need for higher resolution is also growing. As 8K technology develops, it enables more refined picture and audio quality to satisfy consumer demand. In addition, AI elevates user experience, for instance, through AI scene detection to automatically select the appropriate picture enhancement scenario to perform picture quality enhancement (AI-PQ, AI-Picture Quality) or audio enhancement (AI-AQ, AI-Audio Quality), audio control, search functions and etc. New applications are triggered when cameras are added to TVs, such as video conferencing and home gym.

MediaTek leads the industry by launching multi-core smart TV SoCs and adding AI to enhance picture quality through automatic scene detection. Our products now support coding and decoding specifications for 8K UHD TVs. MediaTek proactively cooperates with TV makers to launch 8K products.

C. ASIC Products

As technology advances at much faster pace, electronic products become obsolete at faster rates. In order to differentiate products, the demand for customization in consumer electronics, large data centers, automotive electronics, industrial automation, communication industry, artificial intelligence and related areas is increasing. Particularly, with the trend of digitalization, tremendous amount of data grows in an incredible rate that therefore sets data center and high-speed transmission related applications, such as switches, storage devices, and high-speed computing to be the market focus. MediaTek has dedicated in developing high-speed transmission IPs for many years and the IPs is now recognized by many first tier customers. MediaTek will continue to establish cross-platform, long-term relationships with our partners, and actively expand the business portfolio into new areas.

D. Analog Products

As all digital electronic systems require data and signals' input/output and transition, the demand for analog IC continues to increase. Analog ICs are in charge of data and signal transmission between users and machines, and therefore very extensive applications for analog ICs, for example, computers and their peripheral applications, communications, automotive electronics, consumer electronics and new applications such as smart home, IoT, and etc. Traces of analog IC can be found in practically all electronic systems.

E. Broadband Networking Products

Global broadband industry continues to grow as the number of broadband user increases. According to research reports, at the end of the fourth quarter of 2020, there were approximately 1 billion of broadband users globally and it was growing steadily with an annual growth rate of 5%. Among which, mainland China was the world's largest single market, and its main technology was xPON, which was gradually developing towards 10GPON

since 2020. In recent years, under the FTTH trend, many regions have accelerated the deployment of xPON, such as emerging countries like Central and South America, Southeast Asia and India, as well as Europe and North America. The rapid growth of overseas market has made them to be the next driver of market. In order to cope with the high traffic load of 5G mobile communications in the future, higher-speed 10G fiber fixed network broadband has become the foundation of 5G mobile communications.

1.3. Technology and R&D

1.3.1 R&D Spending

The Company's R&D spending in 2020 was NT\$77,324,828 thousand, and from January 1st 2020 to the printing date of this annual report, the R&D spending was NT\$29,090,638 thousand.

1.3.2 Developed Technologies or Products in the Last Fiscal Year and Year-to-Date

- A. Highly integrated 5G smartphone SoCs and thin modem;
- B. Highly integrated LTE chipsets;
- C. Highly integrated tablet chipsets;
- D. Highly integrated artificial intelligence of things (AIoT) chipsets;
- E. Highly integrated smart home connectivity chips;
- F. Highly integrated WLAN SoCs;
- G. WiFi 6 wireless communication chips;
- H. Highly integrated advanced smart assistance chips;
- I. Highly integrated 8K Ultra HD smart TV chipsets;
- J. Highly integrated UHG chipsets;
- K. Highly integrated terabyte passive optical network (xPON) chipsets;
- L. Power management and controller chipsets for various electronics;
- M. USB PD Type-C controller chipsets;
- N. Next generation brushless DC motor;
- O. Consumer and enterprise ASIC chips;
- P. Highly integrated automotive SoC for eCockpit, telematics and mmWave radar;

1.4. Long- and Short-Term Business Development Plans

1.4.1 Short-Term Business Development Plans

- A. Keep our finger on the pulse of market trend and customer need, continue to develop highly competitive new products, and adopt more advanced process/more optimized circuit design architecture to introduce high price-performance ratio mainstream products to stimulate market demand.
- B. Combine newly-acquired companies' product offerings with existing platform advantages to provide customers with total solutions. Deeply understand and serve customers, and facilitate customers to time-to-market to seize market opportunities.
- C. Enhance existing long-term partnerships with customers as well as expand customer base and market share by implementing efficient marketing strategies. Meanwhile, work closely with relevant partners in every industry such as operators to expand business opportunities.
- D. Maintain close relationship with supply chain partners including foundries, packaging companies and testing houses. Ensure real-time communications with customers and manufacturing partners to respond to market changes quickly and effectively, secure sufficient capacity, and ensure smooth delivery as well as AR/inventory management.
- E. Sustain systematic and flexible financial systems to support all R&D and sales activities.

1.4.2 Long-Term Business Development Plans

- A. Participate actively in global standard committees and strengthen long-term relationship cooperation with world-class customers and partners to develop various business opportunities.
- B. Continue to develop innovative products and maintain a market-leading position in different markets. Continue to enhance product competitiveness and profitability through new product developments, product design optimization, cost control, etc.
- C. Continue to work closely with the supply chain and co-develop more cost-effective solutions.

- D. Recruit and retain global talents with different expertise for future products and market development. Establish comprehensive internal training systems to share knowledge and experiences.
- E. Establish comprehensive global management systems to ensure effective internal operation efficiency and external communications. Maintain good relationship with capital markets and seek investment targets for business expansion.

2. Market, Production, and Sales Outlook

2.1. Market Analyst

2.1.1 Major Markets

Region	2020	
	Sales (NT\$ thousands)	Percentage
Export sales	294,296,822	91.36%
Domestic sales	27,849,166	8.64%
Total	322,145,988	100%

2.1.2 Market Share

According to a report Gartner published in March 2021, worldwide semiconductor market revenue was US\$466.2 billion in 2020, MediaTek's market share was 2.4% and ranked No.8 worldwide; ranked No.4 in global fabless semiconductor industry.

2.1.3 Major Markets

A. Wireless Communications Products

The replacement trend brought by technology upgrade of 5G and WiFi 6 are driving the market demand for wireless communication, especially for smartphone. It is expected to expand to consumer electronics and IoT related applications in the future. Covid-19 has changed the way people live. The demand for remote communication such as video conferencing has increased and it accelerates internet specification migration as well as higher bandwidth usage. In the future, with the increase of various multimedia and AI-related applications, as well as the trend of digitization, the demand for computing power will continue to grow. Users value more of the functionality of consumer electronic products, which will drive the demand for various wireless communication products such as 5G modem, WiFi, Bluetooth, and ARM-based SoCs that integrate wireless communication. Routers, broadband network devices, smart IoT products, higher-performance and low-power-consumption Chromebook and tablets that adopts ARM-based SoC, and connectivity, laptops, CPE, and etc. Besides, automotive electronics are also upgrading. New cars will gradually to be equipped with wireless communication capabilities to build the Internet of Vehicles (IoV) as the foundation for autonomous driving. It is expected that 5G, IoT and IoV to become the important drivers for future wireless communication market.

B. Digital TV Products

Global digital TV shipment is stable. New generation TV SoCs integrate AI processor and further enhance picture and audio quality to provide product differentiation. With smart TV functions, users can surf the Internet, watch video on demand, install applications or games and voice search as well as control TVs by smart devices to enhance user experience.

C. ASIC Products

Technology advances rapidly, with the applications of massive data, cloud and AI grow swiftly, high-speed transmission and data center related demand are also rising. MediaTek has diverse product lines, comprehensive products across platforms, and we steadily invest in cutting-edge technologies, incorporating multiple advanced IPs, such as multimedia, connectivity, high-speed transmission, and data computing, to provide the most competitive consumer and enterprise ASICs.

D. Analog Products

According to Gartner, analog ICs will carry the highest CAGR among all ICs between 2018 and 2024. The CAGR for analog IC between 2018 and 2024 is 5.79%, within which, power management IC is growing steadily at the growth rate of 7.14%. MediaTek will continue to work with Taiwan foundry vendors and leverage our advantages from accumulated experiences in analog IC design to expand business in the industry.

E. Broadband Networking

People value more on the quality of network and it has become the driver to push the upgrades of global networking product and equipment specification. The fiber-to-the-home (FTTH) policy of Mainland China has greatly increased the number of users. With the increase in specifications such as network speed and bandwidth, demand from overseas markets such as Europe, North America and emerging markets is expected to drive the next wave of growth. The Company has advanced and complete networking product lines, such as GPON, 10GPON, xDSL, and high speed Ethernet and etc. MediaTek will continue to develop faster networking products to seize upgrade opportunities and steadily expand domestic and overseas markets in the future.

2.1.4 Competitive Advantage

A. Outstanding Team

MediaTek's management team has been working together in the multimedia industry for many years and has grown with the participation of outstanding talents. Many of our staff are senior IC design and system engineers. The exceptional quality of human resources and team spirit developed through long-term cooperation are the key factors that have enabled MediaTek to cultivate a great culture for the company's long-term prosperity and deliver continuous innovation.

B. Strength in System-on-a-Chip (SoC) Development

SoC has been a hot topic of the technology industry for many years. The Company has a large pool of talented IC and system designers. Through their joint efforts, the Company has been able to launch competitive SoC products every year.

2.1.5 Favorable Developments, Unfavorable Factors and Countermeasures

Favorable Developments

A. Advantages in possessing advanced and comprehensive wireless communication IP portfolio.

Continue to invest in technology to keep platform competitiveness

Mobile devices and IoT have become indispensable and important products in consumers' lives. Consumers' requirements for user experience stimulates the development of product functionalities and it drives the replacement and the growth of related IC industries. The Company spares no effort in the development of wireless communications and consumer electronic products. It has the most complete IP in the industry, including 4G/5G mobile communications, WiFi 6/5, a new generation of Bluetooth communications and audio technology, and ARM-based CPU, providing customers with convenient and stable integrated solutions. The continued demand for more powerful multimedia functions and diversified innovative functions from the market has also driven the growth of peripheral chips for mobile computing and IoT platforms. More demand for wireless transmission, such as smart home and Internet of Vehicles will continue to drive market growth. The company integrates the basis of multimedia technology and products of other business units, with wireless communication technology, provides customers with highly integrated product solutions, shortens the development cycle of customers, and provides highly competitive innovative products.

Moreover, the Company continues to cultivate 4G market and actively expands 5G market, invests in the research and development of related applications, and participates in setting international standards. In addition to meeting the market demand for continuous upgrade of mobile networks, the Company also contributes to future trends. The Company launched the most advanced WiFi 6 networking technology and already started the investments in next-generation WiFi7, combined with the group's comprehensive effect to promote to different consumer electronics platforms. It is believed that the higher speed and smooth communication technology can bring

consumers a more optimized multimedia experience on smartphones, and the wireless communication demand derived from the integration of more platforms will help drive the trend of product specifications to further expand the related wireless communication IC market.

B. Integrating internal artificial intelligence platform with rich IP portfolio, leading the industry to creates new trends of smart consumer devices

Artificial Intelligence (AI) has become a hot topic recently. Related demands are growing rapidly in various consumer electronic platforms. The company develops and upgrades its own AI platform, integrates AI functions cross-platform into smartphones, TV chips, smart speakers and other products, and combines multiple advantages to develop multiple innovative products with customers to enhance user experience and lead the industry trend. For example, AI strengthens the smartphone camera function, and the good experience brought by the smart voice assistant extends to many peripheral products. For TV-related applications, the company develops and introduces artificial intelligence in high-definition / high-voice-quality processing to provide differentiations such as voice recognition, voice control to meet customer and consumer needs, and bring more convenience to users. The ecosystem built by various smart connected devices is gradually completed, which will further promote the wider AI penetration and more intelligent AI demand for more functions.

C. Continue the Collaboration with First-Tier Customers to Develop Highly Competitive ASICs

The product cycle of ASICs is significantly longer than other traditional consumer electronics and requires high technology integration capability. MediaTek has been developing multimedia and high speed transmission IPs for many years, possessing complete IPs and large product platforms. With the SoC integration capability, high-end process and packaging experience, the product development collaborations have received recognitions from customers.

D. Demand for analog products continues to grow

High-frequency wireless applications become broader and demand for linear regulator with low noise, ultralow dropout and low power consumption is expected to grow sharply. In addition, demand for power management and battery management are also rising along with environmental awareness. These trends are expected to benefit MediaTek sales and developments.

E. xPon and VDSL to Become Growth Drivers for the Broadband Market

xPON has been replacing xDSL in recent years, accounting for 80% of market share in 2020. Overall wired broadband market continues to grow steadily. MediaTek has complete product portfolio of xPON across the board and is able to provide customers with the most comprehensive and competitive products. 10 GPON will become another new trend of the year. It will increase the broadband demand in home and enterprise, and become one of the options of small cell as 5G mobile network develops.

F. Comprehensive IC Manufacturing Infrastructure in Taiwan

Taiwan has a well-developed IT industry and world leading IC manufacturing capability. Taiwan's outstanding semiconductor manufacturing system provides fast and efficient supply to allow us to fully meet our customers' needs.

Unfavorable Factors and Countermeasures

The IT industry moves at a fast pace and new technology may emerge at any time. Coupled with relatively short product life cycle, pricing pressures always exists.

In the extremely competitive technology industry, the Company always gets prepared and has been intensively developing new products, enhancing competitiveness, and providing better products from high-quality employees. In addition to continuing to market the existing products, the Company also works proactively on next generation products. The Company aims to increase our competitiveness by bringing high-quality products to the market ahead of our competitors.

2.2 Key Product Applications and Manufacturing Processes

2.2.1 Key Product Applications

MediaTek's major products include chipsets for wireless communication, digital TV, ASIC, analog and broadband networking for applications such as mobiles, digital TVs, PCs, electronics, wearables and IoT products. Key product applications are listed below:

A. Wireless Communication Products

MediaTek's wireless communication chipsets are mainly used in entry-level, mainstream and mid/high end 5G/4G/3G smartphones, tablets Chromebook and feature phones. Peripheral chips such as Bluetooth, WLAN, GPS, NFC and wireless charging are mainly used in mobile phones, and can also be used in other applications such as routers, TVs, set-up-boxes, smart wearables, smart home appliances, IoT applications, automotive, game consoles, notebooks and portable navigation devices, etc.

B. Digital TV Products

Digital TV decoder and demodulator chips are used to receive and decode digital TV signals from either satellite, terrestrial or cable for video as well as video on demand via Ethernet and Wi-Fi. MediaTek provides users with the best in audio and video enjoyment by strengthening processing engine of image quality. Similarly, cameras are added onto TVs to enable new applications, such as video conferencing, home gym and etc.

C. ASIC Products

ASIC chips are mainly used in consumer and enterprise electronics.

D. Analog Products

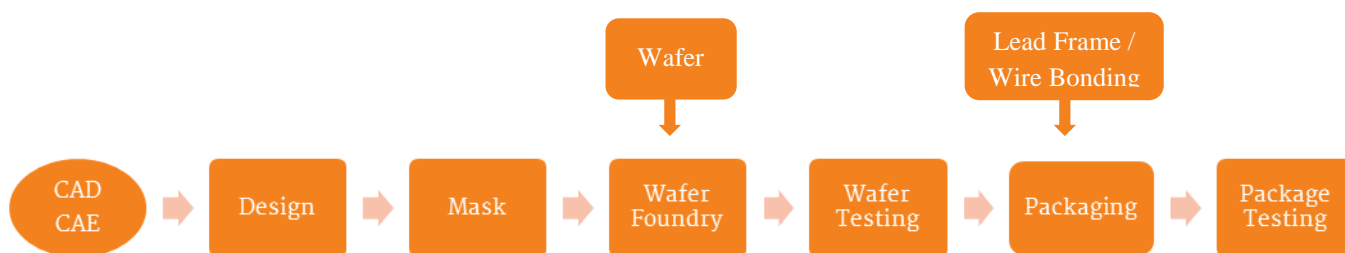
Power management chipsets are core components to provide stable electric current and voltage to electronics. The required functions of power management differ from devices to devices, including voltage detection systems, current protection, power supply for distinct voltages or AC/DC transition, integrated power management for multi-set of power supply circuits and driver chipsets for system and electronic components.

E. Broadband Networking Products

xDSL chipsets are mainly used in digital modems which can be further categorized into the follows by functionality: DSL Modem (purely for bridging purpose), Wired DSL Router (DSL Modem integrating routing function), Wireless DSL Gateway (DSL home gateway integrating WLAN function) and IAD Gateway (DSL home gateway integrating VoIP function). Besides, xPON chipsets are used in fiber-optic modems to provide aforementioned functions.

2.2.2 Key Product Manufacturing Process

The chart below shows the process of developing an IC product:



A. Design Process

After the product specifications being defined, IC design engineers will start doing the circuit design with computer-aided design (CAD) tools. Their job is to do a blueprint that can be placed into production.



B. Photomask Process

Finished IC circuit designs are stored in a tape as a database for a photomask company to produce the mask sets. There are four stages in the manufacturing of mask: Glass Process, Cr Film Coating, Resist Coating and Shipping. The finished masks are then delivered to a wafer foundry.

C. Wafer Foundry Process

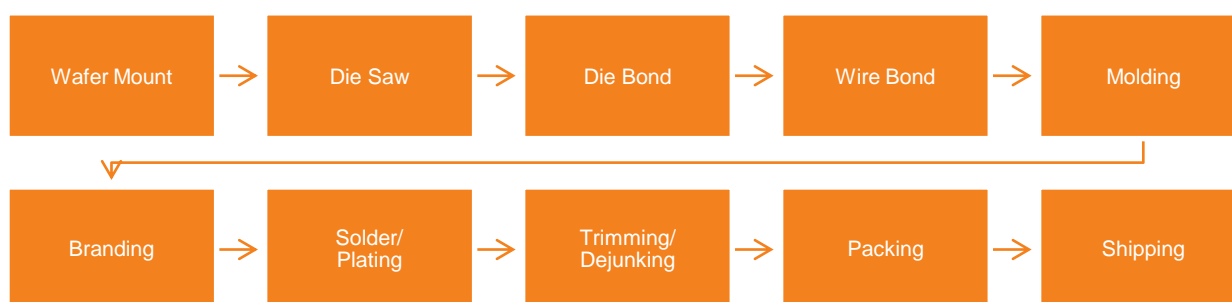
Wafer fabrication is outsourced to foundries. The wafer manufacturing process begins by entering a module and then going through etching, photo, thin film and diffusion with masks. The finished wafers must be tested before shipping to the next stage.

D. Wafer Testing Process

A finished wafer must be checked for conformity in its electronic functions. Non-functional dies will be marked and sorted out later.

E. Packaging Process

The good dies on the wafer will go through the packaging process as indicated below:



2.3. Supply of Essential Raw Materials

Wafers are the Company's major raw materials and are mainly procured from the Company's foundry partners, including Taiwan Semiconductor Manufacturing Limited Company (TSMC), United Microelectronics Corporation (UMC), and GlobalFoundries. These suppliers have been able to maintain good quality and process capability, satisfying the Company's requirements. The Company negotiates pricing with suppliers according to market supply and demand conditions. It also reviews production and service quality periodically with its suppliers. The Company not only continues to strengthen its cooperation with existing manufacturing partners, but also actively surveys and contacts other potential suppliers to ensure secured supply, high quality, and low cost procurement.

2.4. Key Supplies & Customers

2.4.1 Key Suppliers

Names of suppliers accounting for more than 10% of the total purchase in any of the previous two years:

Unit: NT\$ thousands / %

2019				2020				2021.Q1			
Supplier	Amount Purchased	% of Total Purchase	Relation	Supplier	Amount Purchased	% of Total Purchase	Relation	Supplier	Amount Purchased	% of Total Purchase	Relation
Supplier A	45,203,719	45.58%	Not Related Parties	Supplier A	79,000,104	55.48%	Not Related Parties	Supplier A	43,391,481	69.61%	Not Related Parties
Supplier C	12,778,101	12.88%	Not Related Parties	Supplier B	13,528,677	9.50%	Not Related Parties	Supplier B	3,708,275	5.95%	Not Related Parties
Supplier B	10,961,268	11.05%	Not Related Parties	Supplier C	10,582,154	7.43%	Not Related Parties	Supplier C	2,945,141	4.73%	Not Related Parties
Others	30,238,444	30.49%		Others	39,290,552	27.59%		Others	12,287,824	19.71%	
Total	99,181,532	100.00%		Total	142,401,487	100.00%		Total	62,332,721	100.00%	

The key supplier changes primarily due to product mix change

2.4.2 Key Customers

Names of customers accounting for more than 10% of the total sales in any of the previous two years:

Unit: NT\$ thousands / %

2019				2020				2021.Q1			
Customer	Sales	% of Total Revenue	Relation	Customer	Sales	% of Total Revenue	Relation	Customer	Sales	% of Total Revenue	Relation
-	-	-	-	-	-	-	-	-	-	-	-
Others	246,221,731	100.00%		Others	322,145,988	100.00%		Others	108,032,982	100.00%	
Total	246,221,731	100.00%		Total	322,145,988	100.00%		Total	108,032,982	100.00%	

Note: There are not any customers for more than 10% of the total sales in 2019, 2020 and 2021 Q1.

2.5. Production Volume and Value in the Past Two Years

Unit: thousand pieces / NT\$ thousands

	2019			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Multimedia and Handset Chipsets	Not applicable	8,882,844	140,212,352	Not applicable (Note)	11,314,897	187,691,980

Note: The Company outsourced manufacturing to wafer foundries, packaging houses and testing companies. There's no in-house production capacity.

2.6. Sales Volume and Value in the Past Two Years

Unit: thousand pieces / NT\$ thousands

	2019				2020			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Multimedia and handset Chipsets	2,432,567	22,922,308	7,095,560	219,362,192	3,584,996	27,577,685	8,927,803	289,916,036
Others	Not applicable	11,229	Not applicable	3,926,002	Not applicable	271,481	Not applicable	4,380,786
Total	2,432,567	22,933,537	7,095,560	223,288,194	3,584,996	27,849,166	8,927,803	294,296,822

3. Employees

		2019	2020	2021 (As of April 30)
Number of Employees	Management	1,077	954	910
	R&D	14,994	15,610	15,227
	Sales & Marketing	748	656	652
	Manufacturing	630	593	588
	Total	17,449	17,813	17,377
Average Age		35	36	36
Average Years of Service		5.0	5.4	5.6
Education	Doctoral	4.80%	4.69%	4.89%
	Master	68.83%	70.75%	71.21%
	University & College	25.73%	24.15%	23.44%
	High School	0.64%	0.41%	0.46%
	Total	100.00%	100.00%	100.00%

4. Material Contracts

As of April 30, 2021

Agreement Type	Counterparty	Term	Summary	Restrictions
Patent licensing	Rambus Inc.	From Jan. 1, 2017	Rambus and the Company renewed the patent licensing agreement, effective retrospectively in the beginning of 2017.	None
Patent settlement and licensing	Broadcom Ltd.	From Oct. 19, 2017	Both parties reached a patent cross-licensing agreement and agreed to file for dismissal of all patent lawsuits by both sides.	None
Real estate construction	Jiangsu Wannian Construction Group Co., Ltd. etc.	From Sep. 3, 2018	MediaTek (Chengdu) Inc., a subsidiary of MediaTek Inc., engaged to build a new office building on rented land.	None
Patent licensing	ATI Technologies ULC	From Sep. 16, 2019	The two parties reached a patent cross-licensing agreement	None
Real estate construction	Jiangsu Wannian Construction Group Co., Ltd	From Nov. 15, 2019	MediaTek (Wuhan) Inc. announced to build new office building	None
Share disposal	Midus Investments Limited	From Jul. 31, 2020	Subsidiary Gaintech Co. Limited sold all holdings of Ili Technology Holding Corporation with US\$138 million	None
Asset acquisition	Intel Corporation	From Nov. 16, 2020	Subsidiary Richtek Technology Corp. to acquire related PMIC assets of Empirion, Intel Corporation	None
Real estate acquisition	New Century Infocomm Tech Co., Ltd.	From Apr. 28, 2021	Purchased real estate from NCIC	None

VI. Corporate Social Responsibility

1. Corporate Promise

1.1. Employee Relations

MediaTek has long been devoted to pursuing to build a healthy relationship with its employees. The dedicated Employee Relations Department is responsible for planning, promoting with managers, and implementing initiatives. We believe that positive employee relationship is one of the key reasons for MediaTek to continuously deliver stable performance. The framework of MediaTek's management of its employee relations is as follows:

A. Employment

MediaTek strictly complies with the Labor Standards Act and International Bill of Human Rights to defend the rights and interests of employees' freedom of association, and prohibits any employment discrimination based on race, age, gender, sexual orientation, disability, pregnancy, politics, or religion of employees. All employees are required to sign a written labor contract in accordance with the law, stating that the employment relationship is established on the basis of mutual agreement and MediaTek is against use of child labor and human trafficking. In addition, in the rules of work, the norms of non-forced labor are specified, and the number of hours of work of employees is determined in accordance with labor regulations. In Taiwan, in the event the labor contract with employee must be terminated under special circumstances, an advance notice must be served and the subsequent severance payments are carried out in accordance with the Labor Standards Act.

B. Communication with Employees

MediaTek's communication platform is based on establishing diversified communication channels, assistance from managers and communication effectiveness evaluation. MediaTek has hosted communications conferences and established an online communication platform, in addition to communications with supervisors from different levels to meet the objectives of "understanding the Company operations", "getting to know your supervisors", "improving the work environment" and "collective effort". Our communications matrix structure can effectively assist employees in understanding the Company and its policies, and solving problems for employees and the work environment. In order to let employees' voice heard and make them understand the important company policies and campaign promotions, Hot Paper, the internal electronic newsletter, is issued on a monthly basis. A communication platform that is available around the clock was set up to respond to employees' questions in a timely manner. In addition, regular face-to-face meetings are held for employee representatives to meet with top management to discuss and respond to major issues to achieve better mutual understandings between employees and the Company and thus reaching cohesiveness.

C. Employee Cohesiveness

In addition to the formal communication channels, MediaTek also hosts different types of events such as corporate event (year-end parties, anniversaries and family days), holiday celebrations (Engineers' Day, Mid-Autumn Festival and Christmas), departmental activities (department family days, department outings and birthday celebrations), group outings, club events, etc. These activities are designed to suit needs of different employee groups so that we can have more participation from employees and their families and strengthen interaction and connection between employees.

Since MediaTek began promoting various employee clubs, there have been 63 clubs running in total, including the new clubs formed in 2020. With more than 40% of our employees joining at least one club, MediaTek effectively promotes these clubs by offering company reimbursements and allowances. These clubs are highly valued as they create employee cohesion and a sense of community.

D. Work Environment Safety and Employee Healthcare

The Environmental Safety and Health Policy is the highest guideline for the Company's environmental safety management. In order to meet ISO 14001 and OHSAS 18001 requirements, MediaTek regularly conducts

environmental safety and health management system audits and publishes the environmental safety and health policy on the internal website. In accordance with the "Education and Training Management Procedures", the Company educates employees at all levels of the Company; and the contractors are required to comply with the "Management Procedures for Contracting the Environmental Safety and Security", so that both internal and external members can fully understand the environmental safety and security policy and ensure the relevance and effectiveness of the continuous operation of the environmental safety management system.

Each employee can refer to the labor health and safety related regulations and documents which are posted on the Company intranet. The environmental management council was set up to deliver disaster prevention concepts to employees.

MediaTek firmly believes that "healthy employees are essential to high productivity". In terms of physical health, MediaTek has provided high-quality health checks and post-check consultations to its employees for more than 15 years. Higher-risk groups such as senior managers, female staff and testing staff receive additional testing items such as eyesight checks, mammograms, cervical smear tests, blood lead concentration tests, etc. The focus is placed on preventive care so that effective treatments can be given before actual symptoms occur. On the other hand, professional doctors' health consulting service and clinical services are provided to offer employees reliable medical information. Also, MediaTek provides each department exclusive medical session so that executives can give appropriate medical information based on employees' practical demand.

Moreover, as for physical wellbeing enhancement, employees are encouraged to use onsite fitness centers or participate in cross-departmental competitions to cultivate the habit of regular exercise. MediaTek also designs different programs targeting different employees who regularly or rarely exercise. This type of initiative aims at helping the staff develop regular exercise routines. The utilization rate for the various sports facilities at the Health & Lifestyle Center (including a fitness center, badminton court, basketball court, table tennis room and aerobics room) reaches 100% in the evenings. MediaTek started to offer additional service hours at noon and on holidays in 2014 due to growing number of employees and exercise demand. We also hired blind masseurs recommended by Hsinchu and Taipei Association of Blind Masseurs whose services are provided inside the fitness center.

With respect to mental healthcare, the Company not only establishes physical emergency relief measures to relieve employees' mental stress when facing emergencies but also holds mental health lectures and mental stress index assessment service. We have also signed contracts with professional Employee Assistance Program to allow employees access to professional consulting and assistance without pressure while their privacies are protected.

E. Employee Services

Employee services include not only MediaTek's overall policies and software/hardware facilities, but also an employee-friendly working environment. Such an environment would also meet employees' personal needs. There are authorized stores, ticket/gift certificate ordering services and concierge services that help employees plan their wedding parties/baby showers. These thoughtful services help employees save a great deal of time and stress. Meanwhile, employees can also appreciate the comprehensive welfare in MediaTek.

F. Care for the Employees and Their Families

MediaTek not only established employee-friendly relationships policies and environment but also assigned the dedicated Employee Relations Department to provide one-on-one care and assistance to address individual employee's issues and needs. The services range from emergency assistance (such as car accidents or family emergencies) and psychological counseling/referral. Employee care systems (such as online mental health enhancement platform) and HR Business Partner's deep observation/solicitude on departments exhibiting abnormal results to conduct "Department Morale Survey", focus group interviews, and random interviews to identify the substantial reasons and improvement actions and thus help departments take necessary rectification measures to solve the problems.

Also, MediaTek understands that behind every hard-working employee, there is a supportive family. Therefore the Company takes the initiatives to extend company resources to family members of employees. The "Family Network" is established to help employee families understand the Company, build an employee families community and provide information such as medical care, childcare and education, residential housing rental and purchases, etc. There is also a family activity room in the Health and Life Style Center where families can

organize their own classes thereby creating a strong bond amongst the community. The Company's active initiatives are expected to create positive feedback from employees and communities. Take the first quarter of 2020 for example, there were 3 classes organized, including art class, parents and kids' dance class and adult yoga class, which all received great feedback. (The classes were paused since the second quarter of 2020 as part of Covid-19 precaution measures.)

G. Employee Welfare Committee

MediaTek has requested each department to nominate a representative to form an Employee Welfare Committee in accordance to the Organization Regulations on the Employee Welfare Committee. The purpose of this committee is to oversee Employee Welfare Committee funds and to promote various benefits. MediaTek has always set aside a higher percentage of the revenue than what is stipulated by law to sponsor the Employee Welfare Committee, allowing the Committee to offer more benefits. At the same time, MediaTek has also taken cohesiveness of each department and flexible selection of personal benefits into account, such as sponsoring departmental events reimbursements and encouraging events that includes families. In 2019, MediaTek implemented flexible welfare policy for the first time, allowing employees to apply the flexibility of the subsidy to five major projects, truly reflecting the beauty and spirit of employee welfare.

H. Continuing Education and Training System

The Company provides a comprehensive training system to provide a challenging and learning environment to show employees' potential and grow the Company's overall capability. There are various types of training, each based on employee's rank and nature of work:

- a. **Management Training System:** Helps managers develop their training blueprint based on skills required for their positions.
- b. **Orientation:** Orientation hosted by Human Resources Department helps new staff learn company policies, corporate culture, working environment, etc. in order to fit in the workplace.
- c. **General Training:** Fundamental training sessions for employees in all departments and job functions to meet regulatory and company policy requirements.
- d. **Technical Engineering Training:** Provide various professional programs for engineers based on assignments they work on and different stages the Company is at.
- e. **Professional Knowledge Training:** Training designed for specific profession development according to different specialty such as environmental safety, finance and accounting, human resources, information technology, intellectual property, marketing & sales, quality assurance management, etc.
- f. **Personal Effectiveness Training:** Help employees utilize personal skills and knowledge, equip employees with capabilities in multiple functions and enhance working effectiveness.
- g. **Language Training:** Provide different levels of English learning classes, based on employees' TOEIC scores, for them to utilize in working environment and to enhance the Company's global competitiveness.
- h. **External Training:** Enhance employee quality and skills to help business development and complement insufficiency of internal trainings.

Results of education and training in the latest fiscal year are as follows:

Categories	2020				Jan. 1 to Apr. 30, 2021			
	Number of classes	Numbers of attendees	Hours	Total cost (NT\$)	Number of classes	Numbers of attendees	Hours	Total cost (NT\$)
Management Training System	120	3,230	17,003	35,565 thousand	23	556	3,522	9,605 thousand
General Training	124	1,606	5,836		47	709	2,784	
Professional Knowledge Training	208	4,636	19,164		26	640	3,826	
Personal effectiveness	58	1,769	8,996		17	608	3,279	
Language training	47	1,350	35,904		31	1,764	47,702	
External training	607	719	21,259		249	276	16,412	
Total	1,164	13,310	108,161		393	4,553	77,524	

I. Retirement system

MediaTek's retirement system was designed in accordance to the Labor Standards Law and the Labor Pension Act. The retirement system makes monthly reserve deposits into the funds held at the Supervisory Committee on Labor Retirement Funds account. Since the promulgation of the Labor Pension Act on July 1st of 2005, employees have been given the option to stay with the Old System or the New System (but keep number of working years). For employees who chose the New System, the Company makes monthly reserves of at least 6% of the employee's monthly salary statements in accordance with Financial Accounting Standard No.19 "Employer's Accounting for Pension Plans", provides actuarial reports and recognizes reserve as a pension liability on balance sheet.

1.2. Supplier Management

As a technical leader in the semiconductor industry, MediaTek is at the forefront of the value chain-technological design. Subsequent processes such as raw material procurement, OEM, packaging and testing are all conducted by suppliers, forming a partnership based on each firm's expertise. However, we have realized that the key impact and influence on society and environment comes from our suppliers upon conducting risk evaluation and carbon footprint verifications. Hence, how to partner with our suppliers to reduce potential risks on the society and environment has become our top priority.

We commenced the CSR audit in 2016. In addition to requiring suppliers to sign a CSR guarantee statement, MediaTek also manages effectiveness of supplier's sustainability actions through the EICC - ON online management system. Moreover, MediaTek also autonomously produced an EICC training course for all suppliers to assist them in better understanding and complying with relevant regulations. We hope to effectively exert the influence we have as industry leader, and collaborate with suppliers to work toward sustainable business models. To build a long-lasting, stable partnership with suppliers and achieve the vision of sustainable development, MediaTek has incorporated standards and proposals that fall under the three primary perspectives of economy, society and environment into our scope of sustainable management of suppliers. Through regulating potential risks, we can uncover potential market opportunities.

From an economic perspective, besides the basic factors of meeting deadlines, production capacity, service, and quality, we also require that suppliers remain in compliance with the IATF16949 quality management system for the automobile industry in coordination with MediaTek's strategic planning for the IoT market. This is required in order to ensure that these suppliers can jointly develop chips for the Internet of Vehicle (IoV) market. From an environmental perspective, we require suppliers to introduce the ISO 14001 and QC080000 Environmental Management System. We also strive to ensure that suppliers do not use hazardous substances. We assess suppliers by complying with national regulations in different countries, Sony Green-Partner and QC080000 standards for the product safety requirements from international customers. From the social aspect, we ensure that suppliers fulfill their social responsibility, comply with international labor rights, and provide a healthy and safe work environment according to the RBA Code of Conduct, SA8000, and OHSAS 18001 standards.

MediaTek performs supplier risk evaluations from economic, environmental and societal perspectives in order to investigate each supplier's standards under these perspectives and identify potential risks. Step 1: Suppliers undertake self-assessments to ensure their levels of compliance for each indicator and provide supporting materials. Step 2: Mediatek performs assessments and on-site audits to confirm the data against the self-assessments and supplemental information from suppliers and ensure the completeness and accuracy of the data.

2. Social Participation

2.1. Social Contributions

2.1.1. National Elementary School Science Project Award

"MediaTek Foundation" was founded by MediaTek in 2001 and taking technology talent fostering as its core mission. Since 2011, it started a series of activities to support primary school students to develop inquisitive spirit toward science projects, holding teacher training camps, science project awards, donating popular science education books, and providing reserved quota for schools from remote area to encourage more students to

explore the field of science. Until 2020, MediaTek foundation has encouraged approximately 22,000 students to participate, laying the foundation for Taiwan's technological competitiveness from elementary school.

“National Elementary School Science Project Rewarding Program” is a long-term companionship program for elementary school teachers and students to obtain the resources needed to explore the field of science. The program includes 5 stages: “initial screening process for science projects”, “teachers training camp for science project”, “popular science reading promotion plan”, “sponsorships for city and municipal science project participation”, “sponsorships for national science project participation”, provides resources and supports for 7 months for teachers and students to invest themselves in science projects without worries.

A total of 106 projects were received in 2020, among which, 40 projects (36 schools) were selected after initial screening process and 40% were reserved for students in remote or disadvantaged schools. 34 Projects won the County Science and Technology Exhibition Awards, and 9 projects won the National Science and Technology Exhibition Awards. “National Elementary School Science Project Rewarding Program” is aiming to support students in schools lacking of related resources to have the opportunity to present their science projects in national competition. With the 40% of rural schools being supported, the works have earned the positions to compete in county and city science exhibitions and national science exhibitions, including Penghu Chi-dong Elementary School (33 students in the school) won the first place in the county and city competition, and Changhua Tongan Elementary School (30 students in the school) won the second place in the county and city competition, Changhua Shui-wei Elementary School (44 students in the school) won the first place in the national competition, and Kaohsiung Lombok Elementary School (41 students in the school) won the Living Application in Native Textbook Award.

For the third stage to promote popular science reading, 50 popular science books were provided for the 36 schools that passed initial screening. Students were able to grow their science knowledge and to be inspired. 1,430 response cards were received, 1,252 people participated in friends and family sharing and 14,187 internet votes were received, over 5,000 people participated and some schools further held popular science week and storytelling activities to spread science knowledge to the whole school.

In addition, MediaTek Foundation cooperated with the Science Education Center to sponsor the National Science and Technology Exhibition Enterprise Award - “MediaTek – Everyday Genius Award” to reward 10 projects to encourage junior and senior high school science projects to demonstrate more everyday applications. MediaTek also held a master lecture at 2020 Taiwan SciFest. Dr. James C. Liao, the dean of Academia Sinica, was invited to give a lecture on "Challenges and Responses to Covid-19", encouraging people to contribute to society with their talents. 188 people participated in the event.

2.1.2. Local Talent Foster

The “STEAM” program starts the cultivation from elementary and junior high school by collaborating with city and municipal governments to provide trainings for programming and maker teachers as the first step to help pushing Taiwan information technology education. The domestic training system for teachers has long been weak in nurturing science and technology teachers. When facing 2019 new course structure, teachers from all counties and cities are facing the need to integrate technology into their teaching. MediaTek Foundation invests internal developed MediaTek LinkIt™ as the platform, working with the education bureau/department of local governments to carry out large-scale trainings for teachers and donating teaching materials to help elementary and junior high school students in Taiwan to explore the possibilities of technology in their lives.

In 2020, the cooperation with New Taipei City and Hsin-Chu City in total incubated 116 seed teachers. 721 teachers and students participated in programming and IoT in practice. During the collaboration, the trained teachers were encouraged to provide courses after returning to school and share the teaching case with the teacher’s community to promote IoT and programming education in Taiwan. MediaTek Foundation wishes to contribute in teaching material development, teaching case development, education support and resource sharing for popular science and maker education in Taiwan to build a complete ecosystem of value creation and key talents for the future.

2.1.3. Teamed up with Taiwan Science and Education Museum and Department of Electrical Engineering, National Taiwan University to open Young TITC AI High School Camp

In view of the increasing importance of AI applications, the rooting of AI talents also requires the joint investment of resources by enterprises, academia, and the public sector. Therefore, together with the Taiwan Science and Education Museum and the Department of Electrical Engineering of National Taiwan University, the first Young TITC was launched in the summer of 2019. The Smart Technology Camp team recruited 35 high school students with programming skills. In the form of an intensive camp team for six days during the summer vacation, with after-school return coaching and results announcement, they will cultivate AI future talents. In addition to professional software and hardware implementation, the course also brings demonstrations of industrial technology into electronic modules, sensor application implementations, and computer application implementations, so that participating high school students can take the lead in experiencing and learn about the new generation AI technology, through the actual operations including number guessing games, 8 puzzle games and Othello games, achieves the effect of edutainment, so that participants can also have the correct understanding while welcoming the new generation, and acquire the multiple technological capabilities needed in the future, as well as important concepts and applications of smart technology.

In 2020, 35 high school students were enrolled in the second Camp. To expand the depth of the Camp, after the projects from the camp were published, 21 projects (24 students in total) were selected for follow-up training. Experts and scholars were matched to give one-on-one tutoring, and students were encouraged to register for 2021 Taiwan International Science Fair. The students have achieved remarkable results. A total of 19 of 21 projects have been trained to register for the Taiwan International Science Fair, 9 have passed the preliminary review, and 5 have won the award. The projects won 50% of the initial review and 57% of the awards in “Computer Science and Information Engineering” category in this year’s Taiwan International Science Fair.

2.1.4. Establish the MediaTek Fellowship

MediaTek Fellowship was established in 2001. MediaTek holds the value proposition that knowledge can drive a better future. In order to promote academic technology research and encourage/help graduate students who have ambition to pursue a doctoral degree domestically, MediaTek Fellowship was established in 2002 to reward outstanding electric engineering and information technology graduate students to pursue a doctoral degree domestically to cultivate domestic technology research and education future talents and thus to enhance our country’s competitive edge of fundamental research in electronic technology.

Since 2002, 63 students from universities such as NTU, NTHU and NCTU have received the fellowship, each receiving NT\$35,000~NT\$50,000 per month for 48 months at most. The Fellowship allows the students to dedicate themselves to fundamental research. In 2020, 7 Ph.D. candidates continued to receive the funding. Some of the fellowship recipients have entered the industry or academia and begun making contributions in the field of research.

2.1.5 Partnership with Academia and Research Publications

4 papers from MediaTek was selected and published on International Solid-State Circuit Conference (ISSCC) in 2021. MediaTek is the only company in Taiwan that has been selected for publication for 18 consecutive years, and the number of selected papers has reached 83. The papers published this year focused on the high-performance chips for 5G and next-generation Wi-Fi. Among which, the embedded sensor technology is applied to the 7nm 5G octa-core processor, which can instantly optimize scenarios and save 13% of the power consumption under the maximum performance. The high-performance analog-to-digital converter used in the Wi-Fi 6E wireless communication system has doubled the speed under the condition of low power consumption, and can be widely used in 5G smartphones, 5G data cards and smart home related applications in the future. ISSCC is the best place for the technical exchange of industry, academia and research experts of international semiconductor and SoCs. MediaTek’s have papers selected every year for more than a decade. The research and development capabilities of the company are being seen.

The Company started higher education industry-academia cooperation since 2002. From 2013, the Company built MediaTek Research Centers in National Taiwan University, National Tsing Hua University and National Chiao Tung University, providing millions of research funding according to the number of professors’ proposal. The total funding has exceeded NT\$1 billion for the past 19 years. Collaborated with National Taiwan University,

National Tsing Hua University, National Chiao Tung University, National Cheng Kung University, National Chung Cheng University, National Taiwan Ocean University and National Taiwan University of Science and Technology. In addition to the collaboration with top universities in Taiwan, the Company also cooperate with universities overseas. The Company collaborated with more than a dozen of international and well-known universities, such as Harvard, MIT and USC. According to different developments in the technical field, various forward-looking technology developments are conducted with different schools respectively to quickly integrate with international standards. In recent years, the collaboration direction has changed in accordance with the Company's product roadmap to substantially increase in areas such as AI application and 5G. Three MediaTek research centers in NTU, NTHU and NCTU, respectively, applied for 3 patents and published 48 papers, and 25 of the alumni participated in the researches joined MediaTek. In addition to collaborating with schools on industry-academia programs, MediaTek also participates in various academic research institutions, such as: MIT CSAIL Lab, Khronos Group, Taiwan Semiconductor Association, Taiwan Semiconductor Industry-University R & D Alliance, Taiwan Electromagnetic Industry-University Alliance, National Taiwan University System Chip Center, etc.; at the same time, it continuously sponsors various seminars, forums and competitions in the field of IC design at home and abroad.

The Company highly values the cultivation of high-level talents and long-term and close cooperation with academia. Students can understand the corporate thinking and operational principles by participating in different programs. Having the opportunities to take internship positions in the company, after graduation and entering the company, they can greatly reduce the adapting time and become one of the main channels for enterprise talent cultivation. Not only does it cultivate talents, but also assists in hiring professors that raise the bar of education. Since 2016, MediaTek has responded to the policy of actively recruiting academic excellence talents to return to Taiwan, promoted by Dr. Mau-Chung Frank Chang, the President of NCTU. MediaTek Foundation provides funding for MediaTek Junior Chair Professor for NCTU to recruit top professors and talents to return to universities in Taiwan and hope more R&D energy can be brought to drive the innovation momentum to technology industry.

2.2. Community Involvement

2.2.1. Genius at Home – Digital Social Innovation Competition

In addition to pursuing technology leadership, MediaTek is influencing the world by believing in human's life can be changed through technology, more connected with the world and everyone is potentially capable of creating unlimited possibilities with technology. Thus, "Genius at Home" is held to encourage the communities in 368 local townships in Taiwan to make a difference for their hometowns by innovatively applying technology to make improvements and hence influence the society.

In 2020, 428 teams registered for the competition, 1,713 people joined the competition, eventually 418 township improvement proposals were made and the topics were around 22 cities and counties in Taiwan. The proposals included five major aspects: health care, civil society, environmental protection, industry and economic development, and education promotion that fully reflect current social challenges.

The composition of the participating teams is quite diverse, including teachers, start-ups, students, farmers, and NPOs. It shows that "Genius at Home" has successfully called on people who are willing to contribute to improve their hometown.

In addition to advocating social innovation, the Company called on the public to participate, and actively led the value creation, providing training and coaching mechanisms for the 21 teams in the finals. Not only put 21 level one managers as technical consultants of the team, but also provide guidance from technical thresholds, organizational effectiveness, financial advice, etc., and invite six professional professors in the field of design thinking to serve as the mentor of the finalist team. The consultant provides counseling for nearly three months. In September 2020, 5 workshops were held in Taipei, Taichung and Tainan to help the team refocus the pain points, review the effectiveness of the proposal and find out the direction of improvement.

The competition eventually selected a group for one million prizes, 3 excellence prizes and 6 special prizes. The first prize team Intelligent Fertilizer Cultivation Group is composed of two generations of farmers (father and son) combined with scientific and technological partners to form a cross-generation and cross-field team, long-

term investment in independent research and development of new agriculture, using automation technology and environmental monitoring equipment, integrated development of intelligent water and fertilizer integration system to improve soil salinization with a water-saving drainage system, and integrate the automatic supply of fertilizer and water, specifically and effectively improve the output value of facility (greenhouse) agriculture and environmental sustainability.

The key word for “Genius for Home” is home. Starting from hometown and call on the participation of public to encourage the social innovation through technology application. The Company’s senior management were actively involved as team consultants to create value with the teams. MediaTek “Genius for Home” is a platform to provide people with the heart to change society to create better future. This is also the spirit of MediaTek’s “Everyday genius.”

2.2.2. Support the 2020 NASA hackathon and encourage people to use AI technology to solve earth problems

In order to strengthen Taiwan's artificial intelligence (AI) end device applications and nurture talents, MediaTek sponsors NASA’s "2020 NASA Hackathon" competition. MediaTek encourages participants to use the latest AI technology to find solutions from the data provided by NASA and set up MediaTek Innovation Award for the 3 winning teams using AI platform.

2.3. Charity and community participation

2.3.1. Promoting Cultural Activities – Exclusive Sponsor for IC Radio Broadcasting Programs

The Company believes that great ideas and concepts may change the world. To support the founding philosophy of IC Radio Broadcasting of “I Care, I Can, I Change”, the Company has been the exclusive sponsor for three IC Radio Broadcasting programs. We hope the in-depth analysis of historical personage and clear allegorical lessons in the programs can deliver best practices based on history, positive value judgments and the inward reflections of listeners to improve society and community through the power of media by spreading positive messages. During the sharing process, the audience may cultivate independent judgments and society participation, take part in topics of interest proactively and develop civic identity with the aim to further enhance the quality of life.

2.3.2. Great Tide South Project

The foundation and the Taiwan Good Foundation jointly promote the project in Pingtung, hoping to start with education and introduce human and science education resources to preserve local culture. Promote multiple projects, hoping to gradually develop from points, lines, and planes, weave the natural and human cultural textures of Chao-zhou and Nan-zhou in Pingtung, and accumulate the beauty and goodness of Taiwan. The four major projects benefited 820 students, 168 teachers, and 5,710 people, a total of 6,698 people.

2.3.3 Volunteer Team

The Company always encourages its employees to engage in various employee volunteer programs including interacting with the Ren-Ai Special Education Center in 2003, planting organic vegetables with Hua-Kuang Special Education Center in 2004, participating greening, cleaning and arrangement of Morning Light School in 2005, hosting a MediaTek’s volunteer day in 2006, and providing different volunteer services in 2007. Since 2011, the Company has organized volunteer clubs to promote a volunteering spirit throughout the Company by caring for elders, visiting orphanage, taking part in love and care activities, accompanying disadvantaged children, etc. MediaTek continuously provides aid and care for disadvantaged groups and expands the spirit of social contribution actively through long-term volunteering services held by the employees.

The Company has launched annual volunteering leave since 2015, encouraging employees’ participation to contribute to the society and care the groups in need. Also, the Company started to organize the Company’s volunteers to engage in science education promotion, reading program in remote areas and charity events to make contribution to society. In 2020, the reading and writing team of the Volunteer Club taught in several elementary schools, 52 volunteers were involved, with a total of 882 hours; there was also a charity sale organized by the Stray Animal Care Group. A total of 85 volunteers were involved in the charity activities, with a total of 322 hours.

2.3.4 Environmental Activities

The Company not only engages in public welfare business but also cares about environmental issues. It has been actively involved in various environmental activities such as personal cutlery for all employees and reduced use of disposable cutlery. In addition to internal activities, we also participate in many external activities. For example, the Company cooperated with non-government conservation organizations and held a tour of knowing native plants to encourage employees with their family to participate in activities of World Earth Day. The volunteer club also held clean mountain activities to appeal to colleagues to devote themselves to environmental protection.

3. Environmental Efforts

MediaTek continues to promote various environmental protection activities and energy-saving and carbon-reduction measures. In addition to winning the national awards of the "Enterprise Environmental Protection Award" and the "Energy Conservation Standard Award", in terms of environmental protection, it has also received higher scores since 2017.

3.1. Long-Term and Short-Term Goals

3.1.1. Short-Term Environmental Goals

The company's short-term environmental goals are to implement green product design, packaging, and procurement to reduce waste in resources and energy, as well as participate in international environmental activities.

3.1.2. Mid-Term Environmental Goals

Mid-term environmental goals are to strengthen training in the areas of environment, safety and health. Employees are encouraged to reduce and recycle material and reduce their carbon footprint. The importance of occupational health and safety is also impressed upon the entire staff.

3.1.3. Long-Term Environmental Goals

Long-term environmental goals are to fully comply with regulatory environmental rules and to implement environment protection and occupational safety and sanitation system. Also, the Company regularly reviews execution result and improves continuously.

3.2. MediaTek's Energy-Savings Measures and Results

MediaTek believes that being environmentally friendly and reducing the carbon footprint is part of its social responsibility. Some of the Company's achievements in this area are as follows:

3.2.1. Efforts in energy reduction

A. IT Facility Air Conditioning Energy-Saving Management

MediaTek improves equipment room air conditioning environment and system control to reduce air conditioning waste. Also, it built new IT Facility with new energy-saving technology. An annual saving in 2020 was approximately NT\$17.36 million.

- a. MediaTek improves traditional IT facilities' air conditioning circulation system, reduces water leakage, and increases environmental temperature as well as executes system control to reduce air conditioning waste. In addition, we replaced traditional fluorescent lamp by LED lighting to generate air conditioner and lighting's power saving benefits with annual saving of NT\$4.18 million.
- b. New high-density data center is built by new power-saving technologies, which has better power usage effectiveness (PUE), compared to the traditional equipment room, and thus can save electricity cost of NT\$13.18 million.

B. Office Area Air Conditioning Energy-Saving Management

MediaTek selected energy-saving system equipment and modifies control system requirements to reduce air conditioning waste. An annual saving in 2020 was approximately NT\$13.15 million.

- a. MediaTek selected VAV air conditioning system for plants, which conserves significant energy in air ventilation. Compared with the traditional AC control system, the new system can save about 15~30% of power, which sums up to about NT\$5.68 million in savings.
- b. MediaTek adjusted water chilling control system from fixed flow to variable flow, which depends on demand to adjust number of active air conditioners and water as well as controls air conditioners' operation time. These added up to approximately NT\$ 2.01 million in savings.
- c. MediaTek adjusted water chilling machine operation mode by taking temperature difference, machine operation hours, loaded on/off frequency, etc. into account to group machines to run parallel, which can reduce number of active machine and thus save energy with an annual saving of approximately NT\$2.21 million.
- d. MediaTek implemented air conditional power saving measures in testing areas, warehouse, water chilling machine room, lobby, parking lots, etc. Without affecting equipment/employees' normal operation, we adjust and increase temperatures of environment and chilling water to lower units and time of active air conditioners to save energy with an annual saving of approximately NT\$3.25 million.

C. Lighting Energy-Saving Management

MediaTek continues to use energy-saving lighting equipment and take several measures, including lowering lighting consumption and shortening lighting time. An annual saving in 2020 was approximately NT\$5.87 million.

- a. Without affecting driving safety, MediaTek halves the lighting units in parking lots and undertakes systematic reductions in lighting in non-peak hours. In addition, we limit parking to one floor during holidays and turn off lighting in unused floors to save energy with an annual saving of approximately NT\$2.24 million.
- b. MediaTek replaced traditional fluorescent lamp by LED lighting in staircases, parking lots, equipment rooms, etc. and shortens lighting time to save energy with an annual saving of approximately NT\$3.63 million.

D. Equipment Improvement to Save Energy

MediaTek improves equipment hardware and optimizes conditions of systematic operation to lower power waste and save energy with an annual saving of approximately NT\$4.43 million in 2020.

- a. MediaTek conducts power-saving in testing areas and warehouse by adjusting temperature and humidity control setting, including lowering output pressure of dry oil, increasing temperature setting, adjusting air conditioner control, lowering parameters of temperature system, etc. to save energy with an annual saving of approximately NT\$1.89 million.
- b. MediaTek improves equipment by replacing emulator equipment's air-cooled air conditioner by water-cooled air conditioner to save energy with an annual saving of approximately NT\$630 thousand.
- c. MediaTek uses modularized UPS for traditional IT facility expansion. Compared to original standalone system, UPS can increase electricity conversion efficiency by approximately 15% to save energy with an annual saving of approximately NT\$1.91 million.

E. Power Management

MediaTek changed calculation for electricity fees from two tiers to three tiers and review and continue to track the impacts on the power usage contract, fluctuations in prices of the electricity fees payable, and the continued benefits of power conservation at the three-tiered pricing level. An annual saving in 2020 was approximately NT\$4.69 million.

The Company reduced 6,922 tons and 5,898 tons of carbon dioxide emissions in 2020 and 2019, respectively (a savings of 13,600,000 kWh and 11,070,000 kWh). The calculating standard of the aforementioned carbon dioxide emissions is based on the release of Bureau of Energy, Ministry of Economic Affairs. The 2020 statistics was based on 2018 electricity emission coefficient that 1 kWh of electricity emission is equal to 0.509 kilogram carbon dioxide.

3.2.2. Efforts in water saving

- A. The Company replaced traditional faucets/toilets with water-saving faucets/toilets. Usage of water was reduced by approximately 2,480 ton in 2020 and carbon emission was reduced by 372 kg/CO₂e.

B. The Company implemented a rainwater collection storage tank. Approximately 284 ton of rainwater was collected in 2020 for cooling water towers and watering plants. Carbon emission was reduced by 43 kg/CO₂e.

C. Approximately 13,754 ton of condensed water and RO water are recycled in 2020 for gardening and approximately 2,063 kg/CO₂e of carbon emission is reduced.

3.2.3. Waste Management and Recycling:

For the purpose of achieving the maximum benefits of effective waste management and recycling, MediaTek has placed huge importance on the reduction of waste. We effectively sort out, recycle, re-use, and properly dispose waste. We continue to improve the impact storage, transportation, and processing of waste has on the environment. In order to effectively control the flow of waste, we have carefully selected qualified waste disposal and recycling suppliers, and we audit the legitimacy of the waste disposal process at random. These measures are taken by MediaTek to the responsibility of supervising waste management.

3.2.4. In-Door Air Quality Management:

An automatic carbon dioxide monitoring system is installed in the office area, and environmental monitoring is carried out regularly every six months to ensure air quality, and all monitoring results are in compliance with the indoor air quality standard of 1,000 ppm.

3.2.5. Green Transportation:

- A. The company leases large buses to carry employees to and from work on four main routes.
- B. Provide a cross-plant shuttle bus every 20 minutes, and charged to electric shuttle bus since July 2019.
- C. Set up 10 M-Bikes for colleagues to use across the plant
- D. Provides two official electric motor vehicles.

The annual green transportation mileage exceeds 970,000 kilometers.

3.2.6. Others:

The Company continues to promote environment concepts and polices including using environmental tableware, saving computer power, recycling, echoing government and environmental groups' activities, etc.

3.3. Environment Safety Management

- A. Monitor operation and safety of the Company's fire extinguisher/suppression system, water/electricity system and air-conditioning system around the clock.
- B. Check safety of the Company's working environment and equipment/machinery rooms on a daily basis.
- C. Conduct labor safety and sanitation training for new employees on a monthly basis.
- D. Conduct disaster prevention and evacuation drill for all employees to continuously strengthen employees' emergency management capabilities on a yearly basis.
- E. Authorize SGS to audit the Company's ISO 14001& OHSAS 18001 system on a yearly basis.
- F. Promote traffic and working safety-related concepts and items on an ad-hoc basis.

VII. Financial Status, Operating Results and Status of Risk Management

1. Financial Status

1.1. Consolidated Report

Unit: NT\$ thousands

Item	2019	2020	Change	% of Change
Current Assets	266,729,101	291,862,293	25,133,192	9
Funds and Investments	73,277,847	116,766,859	43,489,012	59
Property, Plant and Equipment	38,889,940	38,971,343	81,403	0
Intangible Assets	70,917,102	76,271,667	5,354,565	8
Other Assets	8,887,804	10,034,165	1,146,361	13
Total Assets	458,701,794	533,906,327	75,204,533	16
Current Liabilities	131,098,015	143,798,425	12,700,410	10
Non-current Liabilities	13,204,241	15,023,451	1,819,210	14
Total Liabilities	144,302,256	158,821,876	14,519,620	10
Common Stock	15,900,253	15,902,755	2,502	0
Capital Surplus	82,392,203	76,745,750	(5,646,453)	(7)
Retained Earnings	169,237,532	217,635,230	48,397,698	29
Other Equity	45,276,326	61,606,056	16,329,730	36
Treasury Shares	(55,970)	(55,970)	0	0
Non-controlling Interest	1,649,194	3,250,630	1,601,436	97
Total Equity	314,399,538	375,084,451	60,684,913	19

Explanation for changes that exceed 20% and reached NT\$10 million in the past two years:

- (1) Increase in funds and investments: Mainly due to the change in financial assets at fair value through profit or loss.
- (2) Increase in retained earnings: Mainly due to the increase of annual net profit.
- (3) Increase in other equity: Mainly due to the market value change in financial assets measured at fair value.
- (4) Increase in non-controlling interest: Mainly due to change in ownership in subsidiaries.

1.2. Parent Company

Unit: NT\$ thousands

Item	2019	2020	Change	% of Change
Current Assets	137,776,031	143,621,071	5,845,040	4
Funds and Investments	196,537,558	244,691,569	48,154,011	25
Property, Plant and Equipment	20,003,889	20,388,079	384,190	2
Intangible Assets	54,646,668	58,505,350	3,858,682	7
Other Assets	5,228,970	6,139,793	910,823	17
Total Assets	414,193,116	473,345,862	59,152,746	14
Current Liabilities	95,302,921	93,079,755	(2,223,166)	(2)
Non-current Liabilities	6,139,851	8,432,286	2,292,435	37
Total Liabilities	101,442,772	101,512,041	69,269	0
Common Stock	15,900,253	15,902,755	2,502	0
Capital Surplus	82,392,203	76,745,750	(5,646,453)	(7)
Retained Earnings	169,237,532	217,635,230	48,397,698	29
Other Equity	45,276,326	61,606,056	16,329,730	36
Treasury Shares	(55,970)	(55,970)	0	0
Total Equity	312,750,344	371,833,821	59,083,477	19
Explanation for changes that exceed 20% and reached NT\$10 million in the past two years:				
(1) Increase in funds and investments: Mainly due to the change in financial assets at fair value through profit or loss.				
(2) Increase of non-current liabilities: Mainly due to the increase of long-term account payables.				
(3) Increase in retained earnings: Mainly due to the increase of annual net profit.				
(4) Increase in other equity: Mainly due the market value change in financial assets measured at fair value.				

2. Operating Results

2.1. Consolidated Report

Unit: NT\$ thousands

Item	2019	2020	Change	% of Change
Net Sales	246,221,731	322,145,988	75,924,257	31
Operating Costs	143,176,223	180,610,472	37,434,249	26
Gross Profit	103,045,508	141,535,516	38,490,008	37
Operating Expenses	80,478,056	98,316,277	17,838,221	22
Operating Income	22,567,452	43,219,239	20,651,787	92
Non-Operating Income and Expenses	4,459,917	4,363,447	(96,470)	(2)
Net Income before Income Tax	27,027,369	47,582,686	20,555,317	76
Income Tax Expense	3,823,059	6,144,113	2,321,054	61
Net Income	23,204,310	41,438,573	18,234,263	79
Other Comprehensive Income, net of tax	29,821,023	31,140,808	1,319,785	4
Total Comprehensive Income	53,025,333	72,579,381	19,554,048	37
Net Income Attributable to Owners of the Parent	23,032,721	40,916,800	17,884,079	78
Total Comprehensive Income Attributable to Owners of the Parent	52,896,235	72,047,329	19,151,094	36
Explanation for changes that exceed 20% and reached NT\$10 million in the past two years: <ol style="list-style-type: none"> (1) Increase in operating income: Mainly due to increase in market demand and shipment. (2) Increase in operating costs and gross profit: Mainly due to increase in net sales. (3) Increase in operating expenses: Mainly due to increase in R&D expenses from product development. (4) Increase in operating income, net income before income tax and net income: Mainly due to increase in net sales. (5) Increase in income tax expense: Mainly due to the increase of net income before income tax. (6) Increase in total comprehensive income, net income attributable to owners of the parent and total comprehensive income attributable to owners of the parent: Mainly due to aforementioned changes. 				

2.2. Parent Company

Unit: NT\$ thousands

Item	2019	2020	Change	% of Change
Net Sales	136,467,915	168,337,908	31,869,993	23
Operating Costs	80,852,750	94,346,514	13,493,764	17
Gross Profit	55,615,165	73,991,394	18,376,229	33
Unrealized Gross Profit on Sales	(150,628)	(41,711)	108,917	(72)
Realized Gross Profit on Sales	84,166	115,258	31,092	37
Net Gross Profit	55,548,703	74,064,941	18,516,238	33
Operating Expenses	46,089,398	58,107,793	12,018,395	26
Operating Income	9,459,305	15,957,148	6,497,843	69
Non-Operating Income and Expenses	15,879,699	27,677,569	11,797,870	74
Net Income before Income Tax	25,339,004	43,634,717	18,295,713	72
Income Tax Expense (Income)	2,306,283	2,717,917	411,634	18
Net Income	23,032,721	40,916,800	17,884,079	78
Other Comprehensive Income, net of tax	29,863,514	31,130,529	1,267,015	4
Total Comprehensive Income	52,896,235	72,047,329	19,151,094	36
<p>Explanation for changes that exceed 20% and reached NT\$10 million in the past two years:</p> <ol style="list-style-type: none"> (1) Increase in operating income: Mainly due to increase in market demand and shipment. (2) Increase in gross profit: Mainly due to increase in net sales. (3) Increase in unrealized / realized gross profit on sales: Mainly due to sales between affiliate companies realized. (4) Increase in net gross profit: Mainly due to increase in net sales. (5) Increase in operating expenses: Mainly due to increase in R&D expenses from product development. (6) Increase in non-operating income and expenses: Mainly due to increase ownership in subsidiaries and affiliate companies in equity method. (7) Increase in operating income, net income before income tax and net income: Mainly due the increase in net sales. (8) Increase in total comprehensive income: Mainly due to changes from aforementioned changes. 				

3. Cash Flow Analysis

3.1. Consolidated Report

Unit: NT\$ thousands

Cash Balance Dec. 31, 2019	Net Cash Provided by Operating Activities in 2020	Net Cash Outflows from Investing and Financing Activities in 2020	Impact of Foreign Exchange Ratio	Cash Balance Dec. 31, 2020	Remedy for Cash Shortfall (Investment & Financing Plan)
\$177,544,914	\$79,558,146	\$(55,990,022)	\$(4,533,293)	\$196,579,745	--

3.1.1 Analysis of the Change in Cash Flow in 2020

Operating activities: Net cash inflow of NT\$79,558,146 thousand, mainly from operating profits.

Investing activities: Net cash inflow of NT\$ 6,769,068 thousand, mainly due to acquisition of equipment and intangible assets.

Financing activities: Net cash outflow of NT\$ 49,220,954 thousand, mainly due to the decrease in short-term borrowings.

3.1.2 Remedial Actions for Cash Shortfall

The Company has ample cash on-hand; remedial actions are not required.

3.1.3 Cash Flow Projection for Next Year

Not applicable.

3.2. Parent Company

Unit: NT\$ thousands

Cash Balance Dec. 31, 2019	Net Cash Provided by Operating Activities in 2020	Net Cash Outflows from Investing and Financing Activities in 2020	Cash Balance Dec. 31, 2020	Remedy for Cash Shortfall (Investment & Financing Plan)
\$103,679,288	\$51,464,521	\$(58,225,976)	\$96,917,833	--

3.2.1 Analysis of the Change in Cash Flow in 2020

Operating activities: Net cash inflow of NT\$51,464,521 thousand, mainly from operating profits

Investing activities: Net cash inflow of NT\$6,511,735 thousand, mainly due to acquisition of equipment and intangible assets.

Financing activities: Net cash inflow of NT\$51,714,241 thousand, mainly due to the decrease in short-term borrowings.

3.2.2 Remedial Actions for Cash Shortfall

The Company has ample cash on-hand; remedial actions are not required.

3.2.3 Cash Flow Projection for Next Year

Not applicable.

4. Major Capital Expenditure

4.1. Major Capital Expenditure and Sources of Funding

Unit: NT\$ thousands

Plan	Actual or Planned Source of Capital	Estimated Capital Requirement (2020 and 2019)	Status of Actual or Projected Use of Capital	
			2020	2019
Fixed Assets - Land, Office Building and R&D Equipment	Cash flow generated from operation	\$10,615,475	\$4,999,665	\$5,615,810
Intangible Assets - Software, IPs and Patents	Cash flow generated from operation	\$7,573,065	\$5,240,576	\$2,332,489

4.2. Expected Future Benefits

1. Fixed Assets - Land and office buildings:

Investment in proper and well-planned space is necessary for attracting talents who are responsible for developing new products.

2. Fixed Assets - R&D equipment:

Equipment and software can help the Company's R&D process become more efficient and thus shorten the product development cycle.

3. Intangible assets: Software, IPs and patents:

It is necessary for the Company to strengthen its patent protection in order to navigate the current competitive landscape, which is often mired in complex patent disputes. The Company has continued its efforts to obtain high-value patents to improve the Company's patent portfolio. These patents can be applied in many of the Company's advanced products.

5. Investment Policies

The Company's investments are long-term strategic investments. Investment loss from equity method investment in 2020 was NT\$351,048 thousand. The Company will keep its long-term strategic investment policy and evaluate investment plans prudently.

6. Risk Management

6.1. Risks Associated with Interest Rate Fluctuation, Foreign Exchange Volatility, and Inflation

Risks associated with foreign currency:

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries. The Company reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts is to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. When NTD appreciates or depreciates against USD by 0.1%, the profit for the years ended December 31, 2020 and 2019 increases/decreases by NT\$4,777 thousand and

decreases/increases NT\$482 thousand , while equity decreases/increases by NT\$76,336 thousand and NT\$125,136 thousand, respectively.

Risks associated with interest rate:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment of debt instruments at variable interest rates, bank borrowings with fixed and variable interest rates. Moreover, the market value of the Company's investments in credit-linked deposits and interest rate-linked deposits are affected by interest rate. The market value would decrease (even lower than the principal) when the interest rate increases, and vice versa. The market values of exchange rate-linked deposits are affected by interest rates and changes in the value and volatility of the underlying. The following sensitivity analysis focuses on interest rate risk and does not take into account the interdependencies between risk variables. The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rates. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$2,492 thousand and NT\$4,266 thousand, respectively.

Risks associated with inflation:

There was no major impact from inflation on the Company's 2020 operations. The Finance Department is responsible for related risk management.

6.2. Risks Associated with High-Risk/High-Leveraged Investment; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions

As part of the Company's conservative financial management, it does not engage in investments that are either high-risk or highly leveraged. The Company has in place a complete and thorough policy and internal control scheme governing lending, endorsements, guarantees for other parties, and financial derivative transactions. For the last fiscal year and year to date, the Company's lending, endorsements and guarantees for other parties are in accordance with relevant provisions. The Company engages in derivative transactions for hedging purposes. Any gains or losses from such transactions should roughly cancel out gains or losses in the underlying assets. For the last fiscal year and year to date, all the transactions are in accordance with relevant provisions.

The Finance Department is responsible for related risk management.

6.3. Future R&D Plans and Expected R&D Spending

R&D Project Name	Schedule
Next generation 800GbE high speed Ethernet PHY chipsets	Early of 2021
Next generation highly-integrated mobile communication SoCs and chipsets	End of 2021
Next generation tablet chips	End of 2021
Next generation highly-integrated wireless communication chips	End of 2021
Next generation low-power AIoT and smart home connectivity chips	End of 2021
Next generation highly-integrated 8K UltraHD smart TV chips	End of 2021
Various electronics' next generation power management and controller chipsets	End of 2021
Next generation terabit passive optical network (xPON) chipsets	End of 2021
Next generation ten megabyte NBASE-T Ethernet physical chipsets	End of 2021
Next generation brushless DC motor	End of 2021
Next generation server power management and controller chipsets	End of 2021

The Company's R&D projects all follow industry trends and are implemented in a highly integrated and economical way. R&D expenses in 2020 and 2019 were NT\$77,324,828 thousand and NT\$63,001,401 thousand, accounting for 24% and 26% of revenue respectively. The Company will continue to invest in R&D to develop

products for next generation communication standard. The budget for R&D projects abovementioned accounts for approximately 80% of 2021 total R&D budget which is estimated to be 20% of 2021 revenue.

6.4. Risk Associated with Changes in the Political and Regulatory Environment

The impact of major domestic and foreign policy and legal changes in the most recent year and up to the date of publication of the annual report on the company's financial and business has no significant impact on the company's financial and business. The Company monitors closely if any change in policies and laws that may affect the company's operations, and adjusts the relevant internal regulations of the company.

The Company's Legal Department and Finance Department are responsible for risks associated with changes in the political and regulatory environment.

6.5. Impact of New Technology and Industry Changes

Technologies used in the electronics and semiconductor industries are constantly changing. New standards and applications continuously emerge in wireless communication and digital home segments. The Company will continue to invest in research and development, to improve operating efficiency, and to monitor the latest trend of the market, in order to secure and expand our market share.

The Company's Business Units are responsible for risks associated with new technology and industry changes.

6.6. Changes in Corporate Image and Impact on Company's Crisis Management

The Company has always maintained a humanistic philosophy toward management and provides a working environment that is both challenging and nurturing for its employees, who are able to grow and realize their full potential. The Company upholds the partnership with our suppliers and customers and implements corporate social responsibility. At the same time, the Company's has maintained its core values, such as integrity, conviction inspire by deep thinking, customer focus, constant renewal, innovation and teamwork. As of the Annual Report's publication date, there has been no event that adversely impact in the Company's corporate image and impact on the Company's crisis management.

The Company's Business Units are responsible for risks associated with the Company's image and impact on the Company's crisis management.

6.7. Risks Associated with Mergers and Acquisitions

To improve operating performance and competitiveness, the Company's subsidiary, Richtek Technology Corporation ("Richtek") to acquire the power management solutions product line under the Enpirion brand owned by Intel Corporation and its subsidiaries. It is to be settled upon completion of relevant legal procedures.

The Company's Business Units and Finance Department are responsible for this risk item and execution.

6.8. Risks Associated with Facility Expansion

To meet company's future growth and increasing demand in talents, the Company and its subsidiaries expanded office buildings in Hsin-Chu Science Park, Tai Yuen Hi-Tech Industrial Park, Mainland China, and relevant oversea areas. Expansion plans are under prudent assessments to ensure they fully meet operation needs such as space for working, labs and the rest. Results of the benefit assessment are within the Company's expectation.

The Company's Human Resources Department and Corporate Facility & Construction Division are responsible for managing the risks associated with plant expansion.

6.9. Risks Associated with Purchase Concentration and Sales Concentration

The Company's production allocation is flexible and diversified, and is able to deal with any emergencies from any of its production lines. Therefore there is no risk associated with purchase concentration. Sales concentration does not pose any risks since the Company's products are sold to many clients throughout Japan, Korea, Europe, Southeast Asia, and Greater China.

The Company's Business Units are responsible for managing the risks associated with purchase concentration and sales concentration.

6.10. Risks Associated with Sales of Significant Numbers of Shares by the Company's Directors and Major Shareholders Who Own 10% or more of the Company's Total Outstanding Shares

In the latest fiscal year and as of the date of this Annual Report, there were no such risks for the Company.

6.11. Risks Associated with Change in Management

In the latest fiscal year and as of the date of this Annual Report, there were no such risks for the Company.

6.12. Risks Associated with Litigations

- (1) Nippon Telegraph and Telephone Corporation (“NTT”) and Essential WiFi, LLC (“EWF”) filed complaints in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on March 25, 2020, alleging infringement of United States Patent Nos. 7,280,551, 7,545,781, 7,400,616, and 7,242,720. The operations of MTK and subsidiary MediaTek USA Inc. will not be affected by this case.
- (2) Divx, LLC filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 9, 2020, alleging infringement of United States Patent No. 8,832,297, 10,212,486, 10,412,141, and 10,484,749. The court dismissed the claims against MTK and its subsidiaries pursuant to the plaintiff's voluntary dismissal on February 8, 2021. Divx filed a complaint with the U.S. International Trade Commission against MTK and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 10, 2020 alleging infringement of the same patents listed above. Pursuant to the parties' joint motion to terminate, the Administrative Law Judge issued an Initial Determination terminating MTK and its subsidiaries from the investigation on February 22, 2021.
- (3) Koninklijke Philips N.V., and Philips North America LLC, (“Philips”) filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent No. 9,590,977 and 10,298,564. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case. Philips filed a complaint with the U.S. International Trade Commission against MTK and subsidiary MediaTek USA Inc. on September 18, 2020 alleging infringement of the same patents listed above. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.
- (4) Liberty Patents, LLC, (“Liberty”) filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on October 16, 2020, alleging infringement of U.S. Patent No. 6,535,959. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.
- (5) Ocean Semiconductor LLC, (“Ocean”) filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on December 31, 2020, alleging infringement of U.S. Patent Nos. 6,660,651, 6,907,305, 6,725,402, 6,968,248, 7,080,330, 6,836,691, and 8,676,538. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.
- (6) Elite Gaming Tech LLC, (“EGT”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on March 18, 2021, alleging infringement of U.S. Patent No. 6,963,947. The operations of MTK will not be materially affected by this case.

The Company will handle these cases carefully.

6.13. Other Material Risk:

For information technology security risks and management measures, MediaTek is a fabless semiconductor company and there are many computers, instruments and information systems related to IC design business in the company. Company information and computer system security must be defended with information security management system. Even if MediaTek has established such an information security management system, there is no guarantee that the computer systems it manages or maintains will be able to completely avoid any aggressive hacker attacks. Due to the rapid changes in hacker attack techniques and malware technology, and the continued existence of special advanced attacks, it may further affect the operation of the company and the loss of important data. On the other hand, the company's information system, including upstream and downstream partners and customer data management are becoming increasingly large, only through continuous testing and evaluation of network and system architecture and sophisticated security management measures can the effectiveness of security measures be ensured.

MediaTek's information security management system includes but is not limited to penetration testing procedures, malware detection, two-factor verification mechanisms, social engineering drills, etc., and is equipped with intrusion detection systems at important information systems and network monitoring. In addition, to monitor the log files of important servers, MediaTek operates a security monitoring center and team to unify the recording and continuous monitoring and analysis of the above important security incidents, and to ensure the detection of security incidents by establishing a professional dedicated security center and security team, to monitor aforementioned important security events to keep consistent records and continue monitoring. Through building a professional IT security team to ensure the effectiveness of IT incident detection.

Badly intentioned hackers could steal the company's important operating information or sell stolen technical information through loopholes in the information system. These malicious acts not only affect the company's image, but also cause substantial property losses. In order to avoid the impact from the incidents, MediaTek conducted system vulnerability tests in 2014, to simulate important hackers' attacks to confirm whether there are system vulnerabilities. And in 2019, it began to implement automated vulnerability scanning to ensure the completeness of security inspection coverage. In 2020, resources were invested to perform more advanced red and blue team drills to discover and fix vulnerabilities in the information system as much as possible.

Certain hacker groups continue to invade technology companies that master key technologies. Once infiltrated, backdoor programs will be implanted in the internal information system or lurking in the internal system. MediaTek can detect whether the information system has been implanted with backdoor programs or malicious programs. Since 2015, the company has regularly implemented internal automated and large-scale malware detection to ensure the safety of information systems. This type of hacking method often penetrates the company's information system through social engineering malicious letters or any method of deceiving employees. In addition to repairing the loopholes of the information system, MediaTek has implemented social engineering drills and implemented security training for employees based on the results, strengthening the information protection awareness of employees and the company since 2015.

In light of the fact that some of the information systems purchased from third-party vendors may be vulnerable and could be infected by computer viruses. MediaTek has included system security requirements and specifications in the outsourcing information system contract, and clearly established loophole patching policies to avoid potential risks to impact company operations. MediaTek continues to build a company-trusted environment through the aforementioned security control measures. However, even if a trusted environment is constructed, there is still a chance there are malicious attempts to try to login with the company's employee IDs. MediaTek strengthened the employee password policy and introduced a two-factor authentication mechanism to strengthen the identity authentication of the information system in 2019.

7. Other Material Events

7.1. Certificate Holding Status for Personnel Associated with Financial Transparency

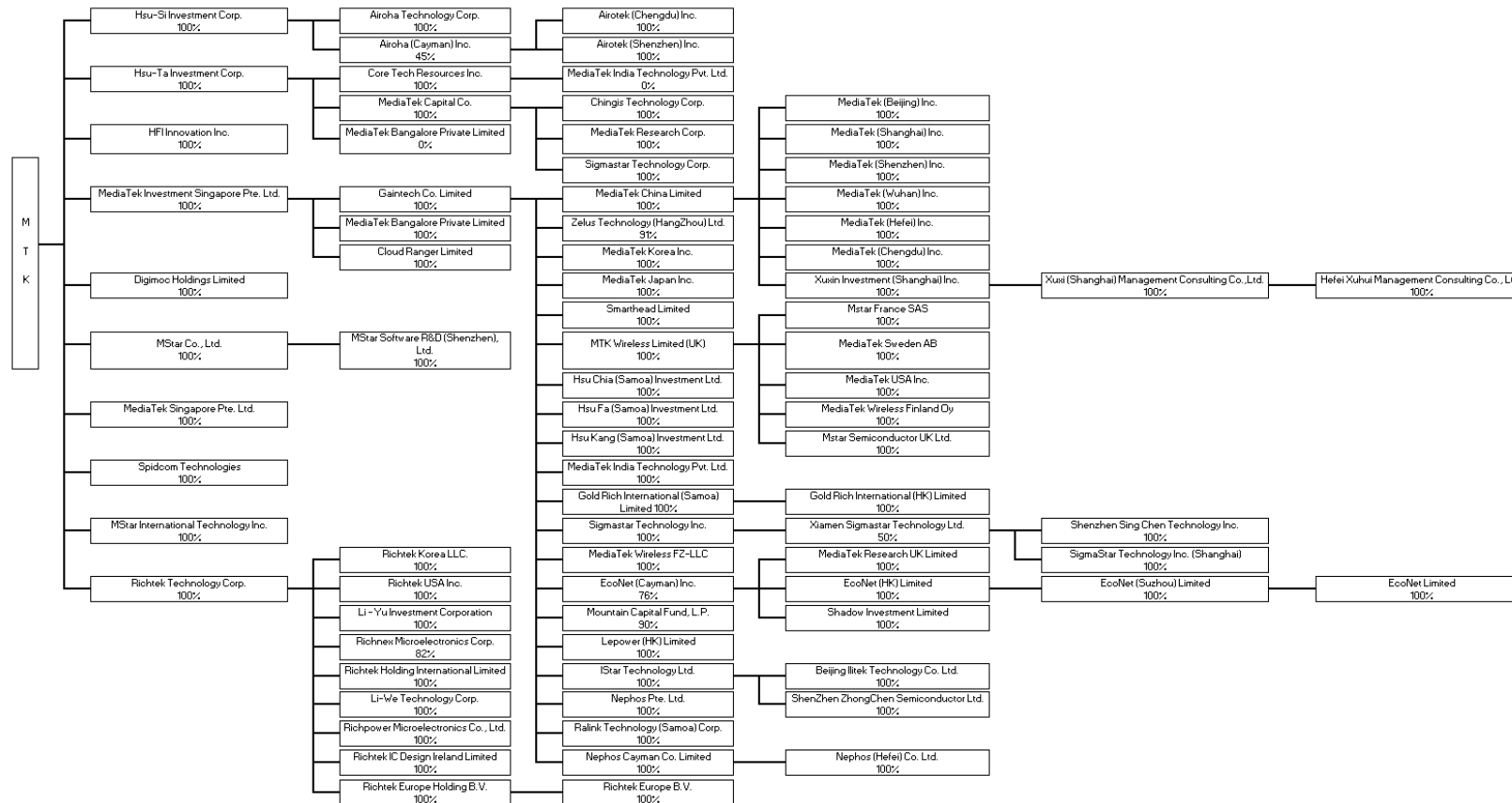
Headcount	Certificate	CPA	US CPA	CA	CIA	CFA	CMA	FRM	TA
	Singapore								
Finance	17	3	1	5	2	1	1	1	
Internal audit	2	-	-	1	-	-	-	-	

VIII. Special Disclosure

1. Summary of Affiliated Companies

1.1. The Company's Affiliated Companies Chart

Dec. 31, 2020



Note: All directly and indirectly majority owned subsidiaries of the Company, and the accounts of investees in which the Company's ownership percentage is less than 50% but the Company has a controlling interest.

1.2. The Company Affiliated Companies

As of Dec. 31, 2020. Unit: NT\$ thousands / Foreign Currency thousands

Company Name	Date of Incorporation	Place of Registration	Capital Stock	Major Business
Hsu-Ta Investment Corp.	Sep 2002	Taiwan	NTD 7,375,156	General investing
MediaTek Singapore Pte. Ltd.	Jun 2004	Singapore	SGD 111,994	Research, manufacturing and sales
MediaTek Investment Singapore Pte. Ltd.	Jan 2008	Singapore	USD 2,251,158	General investing
MStar International Technology Inc.	Jan 2015	Taiwan	NTD 300,000	Research
HFI Innovation Inc.	Feb 2016	Taiwan	NTD 1,180,621	Intellectual property right management
MStar France SAS	Oct 2006	France	EUR 4,589	Research
MStar Co., Ltd.	May 2003	Seychelles	USD 13,350	General investing
Digimoc Holdings Limited	Sep 2007	B.V.I.	USD 50	General investing
Spidcom Technologies	Sep 2002	France	EUR 146	Intellectual property right management
Core Tech Resources Inc.	Sep 2002	B.V.I.	USD 102,200	General investing
MediaTek Capital Corp.	Sep 2000	Taiwan	NTD 1,636,037	General investing
Hsu-Si Investment Corp.	Sep 2015	Taiwan	NTD 6,243,048	General investing
Chingis Technology Corp.	Oct 1998	Taiwan	NTD 1,139,370	Research
Richtek Technology Corp.	Sep 1998	Taiwan	NTD 1,484,828	Research, manufacturing and sales
Richtek Europe Holding B.V.	Sep 2007	Netherlands	EUR 2,000	General investing
Richtek Holding International Limited	Nov 2007	B.V.I.	USD 3,000	General investing
Li-Yu Investment Corp.	Feb 2004	Taiwan	NTD 312,751	General investing
Richnex Microelectronics Corp.	Dec 2007	Taiwan	NTD 330,000	Research, manufacturing and sales
Richtek USA, Inc.	Mar 2004	USA	USD 1,000	Sales and technical services
Richtek Europe B.V.	Sep 2007	Netherlands	EUR 1,500	Marketing service
Li-We Technology Corp.	Apr 2004	Mainland China	USD 2,500	Technical services
Richpower Microelectronics Co., Ltd.	Apr 2004	Mainland China	USD 3,200	Technical services
Richtek Korea LLC.	Aug 2013	Korea	KRW 1,116,500	Research and technical services
Richtek IC Design Ireland Limited	Nov 2020	Ireland	EUR 0.001	Research
MediaTek Research Corp.	Jan 2019	Taiwan	NTD 800	Research
MediaTek China Limited	Sep 2007	Hong Kong	HKD 2,730,103	General investing
MTK Wireless Limited (UK)	Aug 2007	UK	GBP 84,395	Research
MediaTek Japan Inc.	Jun 1997	Japan	JPY 100,000	Technical services
MediaTek India Technology Pvt. Ltd.	May 2004	India	INR 55,000	Research
MediaTek Korea Inc.	Feb 2007	Korea	KRW 2,000,000	Research
Gold Rich International (Samoa) Limited	Mar 2011	Samoa	USD 4,290	General investing
Smarthead Limited	Jan 2011	Seychelles	USD 700	General investing
Ralink Technology (Samoa) Corp.	Mar 2008	Samoa	USD 7,150	General investing
EcoNet (Cayman) Inc.	Mar 2013	Cayman Islands	USD 30,289	General investing
MediaTek Wireless FZ-LLC	Nov 2013	Dubai	AED 50	Technical services

Company Name	Date of Incorporation	Place of Registration	Capital Stock	Major Business
Hsu Chia (Samoa) Investment Ltd.	Aug 2015	Samoa	CNY 1,000,000	General investing
Hsu Fa (Samoa) Investment Ltd.	Aug 2015	Samoa	CNY 1,000,000	General investing
Hsu Kang (Samoa) Investment Ltd.	Aug 2015	Samoa	CNY 1,000,000	General investing
Nepfos Pte. Ltd.	Nov 2015	Singapore	SGD 0.001	Research
Nepfos Cayman Co. Limited	Dec 2015	Cayman Islands	USD 113,110	General investing
Zelus Technology (HangZhou) Ltd.	Oct 2017	Mainland China	USD 5,150	Research and sales
IStar Technology Ltd.	Aug 2013	Cayman Islands	USD 50	General investing
MediaTek Research UK Limited	Jan 2019	UK	GBP 280	Research
Lepower (HK) Limited	Mar 2011	Hong Kong	USD 3,050	General investing
Mountain Capital Fund, L.P.	May 2015	Cayman Islands	N/A	General investing
MediaTek (Hefei) Inc.	Aug 2003	Mainland China	USD 17,000	Research
MediaTek (Beijing) Inc.	Oct 2006	Mainland China	USD 100,000	Research
MediaTek (Shenzhen) Inc.	Oct 2003	Mainland China	USD 90,000	Research and technical services
MediaTek (Chengdu) Inc.	Sep 2010	Mainland China	USD 49,800	Research
MediaTek (Wuhan) Inc.	Dec 2010	Mainland China	USD 24,200	Research
Xuxin Investment (Shanghai) Inc.	Jan 2011	Mainland China	USD 60,000	General investing
MediaTek (Shanghai) Inc.	Dec 2009	Mainland China	CNY 297,000	Research
MediaTek Sweden AB	Dec 2004	Sweden	SEK 1,008	Research
MediaTek USA Inc.	May 1997	USA	USD 0.1	Research
MediaTek Wireless Finland Oy	Oct 2014	Finland	EUR 3	Research
MStar Semiconductor UK Ltd.	Jun 2007	UK	GBP 0.001	Research and technical services
Gold Rich International (HK) Limited	Mar 2011	Hong Kong	USD 4,190	General investing
Shadow Investment Limited	Apr 2002	Samoa	USD 15,000	General investing
EcoNet (HK) Limited	Mar 2013	Hong Kong	USD 67,535	General investing, research, manufacturing and sales
EcoNet Limited	Oct 2016	B.V.I.	USD 400	General investing and sales
EcoNet (Suzhou) Limited	Apr 2014	Mainland China	USD 10,000	Research, manufacturing and sales
MediaTek Bangalore Private Limited	May 2014	India	INR 20,000	Research
Gaintech Co. Limited	Jul 2000	Cayman Islands	USD 383,814	General investing
Cloud Ranger Limited	Feb 2015	Samoa	USD 23,139	General investing
MStar Software R&D (Shenzhen), Ltd.	Aug 2003	Mainland China	USD 30,000	Technical services
Nepfos (Hefei) Co. Ltd.	Jul 2016	Mainland China	USD 41,250	Research, manufacturing and sales
Xuxi (Shanghai) Management Consulting Co.,Ltd.	Apr 2019	Mainland China	CNY 335,050	General investing
Hefei Xuhui Management Consulting Co., Ltd.	Apr 2019	Mainland China	CNY 335,000	General investing
Beijing Ilitek Technology Co. Ltd.	May 2016	Mainland China	USD 3,000	Research and technical services
Airoha (Cayman) Inc.	Oct 2009	Cayman Islands	USD 4,791	General investing
Airoha Technology Corp.	Aug 2001	Taiwan	NTD 646,826	Research, manufacturing and sales

Company Name	Date of Incorporation	Place of Registration	Capital Stock	Major Business
Airotek (Chengdu) Inc.	Sep 2017	Mainland China	USD 950	Research
Airotek (Shenzhen) Inc.	Sep 2017	Mainland China	USD 950	Research and technical services
Sigmastar Technology Inc.	Oct 2017	Cayman Islands	USD 1,512	General investing
Sigmastar Technology Corp.	Sep 2017	Taiwan	NTD 1,270,000	Technical services
Xiamen Sigmastar Technology Ltd.	Dec 2017	Mainland China	CNY 48,675	Research, manufacturing and sales
Shenzhen Sing Chen Technology Inc.	Jan 2018	Mainland China	CNY 3,000	Research
SigmaStar Technology Inc. (Shanghai)	Apr 2018	Mainland China	CNY 1,000	Research
ShenZhen ZhongChen Semiconductor Ltd.	Jun 2018	Mainland China	USD 240	Technical services

1.3. Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual or Deemed Control

None.

1.4. Business Scope of the Company and Its Affiliated Companies

Business scope of MediaTek and its affiliates include the investment, R&D, promotion, after-sale service for optical storage products, digital consumer products, wireless communication, digital TV, networking, analog, etc. MediaTek affiliates support the Company's core business by acquiring leading technology through investments.

1.5. List of Directors, Supervisors and Presidents of the Company's Affiliated Companies

December 31, 2020; Unit: share / %

Company Name	Title	Name or Representative	Shares	% of Holding
Hsu-Ta Investment Corp.	Chairman	MediaTek Inc. Rep.: Ching-Jiang Hsieh	737,515,603	100%
	Director	MediaTek Inc. Rep.: David Ku		
MediaTek Singapore Pte. Ltd.	Director	Ming-Kai Tsai	MediaTek Inc.	100%
	Director	Bun Suan Heng	111,993,960	
MediaTek Investment Singapore Pte. Ltd.	Director	David Ku	MediaTek Inc.	100%
	Director	Bun Suan Heng	2,251,157,978	
MStar International Technology Inc	Chairman	MediaTek Inc. Rep.: David Ku	30,000,000	100%
HFI Innovation Inc.	Chairman	MediaTek Inc. Rep.: David Ku	118,062,084	100%
MStar France SAS	Director	David Ku	MTK Wireless Limited (UK) 458,900	100%
MStar Co., Ltd.	Director	David Ku	MediaTek Inc. 13,350,000	100%

Company Name	Title	Name or Representative	Shares	% of Holding
Digimoc Holdings Limited	Director	David Ku	MediaTek Inc. 3,805	100%
Spidcom Technologies	Director	Ching-Jiang Hsieh	MediaTek Inc. 146,200	100%
	Director	David Ku		
	Director	Steven Liu		
CoreTech Resources Inc.	Director	David Ku	Hsu-Ta Investment Ltd. 102,200,000	100%
MediaTek Capital Corp.	Chairman	Hsu-Ta Investment Corp. Rep.: David Ku	163,603,653	100%
Hsu-Si Investment Corp.	Chairman	MediaTek Inc. Rep.: Ching-Jiang Hsieh	624,304,756	100%
	Director	MediaTek Inc. Rep.: David Ku		
Chingis Technology Corp.	Chairman	MediaTek Capital Corp. Rep.: Chang-Chaio Han	113,936,991	100%
	Director	MediaTek Capital Corp. Rep.: David Ku		
	Director	MediaTek Capital Corp. Rep.: Jane Chen		
	Supervisor	MediaTek Capital Corp. Rep.: Benson Tsai		
Richtek Technology Corp.	Chairman	MediaTek Inc. Rep.: Rick Tsai	148,482,806	100%
	Director	MediaTek Inc. Rep.: Lawrence Loh		
	Director	MediaTek Inc. Rep.: David Ku		
Richtek Europe Holding B.V.	Director	Chris Yuan	Richtek Technology Corp. 2,000,000	100%
	Director	Nick Liu		
Richtek Holding International Limited	Director	Chris Yuan	Richtek Technology Corp. 30,000	100%
Li-Yu Investment Corp.	Chairman	Richtek Technology Corp. Rep.: Chris Yuan	31,275,100	100%
	Director	Richtek Technology Corp. Rep.: Emily Wu		
	Director	Richtek Technology Corp. Rep.: Nancy Wei		
Richnex Microelectronics Corp.	Chairman	Shen Tu	1,481,500	4%
	Director	Richtek Technology Corp. Rep.: Tom Kuo	26,963,153	82%
	Director	Richtek Technology Corp. Rep.: Nick Liu		
	Supervisor	York Chang	-	-
Richtek USA, Inc.	Director	Tom Kuo	Richtek Technology Corp. 1,000,000	100%
	Director	Don Yuh		
	Director	Nick Liu		

Company Name	Title	Name or Representative	Shares	% of Holding
Richtek Europe B.V.	Director	Chris Yuan	Richtek Europe Holding B.V.	100%
	Director	Nick Liu	1,500,000	
Li-We Technology Corp.	Executive director / Legal representative	Ricktek Technology Corp. Chris Yuan	Not Applicable	100%
	Supervisor	Ricktek Technology Corp. Bruce Wang		
Richpower Microelectronics Co., Ltd.	Executive director / Legal representative	Ricktek Technology Corp. Steve Lai	Not Applicable	100%
	Supervisor	Ricktek Technology Corp. York Chang		
Richtek Korea LLC.	Director	Justin Park	Richtek Technology Corp. 10,000	100%
	Director	Tom Kuo		
Richtek IC Design Ireland Limited	Director	Nick Liu	Richtek Technology Corp. 1	100%
	Non-executive director	David McCormick		
MediaTek Research Corp.	Chairman	MediaTek Capital Corp. Rep.: David Ku	80,000	100%
MediaTek China Limited	Director	David Ku	Gaintech Co. Limited 2,730,102,500	100%
MTK Wireless Limited (UK)	Director	Lawrence Loh	Gaintech Co. Limited 84,394,826	100%
	Director	David Ku		
MediaTek Japan Inc.	Director	David Ku	Gaintech Co. Limited 7,100	100%
MediaTek India Technology Pvt. Ltd.	Director	Cheng-Te Chuang	Gaintech Co. Limited 5,499,999	100%
	Director	David Ku		
	Director	Anku Jain		
MediaTek Korea Inc.	Director	Jerry Yu	Gaintech Co. Limited 200,000	100%
	Director	John Lee		
	Director	David Ku		
	Supervisor	Lydia Chang		
Gold Rich International (Samoa) Limited	Director	Iris Chen	Gaintech Co. Limited 4,290,000	100%
Smarthead Limited	Director	Iris Chen	Gaintech Co. Limited 700,000	100%
Ralink Technology (Samoa) Corp.	Director	David Ku	Gaintech Co. Limited 7,150,000	100%
EcoNet (Cayman) Inc.	Director	David Ku	Gaintech Co. Limited 22,870,281	76%
	Director	PH Lu		
	Director	Bomin Wang		
MediaTek Wireless FZ-LLC	Director	Bun Suan Heng	Gaintech Co. Limited 50	100%
	Director	Iris Chen		
	Director	David Ku		
Hsu Chia (Samoa) Investment Ltd.	Director	Iris Chen	Gaintech Co. Limited 1,000,000,000	100%

Company Name	Title	Name or Representative	Shares	% of Holding
Hsu Fa (Samoa) Investment Ltd.	Director	Iris Chen	Gaintech Co. Limited 1,000,000,000	100%
Hsu Kang (Samoa) Investment Ltd.	Director	Iris Chen	Gaintech Co. Limited 1,000,000,000	100%
Nephos Pte. Ltd.	Director	Bun Suan Heng	Gaintech Co. Limited 1	100%
	Director	Ching-Jiang Hsieh		
Nephos Cayman Co. Limited	Director	Jerry Yu	Gaintech Co. Limited 113,110,426	100%
	Director	David Ku		
Zelus Technology (HangZhou) Ltd.	Executive director / Legal representative	Ningbo Meishan Bonded Port Area Zhifa Investment Partnership Hai Wang	Not applicable	6%
	Director	Gaintech Co. Limited Vincent Hsu		91%
	Director	Gaintech Co. Limited David Ku		91%
	Supervisor	Gaintech Co. Limited Amy Chung		91%
IStar Technology Ltd.	Director	David Ku	Gaintech Co. Limited 50,000	100%
MediaTek Research UK Limited	Director	David Ku	EcoNet (Cayman) Inc. 280,000	100%
	Director	DS Shiu		
Lepower (HK) Limited	Director	Iris Chen	Gaintech Co. Limited 3,050,000	100%
Mountain Capital Fund, L.P.	Not applicable	Not applicable	27,200,000	90%
MediaTek (Hefei) Inc.	Executive director / Legal representative	MediaTek China Limited Hai Wang	Not applicable	100%
	Supervisor	MediaTek China Limited Amy Chung		
MediaTek (Beijing) Inc.	Executive director / Legal representative	MediaTek China Limited Hai Wang	Not applicable	100%
	Supervisor	MediaTek China Limited Amy Chung		
MediaTek (ShenZhen) Inc.	Executive director / Legal representative	MediaTek China Limited Hai Wang	Not applicable	100%
	Supervisor	MediaTek China Limited Amy Chung		
MediaTek (Chengdu) Inc.	Executive director / Legal representative	MediaTek China Limited Hai Wang	Not applicable	100%
	Supervisor	MediaTek China Limited Amy Chung		
MediaTek (Wuhan) Inc.	Executive director / Legal representative	MediaTek China Limited Hai Wang	Not applicable	100%
	Supervisor	MediaTek China Limited Amy Chung		

Company Name	Title	Name or Representative	Shares	% of Holding
MediaTek (Shanghai) Inc.	Executive director / Legal representative	MediaTek China Limited Hai Wang	Not applicable	100%
	Supervisor	MediaTek China Limited Amy Chung		
Xuxin Investment (Shanghai) Inc.	Executive director / Legal representative	MediaTek China Limited Hai Wang	Not applicable	100%
	Supervisor	MediaTek China Limited Amy Chung		
MediaTek Sweden AB	Director	David Ku	MTK Wireless Limited (UK)	100%
	Director	Eric Tell	1,008,371	
MediaTek USA Inc.	Director	David Ku	MTK Wireless Limited (UK)	100%
	Director	Kevin Jou	111,815	
MediaTek Wireless Finland Oy	Director	Iris Chen	MTK Wireless Limited (UK)	100%
	Director	Jeanette Padgett		
	Director	Gemma Noonan		
MStar Semiconductor UK Ltd.	Director	David Ku	MTK Wireless Limited (UK) 1	100%
Gold Rich International (HK) Limited	Director	Benson Tsai	Gold Rich International (Samoa) Limited 4,190,000	100%
Shadow Investment Limited	Director	Hsu-Feng Ho	EcoNet (Cayman) Inc. 15,000,000	100%
EcoNet (HK) Limited	Director	Hsu-Feng Ho	EcoNet (Cayman) Inc. 67,534,520	100%
EcoNet Limited	Director	Hsu-Feng Ho	EcoNet (Suzhou) Limited 400,000	100%
EcoNet (Suzhou) Limited	Executive director / Legal representative	EcoNet (HK) Limited David Ku	Not applicable	100%
	Executive director / Legal representative	EcoNet (HK) Limited Bomin Wang		
	Executive director / Legal representative	EcoNet (HK) Limited Jane Chen		
	Supervisor	EcoNet (HK) Limited Iris Chen		
MediaTek Bangalore Private Limited	Director	Cheng-Te Chuang	MediaTek Investment Singapore Pte. Ltd. 1,999,999	100%
	Director	David Ku		
	Director	Anku Jain		
Gaintech Co. Limited	Director	David Ku	MediaTek Investment Singapore Pte. Ltd. 383,813,853	100%
Cloud Ranger Limited	Director	Iris Chen	MediaTek Investment Singapore Pte. Ltd. 23,139,000	100%
MStar Software R&D (Shenzhen), Ltd.	Executive director / Legal representative	MStar Co., Ltd. Hai Wang	Not Applicable	100%
	Director	MStar Co., Ltd. Iris Chen		

Company Name	Title	Name or Representative	Shares	% of Holding
Nephos (Hefei) Co. Ltd.	Executive director / Legal representative	Nephos Cayman Co. Limited Ching-Jiang Hsieh	Not applicable	100%
	Director	Nephos Cayman Co. Limited Jerry Yu		
	Director	Nephos Cayman Co. Limited David Ku		
	Supervisor	Nephos Cayman Co. Limited Amy Chung		
Xuxi (Shanghai) Management Consulting Co.,Ltd.	Executive director / Legal representative	Xuxin Investment (Shanghai) Inc. Hai Wang	Not Applicable	100%
	Director	Xuxin Investment (Shanghai) Inc. Iris Chen		
Hefei Xuhui Management Consulting Co., Ltd.	Executive director / Legal representative	Xuxi (Shanghai) Management Consulting Co.,Ltd. Hai Wang	Not Applicable	100%
	Director	Xuxi (Shanghai) Management Consulting Co.,Ltd. Iris Chen		
Beijing Iitek Technology Co. Ltd.	Executive director / Legal representative	IStar Technology Ltd. Luen-Wu Wei	Not applicable	100%
	Supervisor	IStar Technology Ltd. Sheng-Hsin Chen		
Airoha (Cayman) Inc.	Director	Ching-Jiang Hsieh	Hsu-Si Investment Corp. 4,397,346	46%
Airoha Technology Corp.	Chairman	Hsu-Si Investment Corp. Rep.: Ching-Jiang Hsieh	61,092,908	100%
	Director	Hsu-Si Investment Corp. Rep.: David Chang		
	Director	Hsu-Si Investment Corp. Rep.: Yuchuan Yang		
Airotek (Chengdu) Inc.	Executive director / Legal representative	Airoha (Cayman) Inc. Yuchuan Yang	Not applicable	100%
	Supervisor	Airoha (Cayman) Inc. David Liang		
Airotek (Shenzhen) Inc.	Executive director / Legal representative	Airoha (Cayman) Inc. Yuchuan Yang	Not applicable	100%
	Supervisor	Airoha (Cayman) Inc. David Liang		
Sigmastar Technology Inc.	Director	David Ku	Gaintech Co. Limited 1,511,579	100%
InnoFusion Technology Corp.	Chairman	MediaTek Capital Corp. Rep.: Jane Chen	127,000,000	100%

Company Name	Title	Name or Representative	Shares	% of Holding
Xiamen Sigmastar Technology Ltd.	Executive director / Legal representative	Sigmastar Technology Inc. Yong-Yu Lin	Not applicable	50%
	Director	Sigmastar Technology Inc. Gon-Wei Liang		
	Director	Sigmastar Technology Inc. Sarina Lin		
	Supervisor	Sigmastar Technology Inc. David Ku		
Shenzhen Sing Chen Technology Inc.	Executive director / Legal representative	Xiamen Sigmastar Technology Ltd. Yong-Yu Lin	Not applicable	100%
	Supervisor	Xiamen Sigmastar Technology Ltd. Ben Chen		
SigmaStar Technology Inc. (Shanghai)	Executive director / Legal representative	Xiamen Sigmastar Technology Ltd. Yong-Yu Lin	Not applicable	100%
	Supervisor	Xiamen Sigmastar Technology Ltd. Bo-I Lin		
ShenZhen ZhongChen Semiconductor Ltd.	Executive director / Legal representative	IStar Technology Ltd. Hai Wang	Not applicable	100%
	Supervisor	IStar Technology Ltd. Iris Chen		

1.6. Operation Highlights of the Company's Affiliated Companies

Dec. 31, 2020; Unit: NT\$ thousands

Company Name	Capital	Assets	Liabilities	Net Worth	Net Sales	Operating income (loss)	Net Income	EPS (NT\$)
Hsu-Ta Investment Corp.	7,375,156	17,433,635	2,212	17,431,423	1,768,297	1,768,067	1,752,751	2.38
MediaTek Singapore Pte. Ltd.	2,223,128	43,810,213	32,500,188	11,310,025	95,883,133	14,446,764	14,152,825	126.37
MediaTek Investment Singapore Pte. Ltd.	64,176,012	183,874,248	132	183,874,116	5,823,111	5,821,047	6,110,411	2.71
MStar International Technology Inc	300,000	83,356	-	83,356	-	-143	237	0.01
HFI Innovation Inc.	1,180,621	711,001	6,937	704,064	343,427	24,066	-31,003	-0.26
MStar France SAS	160,245	859,468	2,367	857,101	-	-	4,833	11.23
MStar Co., Ltd.	380,582	593,975	471,580	122,395	9,769	131,937	-342,159	-25.63
Digimoc Holdings Limited	1,425	49,544	-	49,544	6	-46	-45	-11.83
Spidcom Technologies	5,105	2,624	-	2,624	-	-1,050	-1,050	-7.18
Core Tech Resources Inc.	2,913,518	4,564,177	44	4,564,133	69,322	-69,215	70,018	0.69
MediaTek Capital Corp.	1,636,037	10,790,018	217,828	10,572,190	91,452	46,636	1,846	0.01
Hsu-Si Investment Corp.	6,243,048	8,794,448	646	8,793,802	2,157,396	2,157,178	2,153,308	3.45
Chingis Technology Corp.	1,139,370	1,014,117	364,441	649,676	573,656	-77,150	-38,618	-0.34
Richtek Technology Corp.	1,484,828	20,383,152	8,230,448	12,152,704	26,935,660	7,299,420	6,170,678	41.56
Richtek Europe Holding B.V.	69,839	50,246	70	50,176	-3,125	-3,249	-3,249	-1.62
Richtek Holding International Limited	85,524	88,657	47,633	41,024	78,903	-127	-3,381	-112.7

Company Name	Capital	Assets	Liabilities	Net Worth	Net Sales	Operating income (loss)	Net Income	EPS (NT\$)
Li-Yu Investment Corp.	312,751	339,409	119	339,290	2,152	2,051	1,714	0.05
Richnex Microelectronics Corp.	330,000	45,431	14,550	30,881	60,551	2,657	2,537	0.08
Richtek USA, Inc.	28,508	170,650	23,212	147,438	122,545	9,348	9,637	9.64
Richtek Europe B.V.	52,379	36,805	3,912	32,893	10,755	-3,126	-3,126	-2.08
Li-We Technology Corp.	71,270	117,955	90,412	27,543	132,318	-3,861	-11,025	Not applicable
Richpower Microelectronics Co., Ltd.	91,226	51,514	35,603	15,911	58,428	-492	-3,666	Not applicable
Richtek Korea LLC.	29,286	69,132	56,030	13,102	157,897	-5,760	-11,045	-1,104.5
Richtek IC Design Ireland Limited	-	-	398	-398	-	-385	-396	-396,000
MediaTek Research Corp.	800	6,810	4,995	1,815	15,912	1,041	986	12.33
MediaTek China Limited	10,017,337	21,706,166	3,577,803	18,128,363	625,534	193,529	193,530	0.07
MTK Wireless Limited (UK)	3,284,091	6,486,624	319,038	6,167,586	729,499	47,724	936,809	11.1
MediaTek Japan Inc.	27,656	140,807	48,221	92,586	152,892	8,654	11,504	1,620.28
MediaTek India Technology Pvt. Ltd.	21,484	1,007,294	414,727	592,567	651,457	108,498	105,888	19.25
MediaTek Korea Inc.	52,460	521,880	281,097	240,783	692,697	45,317	34,309	171.55
Gold Rich International (Samoa) Limited	122,299	22,736,888	-	22,736,888	422,388	422,353	422,353	98.45
Smarthead Limited	19,956	44,560	-	44,560	-6,355	-6,389	-6,389	-9.13
Ralink Technology (Samoa) Corp.	203,832	895,915	-	895,915	9,524	9,462	245,611	34.35
EcoNet (Cayman) Inc.	863,476	5,296,289	-	5,296,289	-	-465	850,714	28.09
Mediatek Wireless FZ-LLC	388	16,006	10,034	5,972	36,766	1,751	1,684	33,680
Hsu Chia (Samoa) Investment Ltd.	4,369,040	5,119,499	-	5,119,499	137,781	128,002	128,294	0.13
Hsu Fa (Samoa) Investment Ltd.	4,369,040	5,098,711	-	5,098,711	125,782	121,839	121,772	0.12
Hsu Kang (Samoa) Investment Ltd.	4,369,040	5,083,169	-	5,083,169	114,620	100,388	99,659	0.1
Nephos Pte. Ltd.	-	13,793	-	13,793	-	-252	1,246	1,246,000
Nephos Cayman Co. Limited	3,224,552	46,187	167,275	-121,088	138,961	-34,813	-34,813	-0.31
Zelus Technology (HangZhou) Ltd.	146,816	175,393	52,785	122,608	12,970	9,206	10,386	Not applicable
IStar Technology Ltd.	1,425	88,736	-	88,736	872	-1,109	-1,109	-22.18
MediaTek Research UK Limited	10,896	26,223	8,659	17,564	36,695	2,401	4,427	15.81
Lepower (HK) Limited	86,949	139	-	139	-355	-616	-616	-0.2
MediaTek (Hefei) Inc.	484,636	2,132,744	743,678	1,389,066	1,917,407	141,020	118,342	Not applicable
MediaTek (Beijing) Inc.	2,850,800	5,379,442	438,894	4,940,548	2,444,439	319,579	185,579	Not applicable
MediaTek (Shenzhen) Inc.	2,565,720	8,744,625	4,084,571	4,660,054	3,325,741	395,023	146,592	Not applicable
MediaTek (Chengdu) Inc.	1,419,698	2,834,762	710,543	2,124,219	1,147,470	82,965	108,474	Not applicable
MediaTek (Wuhan) Inc.	689,894	1,006,499	180,079	826,420	456,753	33,881	60,664	Not applicable
Xuxin Investment (Shanghai) Inc.	1,710,480	2,132,181	77,160	2,055,021	95,530	-615	-96,195	Not applicable
MediaTek (Shanghai) Inc.	1,297,605	5,178,155	2,345,134	2,833,021	1,459,820	103,707	62,641	Not applicable
MediaTek Sweden AB	3,514	114,353	63,815	50,538	125,187	8,104	6,476	6.42
MediaTek USA Inc.	3	6,980,697	3,081,959	3,898,738	5,411,929	351,514	726,432	6,496.73
MediaTek Wireless Finland Oy	87	663,930	338,896	325,034	851,526	55,707	47,608	47,608

Company Name	Capital	Assets	Liabilities	Net Worth	Net Sales	Operating income (loss)	Net Income	EPS (NT\$)
MStar Semiconductor UK Ltd.	-	69,430	1,448	67,982	-	-305	-275	-275,000
Gold Rich International (HK) Limited	119,449	25,360,096	2,625,609	22,734,487	428,426	422,387	422,387	100.81
Shadow Investment Limited	427,620	73,812	-	73,812	-	-41	578	0.04
EcoNet (HK) Limited	1,925,274	5,078,393	1,292	5,077,101	-	-9,787	846,207	12.53
EcoNet Limited	11,403	140,116	-	140,116	-	-74	30,275	75.69
EcoNet (Suzhou) Limited	285,080	5,593,934	1,191,259	4,402,675	3,416,381	677,925	973,642	Not applicable
MediaTek Bangalore Private Limited	7,812	1,202,488	459,169	743,319	1,220,557	203,426	195,218	97.61
Gaintech Co. Limited	10,941,765	181,539,302	20,073	181,519,229	6,162,062	6,083,615	5,962,568	15.54
Cloud Ranger Limited	659,647	1,177,097	57	1,177,040	-	2,497	2,497	0.11
MStar Software R&D (Shenzhen), Ltd.	855,240	471,318	1,607	469,711	-	-1,514	8,889	Not applicable
Nephos (Hefei) Co. Ltd.	1,175,955	448,110	446,323	1,787	-	62,339	138,907	Not applicable
Xuxi (Shanghai) Management Consulting Co.,Ltd.	1,463,847	1,474,004	92	1,473,912	904	763	763	Not applicable
Hefei Xuhui Management Consulting Co., Ltd.	1,463,628	1,473,700	38	1,473,662	1,278	880	880	Not applicable
Beijing Ilitek Technology Co. Ltd.	85,524	76,861	2,244	74,617	8,939	415	-2,522	Not applicable
Airoha (Cayman) Inc.	136,570	475,008	-	475,008	14,146	13,947	13,947	1.46
Airoha Technology Corp.	646,826	4,772,588	2,714,741	2,057,847	9,756,473	1,198,613	1,061,489	17.37
Airotek (Chengdu) Inc.	27,083	66,854	29,595	37,259	120,682	6,455	8,117	Not applicable
Airotek (Shenzhen) Inc.	27,083	87,986	53,813	34,172	128,437	7,155	6,030	Not applicable
Sigmastar Technology Inc.	43,092	1,514,304	-	1,514,304	564,922	564,210	564,210	373.26
Sigmastar Technology Corp.	1,270,000	291,836	57,129	234,707	208,808	23,332	6,487	0.05
Xiamen Sigmastar Technology Ltd.	212,665	5,416,536	2,480,809	2,935,727	6,645,994	759,185	896,724	Not applicable
Shenzhen Sing Chen Technology Inc.	13,107	41,653	15,371	26,282	24,500	2,347	-1,272	Not applicable
SigmaStar Technology Inc. (Shanghai)	4,369	46,366	25,748	20,618	100,558	8,746	-6,478	Not applicable
ShenZhen ZhongChen Semiconductor Ltd.	6,842	8,216	1	8,215	1,711	1,782	1,719	Not applicable

Note: The amount of capital, asset, liabilities and net worth in this table were calculated using the exchange rate at end of 2020. The net sales, income from operation, net income and EPS numbers were calculated using the average exchange rate in 2020.

2. Private Placement Securities

None.

3. Holding or Disposition of the Company Stocks by Subsidiaries

Unit: NT\$ thousands / share / %

Subsidiary	Paid-in Capital	Source of Funding	The Company Ownership	Transaction Date	Number of shares acquired and its amount	Number of shares Disposed and its amount	Investment gain / loss	Balance (share & amount)	Balance of Pledged Shares	Balance of Guarantee Provided by the Company	Balance of Financing Provided by the Company
MediaTek Capital Corp.	1,464,120	None	100%	-	-	-	-	7,794,085 shares; NT\$55,970 thousand	-	-	-

4. Any Events that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan

None.

5. Other Necessary Supplement

None.

IX. Financial Information

1. Condensed Balance Sheets

1.1. 2016-2021Q1 Consolidated Condensed Balance Sheets – the Company & Subsidiaries

Unit: NTS thousands

Item		2016	2017	2018	2019	2020	2021Q1
Current assets		220,277,570	238,664,496	236,037,524	266,729,101	291,862,293	330,155,523
Funds and investments		36,970,720	38,124,359	49,261,788	73,277,847	116,766,859	130,413,895
Property, plant and equipment		36,857,740	36,938,640	37,603,586	38,889,940	38,971,343	38,585,650
Intangible assets		72,014,554	76,029,080	73,788,598	70,917,102	76,271,667	75,571,642
Other assets		4,591,188	5,409,633	6,144,548	8,887,804	10,034,165	12,320,517
Total assets		370,711,772	395,166,208	402,836,044	458,701,794	533,906,327	587,047,227
Current liabilities	Before distribution	119,346,691	127,257,383	122,592,079	131,098,015	143,798,425	159,389,509
	After distribution	134,371,923	143,050,113	136,879,929	147,780,944	(Note1)	(Note2)
Non-current liabilities		4,702,203	6,709,812	5,918,058	13,204,241	15,023,451	14,702,930
Total liabilities	Before distribution	124,048,894	133,967,195	128,510,137	144,302,256	158,821,876	174,092,439
	After distribution	139,074,126	149,759,925	142,797,987	160,985,185	(Note1)	(Note2)
Equity attributable to owners of the parent							
Share capital		15,821,122	15,814,371	15,915,070	15,900,253	15,902,755	15,903,977
Capital surplus	Before distribution	89,815,356	88,210,819	85,237,214	82,392,203	76,745,750	77,421,915
	After distribution	87,442,951	84,262,637	80,474,597	73,653,526	(Note1)	(Note2)
Retained earnings	Before distribution	126,952,601	137,627,576	148,009,403	169,237,532	217,635,230	243,964,228
	After distribution	114,299,774	125,783,028	138,484,170	161,293,280	(Note1)	(Note2)
Other equity		12,245,801	18,214,847	23,840,504	45,276,326	61,606,056	74,513,719
Treasury shares		(55,970)	(55,970)	(55,970)	(55,970)	(55,970)	(55,970)
Total equity attributable to owners of the parent	Before distribution	244,778,910	259,811,643	272,946,221	312,750,344	371,833,821	411,747,869
	After distribution	229,753,678	244,018,913	258,658,371	296,067,415	(Note1)	(Note2)
Non-controlling interests		1,883,968	1,387,870	1,379,686	1,649,194	3,250,630	1,206,919
Total equity	Before distribution	246,662,878	261,199,013	274,325,907	314,399,538	375,084,451	412,954,788
	After distribution	231,637,646	245,406,283	260,038,057	297,716,609	(Note1)	(Note2)

Note1: Pending on approval of shareholders at Annual General Shareholders' Meeting.

Note2: Not applicable.

1.2. 2016-2020 Condensed Balance Sheets – Parent Company

Unit: NTS thousands

Item	2016	2017	2018	2019	2020	
Current assets	90,622,975	96,561,558	92,454,434	137,776,031	143,621,071	
Funds and investments	171,773,810	186,823,137	194,393,642	196,537,558	244,691,569	
Property, plant and equipment	12,331,165	12,425,597	12,988,180	20,003,889	20,388,079	
Intangible assets	28,504,894	29,449,574	28,975,722	54,646,668	58,505,350	
Other assets	1,607,902	1,897,443	3,226,374	5,228,970	6,139,793	
Total assets	304,840,746	327,157,309	332,038,352	414,193,116	473,345,862	
Current liabilities	Before distribution	57,799,284	65,335,126	57,235,307	95,302,921	93,079,755
	After distribution	72,824,516	81,127,856	71,523,157	111,985,850	(Note)
Non-current liabilities	2,262,552	2,010,540	1,856,824	6,139,851	8,432,286	
Total liabilities	Before distribution	60,061,836	67,345,666	59,092,131	101,442,772	101,512,041
	After distribution	75,087,068	83,138,396	73,379,981	118,125,701	(Note)
Share capital	15,821,122	15,814,371	15,915,070	15,900,253	15,902,755	
Capital surplus	Before distribution	89,815,356	88,210,819	85,237,214	82,392,203	76,745,750
	After distribution	87,442,951	84,262,637	80,474,597	73,653,526	(Note)
Retained earnings	Before distribution	126,952,601	137,627,576	148,009,403	169,237,532	217,635,230
	After distribution	114,299,774	125,783,028	138,484,170	161,293,280	(Note)
Other equity	12,245,801	18,214,847	23,840,504	45,276,326	61,606,056	
Treasury shares	(55,970)	(55,970)	(55,970)	(55,970)	(55,970)	
Total equity	Before distribution	244,778,910	259,811,643	272,946,221	312,750,344	371,833,821
	After distribution	229,753,678	244,018,913	258,658,371	296,067,415	(Note)

Note: Pending on approval of shareholders at Annual General Shareholders' Meeting.

2. Condensed Statements of Comprehensive Income

2.1. 2016-2021Q1 Consolidated Condensed Statements of Comprehensive Income – the Company & Subsidiaries

Unit: NTS thousands

Item	2016	2017	2018	2019	2020	2021Q1
Net sales	275,511,714	238,216,318	238,057,346	246,221,731	322,145,988	108,032,982
Gross profit	98,189,832	84,885,882	91,723,688	103,045,508	141,535,516	48,520,384
Operating income	23,075,775	9,819,142	16,182,476	22,567,452	43,219,239	20,197,898
Non-operating income and expenses	4,137,110	17,418,321	7,509,009	4,459,917	4,363,447	8,877,756
Net income before income tax	27,212,885	27,237,463	23,691,485	27,027,369	47,582,686	29,075,654
Net income	24,030,532	24,070,098	20,782,396	23,204,310	41,438,573	25,777,244
Other comprehensive Income, net of tax	5,691,418	5,263,033	78,580	29,821,023	31,140,808	13,540,760
Total comprehensive income	29,721,950	29,333,131	20,860,976	53,025,333	72,579,381	39,318,004
Net income (loss) for the periods attributable to:						
Owners of the parent	23,700,598	24,332,604	20,760,498	23,032,721	40,916,800	25,572,233
Non-controlling interests	329,934	(262,506)	21,898	171,589	521,773	205,011
Total comprehensive income for the periods attributable to:						
Owners of the parent	29,463,494	29,601,582	20,860,790	52,896,235	72,047,329	39,110,468
Non-controlling interests	258,456	(268,451)	186	129,098	532,052	207,536
Earnings per share (NTS)	15.16	15.56	13.26	14.69	26.01	16.21
Earnings per share – adjusted (NTS)	15.16	15.56	13.26	14.69	(Note1)	(Note2)

Note1: Pending on approval of shareholders at Annual General Shareholders' Meeting.

Note2: Not applicable.

2.2. 2016-2020 Condensed Statements of Comprehensive Income – Parent Company

Unit: NTS thousands

Item	2016	2017	2018	2019	2020
Net sales	121,097,722	92,525,183	88,795,775	136,467,915	168,337,908
Gross profit	38,523,096	34,777,752	36,371,930	55,615,165	73,991,394
Operating income	688,585	517,600	2,872,510	9,459,305	15,957,148
Non-operating income and expenses	24,000,115	23,308,592	17,981,150	15,879,699	27,677,569
Net income before income tax	24,688,700	23,826,192	20,853,660	25,339,004	43,634,717
Net income	23,700,598	24,332,604	20,760,498	23,032,721	40,916,800
Other Comprehensive Income, net of tax	5,762,896	5,268,978	100,292	29,863,514	31,130,529
Total comprehensive income	29,463,494	29,601,582	20,860,790	52,896,235	72,047,329
Earnings per share (NTS)	15.16	15.56	13.26	14.69	26.01
Earnings per share – adjusted (NTS)	15.16	15.56	13.26	14.69	(Note)

Note: Pending on approval of shareholders at Annual General Shareholders' Meeting.

3. Five-Year Auditors' Opinions

Year	Accounting Firm	Name of Auditors (CPA)	Audio Opinion
2016	Ernst & Young	Jia-Ling Tu, Jin-Lai Wang	Unqualified Opinions
2017	Ernst & Young	Shau-Pin Kuo, Wen-Fun Fuh	Unqualified Opinions
2018	Ernst & Young	Shau-Pin Kuo, Wen-Fun Fuh	Unqualified Opinions
2019	Ernst & Young	Shau-Pin Kuo, Wen-Fun Fuh	Unqualified Opinions
2020	Ernst & Young	Shau-Pin Kuo, Wen-Fun Fuh	Unqualified Opinions

4. Five-Year Financial Analysis

4.1. 2016-2021Q1 Consolidated Financial Analysis – the Company & Subsidiaries

Item		2016	2017	2018	2019	2020	2021Q1	
Capital structure analysis	Debt ratio (%)	33.46	33.90	31.90	31.45	29.74	29.65	
	Long-term fund to property, plant and equipment ratio (%)	670.37	712.69	731.98	811.63	971.75	1,076.15	
Liquidity Analysis	Current ratio (%)	184.60	187.54	192.53	203.45	202.96	207.13	
	Quick ratio (%)	154.91	165.59	166.02	181.21	175.75	170.70	
	Times interest earned (Times)	49.69	30.00	14.74	17.59	80.97	735.25	
Operating performance analysis	Average collection turnover (Times)	10.89	8.94	8.74	8.79	10.71	10.86	
	Days sales outstanding	34	41	42	42	34	34	
	Average inventory turnover (Times)	4.67	3.57	3.26	3.11	3.78	3.91	
	Average payment turnover (Times)	8.70	6.36	7.09	7.15	6.36	6.12	
	Average inventory turnover days	78	102	112	117	97	93	
	Property, plant and equipment turnover (Times)	7.73	6.45	6.38	6.43	8.27	11.14	
	Total assets turnover (Times)	0.76	0.62	0.59	0.57	0.64	0.77	
Profitability analysis	Return on total assets (%)	6.79	6.48	5.55	5.68	8.44	18.41	
	Return on equity attributable to owners of the parent (%)	9.73	9.47	7.76	7.88	12.02	26.16	
	Pre-tax income to paid-in capital (%)	172.00	172.23	148.86	169.98	299.21	182.82	
	Net margin (%)	8.72	10.10	8.72	9.42	12.86	23.86	
	Earnings per share (NT\$)	Before adjustments	15.16	15.56	13.26	14.69	26.01	16.21
		After adjustments	15.16	15.56	13.26	14.69	N/A	N/A
Cash flow	Cash flow ratio (%)	27.28	16.77	16.59	32.49	55.32	(0.90)	
	Cash flow adequacy ratio (%)	98.80	102.91	83.83	97.91	149.55	136.63	
	Cash flow reinvestment ratio (%)	8.23	3.21	2.17	10.67	19.34	(0.40)	
Leverage	Operating leverage	9.21	18.93	11.54	8.30	5.77	2.08	
	Financial leverage	1.02	1.11	1.12	1.08	1.01	1.00	

Changes that exceed 20% in the past two years and explanation for those changes:

- (1) Long-term fund to property, plant and equipment ratio increased by 20%: Mainly due to increase in net equity.
- (2) Times interest earned increased by 360%: Mainly due to increase in net income.
- (3) Average collection turnover increased by 22%: Mainly due to increase in net sales.
- (4) Average inventory turnover increase by 22%: Mainly due to increase in shipment.
- (5) Property, plant and equipment turnover increased by 29%: Mainly due to increase in net sales.
- (6) Total assets turnover increased by 49%: Mainly due to increase in net profit attributable to owners of the parent.
- (7) Return on equity attributable to owners of the parent increased by 53%: Mainly due to increase in profit attributable to owners of the parent.
- (8) Pre-tax income to paid-in capital increased by 76%: Mainly due to increase in pre-tax income.
- (9) Net margin increased by 37%: Mainly due to increase in net sales.
- (10) Earnings per share increased: Mainly due to increase in net income.
- (11) Cash flow ratio increased by 70%: Mainly due to increase in net income for the period.
- (12) Cash flow adequacy ratio increased by 53%: Mainly due to increase in cash provided by operating activities in the past 5 years.
- (13) Cash flow reinvestment ratio increased by 81%: Mainly due to increase in cash provided by operating activities.
- (14) Operating leverage decreased by 30%: Mainly due to increase in operating income.

4.2. 2016-2020 Financial Analysis – Parent Company

Item		2016	2017	2018	2019	2020	
Capital structure analysis	Debt ratio (%)	19.70	20.59	17.79	24.49	21.44	
	Long-term fund to property, plant and equipment ratio (%)	1,985.04	2,099.34	2,103.86	1,567.54	1,835.23	
Liquidity Analysis	Current ratio (%)	156.79	147.79	161.53	144.56	154.29	
	Quick ratio (%)	131.51	136.74	144.92	130.31	131.33	
	Times interest earned (Times)	77.05	46.11	23.00	26.84	98.76	
Operating performance analysis	Average collection turnover (Times)	14.12	10.14	9.83	11.63	10.39	
	Days sales outstanding	26	36	37	31	35	
	Average inventory turnover (Times)	5.10	3.17	2.87	3.50	3.25	
	Average payment turnover (Times)	10.29	7.59	10.73	9.55	5.33	
	Average inventory turnover days	71.52	115.01	127.17	104.28	112.30	
	Property, plant, and equipment turnover (Times)	10.58	7.47	6.98	8.27	8.33	
	Total assets turnover (Times)	0.41	0.29	0.26	0.36	0.37	
Profitability analysis	Return on total assets (%)	8.04	7.84	6.52	6.38	9.30	
	Return on equity attributable to shareholders of the parent (%)	9.77	9.64	7.79	7.86	11.95	
	Pre-tax income to paid-in capital (%)	156.05	150.66	131.03	159.36	274.38	
	Net margin (%)	19.57	26.30	23.38	16.87	24.30	
	Basic earnings per share (NT\$)	Before adjustments	15.16	15.56	13.26	14.69	26.01
		After adjustments	15.16	15.56	13.26	14.69	N/A
Cash flow	Cash flow ratio (%)	24.28	40.15	18.78	29.12	55.29	
	Cash flow adequacy ratio (%)	107.05	122.29	99.03	69.34	112.21	
	Cash flow reinvestment ratio (%)	(1.46)	4.73	(1.97)	5.00	10.57	
Leverage	Operating leverage	122.95	129.32	21.81	10.60	7.68	
	Financial leverage	1.89	(48.75)	1.49	1.12	1.03	

Changes that exceed 20% in the past two years and explanation for those changes:

- (1) Times interest earned increased by 268%: Mainly due to increase in net income.
- (2) Average payment turnover decreased by 44%: Mainly due to increase in account payable
- (3) Return on total assets increased by 46%: Mainly due to increase in net income.
- (4) Return on equity attributable to shareholders of the parent by 22%: Mainly due to increase in net income.
- (5) Pre-tax income to paid-in capital increased by 72%: Mainly due to increase in Pre-tax income.
- (6) Net margin increased by 44%: Mainly due to increase in net sales.
- (7) Basic earnings per share increased: Mainly due to increase by net income.
- (8) Cash flow ratio increased by 90%: Mainly due to increase in net income.
- (9) Cash flow adequacy ratio increased by 60%: Mainly due to increase in net cash provided by operation activities in the past 5 years.
- (10) Cash flow reinvestment ratio increased by 111%: Mainly due to increase in net cash provided by operation activities.
- (11) Operating leverage decreased by 28%: Mainly due to increase in operating income.

Glossary:**1. Capital Structure Analysis:**

- (1). Debt ratio = Total liabilities / Total assets
- (2). Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) / Net property, plant and equipment

2. Liquidity Analysis:

- (1). Current ratio = Current assets / Current liabilities
- (2). Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities
- (3). Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating Performance Analysis:

- (1). Average collection turnover = Net sales / Average trade receivables
- (2). Days sales outstanding = 365 / Average collection turnover
- (3). Average inventory turnover = Operating costs / Average inventory
- (4). Average payment turnover = operating costs / Average trade payables
- (5). Average inventory turnover days = 365 / Average inventory turnover
- (6). Property, plant and equipment turnover = Net sales / Average property, plant and equipment
- (7). Total assets turnover = Net sales / total assets

4. Profitability Analysis:

- (1). Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets
- (2). Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent
- (3). Net margin = Net income / Net sales
- (4). Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding

5. Cash Flow:

- (1). Cash flow ratio = Net cash provided by operating activities / Current Liabilities
- (2). Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
- (3). Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)

6. Leverage:

- (1). Operating leverage = (Net sales – variable cost) / Operating income
- (2). Financial leverage = Operating income / (Operating income – interest expenses)

5. Audit Committee's Review Report

MediaTek Inc. Audit Committee's 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 30, 2021

- 6. Financial Statements and Independent Auditors' Report –the Company & Subsidiaries (Page F1 – Page F143)**
- 7. Financial Statements and Independent Auditors' Report – Parent Company (Page F144 – Page F283)**
- 8. The Impact on the Company's Financial Status in Cases where the Company or its Affiliates have Financial Difficulties**

None.

English Translation of a Report and Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2020 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

MediaTek Inc.

Chairman: Ming-Kai Tsai

March 19, 2021

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

MEDIA TEK 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	%
ASSETS					
Current assets					
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
Non-current assets					
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
Total assets		\$ 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	
LIABILITIES AND EQUITY				
Current liabilities				
Short-term borrowings	6(14)	\$ 21,470,853	\$ 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	2,693,530	1
Trade payables	7	32,808,713	21,407,328	5
Trade payables to related parties	6(15)	1,661,473	906,224	-
Other payables	7	38,992,839	27,562,938	6
Other payables to related parties	4, 5, 6(30)	47,940	20,364	-
Current tax liabilities	4, 6(23)	4,773,718	1,721,632	1
Lease liabilities-current	6(16)	483,089	499,032	-
Other current liabilities	6(17), 8	28,363,069	18,002,871	4
Current portion of long-term liabilities		3,493,485	1,020,441	-
Total current liabilities		143,798,425	131,098,015	29
Non-current liabilities				
Long-term borrowings	6(17), 8	-	165,825	-
Long-term payables	4, 6(18)	3,619,618	1,079,607	-
Net defined benefit liabilities-noncurrent		910,118	869,001	-
Deposits received		430,736	565,773	-
Deferred tax liabilities	4, 5, 6(30)	5,974,416	6,805,508	2
Lease liabilities-noncurrent	4, 6(23)	2,362,280	2,360,427	1
Non-current liabilities-others		1,726,283	1,358,100	-
Total non-current liabilities		15,023,451	13,204,241	3
Total liabilities		158,821,876	144,302,256	32
Equity attributable to owners of the parent				
Share capital	6(19)			
Common stock		15,900,622	15,896,473	3
Capital collected in advance		2,133	3,780	-
Capital surplus	6(19), 6(20), 6(33)	76,745,750	82,392,203	18
Retained earnings	6(19)			
Legal reserve		44,583,025	41,507,689	9
Undistributed earnings		173,052,205	127,729,843	28
Other equity	6(20)	61,606,056	45,276,326	10
Treasury shares	4, 6(19)	(55,970)	(55,970)	-
Equity attributable to owners of the parent		371,833,821	312,750,344	68
Non-controlling interests				
Total equity	4, 6(19), 6(33)	3,250,630	1,649,194	-
		375,084,451	314,399,538	68
Total liabilities and equity		\$ 533,906,327	\$ 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	%
Net sales	4, 5, 6(21)	\$ 322,145,988	100	\$ 246,221,731	100
Operating costs	4, 5, 6(7), 6(24), 7	(180,610,472)	(56)	(143,176,223)	(58)
Gross profit		141,535,516	44	103,045,508	42
Operating expenses	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)
Operating income		43,219,239	14	22,567,452	9
Non-operating income and expenses					
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
Net income before income tax		47,582,686	15	27,027,369	11
Income tax expense	4, 5, 6(30)	(6,144,113)	(2)	(3,823,059)	(2)
Net income		41,438,573	13	23,204,310	9
Other comprehensive income	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	-
Other comprehensive income, net of tax		31,140,808	10	29,821,023	12
Total comprehensive income		\$ 72,579,381	23	\$ 53,025,333	21
Net income for the periods attributable to :					
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	
Total comprehensive income for the periods attributable to :					
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										Non-controlling interests	Total equity
	Share capital		Retained earnings			Other equity						
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others	Treasury shares	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of January 1, 2019	\$ 15,915,070	\$ -	\$ 85,237,214	\$ 39,431,639	\$ 106,577,764	\$ (1,222,342)	\$ 26,438,344	\$ (1,365,498)	\$ (55,970)	\$ 272,946,221	\$ 1,379,866	\$ 274,325,907
Appropriation and distribution of 2018 earnings:	-	-	-	2,076,050	(2,076,050)	-	-	-	-	-	-	-
Legal reserve	-	-	-	2,076,050	(2,076,050)	-	-	-	-	(9,525,233)	-	(9,525,233)
Cash dividends	-	-	-	2,076,050	(11,601,283)	-	-	-	-	(9,525,233)	-	(9,525,233)
Total	-	-	-	2,076,050	(11,601,283)	-	-	-	-	(9,525,233)	-	(9,525,233)
Cash dividends distributed from capital surplus	-	-	(4,762,617)	-	-	-	-	-	-	(4,762,617)	-	(4,762,617)
Profit for the year ended December 31, 2019	-	-	-	-	23,032,721	-	-	-	-	23,032,721	171,589	23,204,310
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(58,130)	(2,727,299)	32,648,943	-	-	29,863,514	(42,491)	29,821,023
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	(20,341)	-	(1,520)	-	37,237	-	-	268,785	-	1,978,277	-	1,978,277
Issuance of restricted stock for employees	-	-	1,692,596	-	-	-	-	-	-	128,895	-	128,895
Changes in other capital surplus	-	-	128,895	-	-	-	-	-	-	128,895	-	128,895
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,738,608	-	(8,754,607)	-	-	(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	(1,096,713)	(55,970)	312,750,344	1,649,194	314,399,538
Appropriation and distribution of 2019 earnings:	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	3,075,336	(3,075,336)	-	-	-	-	-	-	-
Cash dividends	-	-	-	3,075,336	(7,944,252)	-	-	-	-	(7,944,252)	-	(7,944,252)
Total	-	-	-	3,075,336	(11,019,388)	-	-	-	-	(7,944,252)	-	(7,944,252)
Cash dividends distributed from capital surplus	-	-	(8,738,677)	-	-	-	-	-	-	(8,738,677)	-	(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	-	-	-	-	-	-	-	-	(53,600)	(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	583,585	1,769,562
Issuance of restricted stock for employees	(13,417)	-	284,705	-	3,352	-	-	767,140	-	1,041,780	-	1,041,780
Changes in other capital surplus	-	-	(49,636)	-	-	-	-	-	-	(49,636)	-	(49,636)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,625,247	-	(15,625,247)	-	-	-	-	-
Balance as of December 31, 2020	\$ 15,900,622	\$ 2,133	\$ 76,745,750	\$ 44,583,025	\$ 175,052,205	\$ (8,710,844)	\$ 70,646,673	\$ (329,573)	\$ (55,970)	\$ 371,833,821	\$ 3,250,650	\$ 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

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
Cash flows from operating activities :		
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
Cash flows from investing activities :		
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
Cash flows from financing activities :		
(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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. Organization and Operation

As officially approved, MediaTek Inc. (“MTK”) was incorporated at Hsinchu Science-based Industrial Park on May 28, 1997. Since then, it has been specialized in the R&D, production, manufacturing and marketing of multimedia integrated circuits (ICs), computer peripherals oriented ICs, high-end consumer-oriented ICs and other ICs of extraordinary application. Meanwhile, it has rendered design, test runs, maintenance and repair and technological consultation services for software & hardware of the aforementioned products, import and export trades for the aforementioned products, sale and delegation of patents and circuit layout rights for the aforementioned products.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 19, 2021.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

MTK and its subsidiaries (“the Company”) applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2020. The application of these new standards and amendments had no material effect on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) and endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Dates
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	“Financial Instruments”, “Financial Instruments: Recognition and Measurement”, “Financial Instruments: Disclosures”, “Insurance Contracts”, “Leases” - Interest Rate Benchmark Reform - Phase 2 (Amendment)	January 1, 2021

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The abovementioned standards and interpretations issued by IASB and have been endorsed by FSC will become effective for annual periods beginning on or after January 1, 2021 and have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC and not yet adopted by the Company as at the end of the reporting period are listed below:

<u>Standards or Interpretations Numbers</u>	<u>The Projects of Standards or Interpretations</u>	<u>Effective Dates</u>
IFRS 10 and IAS 28	“Consolidated Financial Statements” and “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)	To be determined by IASB
IFRS 17	“Insurance Contracts”	January 1, 2023
IAS 1	“Classification of Liabilities as Current or Non-current” (Amendment)	January 1, 2023
IFRS 3, IAS 16 and IAS 37	“Business Combination”, “Property, Plant and Equipment” and “Provisions, Contingent Liabilities and Contingent Assets” (Amendment) and the Annual Improvements	January 1, 2022
IAS 1	“Disclosure Initiative - Accounting Policies” (Amendment)	1 January 2023
IAS 8	“Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of accounting estimates (Amendment)	1 January 2023

- A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” (IFRS 10) and IAS 28 “Investments in Associates and Joint Ventures” (IAS 28), in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of a subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “Business Combinations” (IFRS 3) between an investor and its associate or joint venture is recognized in full.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

The abovementioned standards and interpretations issued by IASB have not yet been recognized by FSC at the date of issuance of the Company's financial statements, the local effective dates are to be determined by FSC. As the Company is currently determining the potential impact of the standards and interpretations listed under A, it is not practicable to estimate the impact on the Company at this point in time. All other standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and TIFRS as endorsed by FSC.

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

Basis of Consolidation

Preparation principle of consolidated financial statement

Control is achieved when MTK is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, MTK controls an investee if and only if MTK has:

- (1) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (2) exposure, or rights, to variable returns from its involvement with the investee; and
- (3) the ability to use its power over the investee to affect its returns.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When MTK has less than a majority of the voting or similar rights of an investee, MTK considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (1) the contractual arrangement with the other vote holders of the investee;
- (2) rights arising from other contractual arrangements;
- (3) MTK's voting rights and potential voting rights.

MTK re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If loses control of a subsidiary, it:

- (1) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (2) derecognizes the carrying amount of any non-controlling interest;
- (3) recognizes the fair value of the consideration received;
- (4) recognizes the fair value of any investment retained;
- (5) recognizes any surplus or deficit in profit or loss; and
- (6) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
MTK	Hsu-Ta Investment Corp.	General investing	100%	100%	-
MTK	MediaTek Singapore Pte. Ltd.	Research, manufacturing and sales	100%	100%	-
MTK	MediaTek Investment Singapore Pte. Ltd.	General investing	100%	100%	-
MTK	MStar International Technology Inc.	Research	100%	100%	-
MTK	HFI Innovation Inc.	Intellectual property right management	100%	100%	-
MTK	Airoha Technology Corp.	Research, manufacturing and sales	-	-	1
MTK	MStar France SAS	Research	-	100%	2
MTK	MStar Co., Ltd.	General investing	100%	100%	-
MTK	Digimoc Holdings Limited	General investing	100%	100%	-
MTK	MStar Semiconductor UK Ltd.	Research and technical services	-	-	3
MTK	MShining International Corporation	Sales	-	100%	4
MTK	Sigmastar Technology Inc.	General investing	-	-	5
MTK	Spidcom Technologies	Intellectual property right management	100%	100%	-
MTK	ILI Technology Corporation	Research, manufacturing and sales	-	-	6,26
MTK	Hsu-Si Investment Corp.	General investing	100%	-	7

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
MTK	Richtek Technology Corp.	Research, manufacturing and sales	100%	-	8
Hsu-Ta Investment Corp.	Core Tech Resources Inc.	General investing	100%	100%	-
Hsu-Ta Investment Corp.	MediaTek Capital Co.	General investing	100%	100%	-
Hsu-Ta Investment Corp.	MediaTek Bangalore Private Limited	Research	0%	0%	-
Hsu-Ta Investment Corp.	Hsu-Si Investment Corp.	General investing	-	100%	7
MediaTek Capital Co.	RollTech Technology Co., Ltd.	Research	-	100%	9
MediaTek Capital Co.	Chingis Technology Corporation	Research	100%	100%	-
MediaTek Capital Co.	Velocenet Inc.	Research	-	-	10
MediaTek Capital Co.	Nephos (Taiwan) Inc.	Research	-	-	11
MediaTek Capital Co.	MediaTek Research Corp.	Research	100%	100%	-
MediaTek Capital Co.	InnoFusion Technology Corp.	Technical services	100%	-	12
Core Tech Resources Inc.	MediaTek India Technology Pvt. Ltd.	Research	0%	0%	-
Hsu-Si Investment Corp.	Richtek Technology Corp.	Research, manufacturing and sales	-	100%	8
Hsu-Si Investment Corp.	Airoha Technology Corp.	Research, manufacturing and sales	100%	100%	1

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Hsu-Si Investment Corp.	Airoha (Cayman) Inc.	General investing	46%	100%	-
Richtek Technology Corp.	Richstar Group Co., Ltd.	General investing	-	100%	13
Richtek Technology Corp.	Ironman Overseas Co., Ltd.	General investing	-	100%	14
Richtek Technology Corp.	Richtek Europe Holding B.V.	General investing	100%	100%	-
Richtek Technology Corp.	Richtek Holding International Limited	General investing	100%	100%	-
Richtek Technology Corp.	Richpower Microelectronics Corp.	General investing	-	100%	15
Richtek Technology Corp.	Li-Yu Investment Corp.	General investing	100%	100%	-
Richtek Technology Corp.	Richnex Microelectronics Corp.	Research, manufacturing and sales	82%	82%	-
Richtek Technology Corp.	Richtek Global Marketing Co., Ltd.	General investing	-	-	16
Richtek Technology Corp.	Richtek Korea LLC.	Research and technical services	100%	100%	16
Richtek Technology Corp.	Richtek USA Inc.	Sales and technical services	100%	-	13
Richtek Technology Corp.	Richpower Microelectronics Co., Ltd.	Technical services	100%	-	17
Richtek Technology Corp.	Li-We Technology Corp.	Technical services	100%	-	14
Richtek Technology Corp.	Richtek IC Design Ireland Limited	Research	100%	-	18

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Richstar Group Co., Ltd.	Richtek USA Inc.	Sales and technical services	-	100%	13
Ironman Overseas Co., Ltd.	Cosmic-Ray Technology Limited	General investing	-	100%	14
Richtek Europe Holding B.V.	Richtek Europe B.V.	Marketing services	100%	100%	-
Cosmic-Ray Technology Limited	Li-We Technology Corp.	Technical services	-	100%	14
Richpower Microelectronics Corp.	Richpower Microelectronics Corporation	Administrative services	-	100%	15
Richpower Microelectronics Corp.	Richpower Microelectronics Co., Ltd.	Technical services	-	100%	17
Li-Yu Investment Corp.	Corporate Event Limited	Technical services	-	51%	19
Richtek Global Marketing Co., Ltd.	Richtek Korea LLC.	Sales and technical services	-	-	16
Airoha (Cayman) Inc.	Airotek (Shenzhen) Inc.	Research and technical services	100%	100%	-
Airoha (Cayman) Inc.	Airotek (Chengdu) Inc.	Research	100%	100%	-
Airoha Technology Corp.	Airoha Technology (Samoa) Corp.	General investing	-	100%	20
MediaTek India Technology Pvt. Ltd.	MStar Semiconductor India Private Limited	Research and technical services	-	100%	21
Gaintech Co. Limited	MediaTek China Limited	General investing	100%	100%	-
Gaintech Co. Limited	MTK Wireless Limited (UK)	Research	100%	100%	-

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Gaintech Co. Limited	MediaTek Japan Inc.	Technical services	100%	100%	-
Gaintech Co. Limited	MediaTek India Technology Pvt. Ltd.	Research	100%	100%	-
Gaintech Co. Limited	MediaTek Korea Inc.	Research	100%	100%	-
Gaintech Co. Limited	Gold Rich International (Samoa) Limited	General investing	100%	100%	-
Gaintech Co. Limited	Smarterhead Limited	General investing	100%	100%	-
Gaintech Co. Limited	Ralink Technology (Samoa) Corp.	General investing	100%	100%	-
Gaintech Co. Limited	EcoNet (Cayman) Inc.	General investing	76%	75%	-
Gaintech Co. Limited	MediaTek Wireless FZ-LLC	Technical services	100%	100%	-
Gaintech Co. Limited	Digital Lord Limited	General investing	-	-	22
Gaintech Co. Limited	Hsu Chia (Samoa) Investment Ltd.	General investing	100%	100%	-
Gaintech Co. Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	100%	100%	-
Gaintech Co. Limited	Hsu Kang (Samoa) Investment Ltd.	General investing	100%	100%	-
Gaintech Co. Limited	Nepfos Pte. Ltd.	Research	100%	100%	-
Gaintech Co. Limited	Nepfos Inc.	Research	-	-	23
Gaintech Co. Limited	Nepfos Cayman Co. Limited	General investing	100%	100%	-
Gaintech Co. Limited	White Dwarf Limited	General investing	-	-	24
Gaintech Co. Limited	Zelus Technology (HangZhou) Ltd.	Research and sales	91%	90%	-
Gaintech Co. Limited	IStar Technology Ltd.	General investing	100%	100%	-
Gaintech Co. Limited	MediaTek Research UK Limited	Research	-	100%	25
Gaintech Co. Limited	ILI Technology Holding Corporation	General investing	-	100%	26

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Gaintech Co. Limited	Lepower (HK) Limited	General investing	100%	100%	22
Gaintech Co. Limited	Sigmastar Technology Inc.	General investing	100%	100%	5
Gaintech Co. Limited	Mountain Capital Fund, L.P.	General investing	90%	90%	27
MediaTek China Limited	MediaTek (Hefei) Inc.	Research	100%	100%	-
MediaTek China Limited	MediaTek (Beijing) Inc.	Research	100%	100%	-
MediaTek China Limited	MediaTek (Shenzhen) Inc.	Research and technical services	100%	100%	-
MediaTek China Limited	MediaTek (Chengdu) Inc.	Research	100%	100%	-
MediaTek China Limited	MediaTek (Wuhan) Inc.	Research	100%	100%	-
MediaTek China Limited	Xuxin Investment (Shanghai) Inc.	General investing	100%	100%	-
MediaTek China Limited	MediaTek (Shanghai) Inc.	Research	100%	100%	-
MTK Wireless Limited (UK)	MediaTek Sweden AB	Research	100%	100%	-
MTK Wireless Limited (UK)	MediaTek USA Inc.	Research	100%	100%	-
MTK Wireless Limited (UK)	MediaTek Wireless Finland Oy	Research	100%	100%	-
MTK Wireless Limited (UK)	MStar Semiconductor UK Ltd.	Research and technical services	100%	100%	3
MTK Wireless Limited (UK)	Nephos Inc.	Research	-	-	23
MTK Wireless Limited (UK)	Mstar France SAS	Research	100%	-	2
Gold Rich International (Samoa) Limited	Gold Rich International (HK) Limited	General investing	100%	100%	-

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Digital Lord Limited	Lepower (HK) Limited	General investing	-	-	22
EcoNet (Cayman) Inc.	Shadow Investment Limited	General investing	100%	100%	-
EcoNet (Cayman) Inc.	EcoNet (HK) Limited	General investing, research, manufacturing and sales	100%	100%	-
EcoNet (Cayman) Inc.	MediaTek Research UK Limited	Research	100%	-	25
EcoNet (HK) Limited	EcoNet (Suzhou) Limited	Research, manufacturing and sales	100%	100%	-
EcoNet (Suzhou) Limited	EcoNet Limited	General investing and sales	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	MediaTek Bangalore Private Limited	Research	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	Gaintech Co. Limited	General investing	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	Cloud Ranger Limited	General investing	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	MStar Semiconductor India Private Limited	Research and technical services	-	-	21
Sigmastar Technology Inc.	Xiamen Sigmastar Technology Inc.	Research, manufacturing and sales	50%	80%	-
Sigmastar Technology Inc.	InnoFusion Technology Corp.	Technical services	-	100%	12
Xiamen Sigmastar Technology Inc.	Shenzhen Sing Chen Technology Inc.	Research	100%	100%	-
Xiamen Sigmastar Technology Inc.	SigmaStar Technology Inc. (Shanghai)	Research	100%	100%	-
MStar Co., Ltd.	MStar Software R&D (Shenzhen), Ltd.	Technical services	100%	100%	-

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
MStar Software R&D (Shenzhen), Ltd.	MStar Chen Xi Software Shanghai Ltd.	Technical services	-	100%	28
IStar Technology Ltd.	Beijing Ilitek Technology Co., Ltd.	Research and technical services	100%	100%	-
IStar Technology Ltd.	ShenZhen ZhongChen Semiconductor Ltd.	Technical services	100%	100%	-
ILI Technology Holding Corporation	ILI Technology Corporation	Research, manufacturing and sales	-	100%	6,26
ILI Technology Corporation	ILITEK Holding Inc.	General investing	-	100%	26
ILITEK Holding Inc.	ILI Technology (SZ) Ltd.	Technical services	-	100%	26
Nephos Cayman Co. Limited	Nephos (Hefei) Co., Ltd.	Research, manufacturing and sales	100%	100%	-
Nephos (Hefei) Co., Ltd.	Nephos (Beijing) Co., Ltd.	Research	-	100%	29
Xuxin Investment (Shanghai) Inc.	Xuxi (Shanghai) Management Consulting Co., Ltd.	General investing	100%	100%	30
Xuxi (Shanghai) Management Consulting Co., Ltd.	Hefei Xuhui Management Consulting Co., Ltd.	General investing	100%	100%	31
Lepower (HK) Limited	Shanghai Celeste Technology Co., Ltd	Research, manufacturing and sales	-	-	32

1. For the purpose of reorganization, the 7% ownership of Airoha Technology Corp., which was previously owned by MediaTek Inc., was transferred to Hsu-Si Investment Corp. in August 2019.
2. For the purpose of reorganization, the 100% ownership of MStar France SAS, which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in November 2020.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

3. For the purpose of reorganization, the 100% ownership of MStar Semiconductor UK Ltd., which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in August 2019.
4. For the purpose of reorganization, MShining International Corporation was dissolved due to merger with Hsu-Ta Investment Corp. in December 2020.
5. For the purpose of reorganization, the 100% ownership of Sigmastar Technology Inc., which was previously owned by MediaTek Inc., was transferred to Gaintech Co. Limited in August 2019.
6. For the purpose of reorganization, the 100% ownership of ILI Technology Corporation, which was previously owned by MediaTek Inc., was transferred to ILI Technology Holding Corporation in May 2019.
7. For the purpose of reorganization, the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp., was transferred to MediaTek Inc. in April 2020.
8. For the purpose of reorganization, the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to MediaTek Inc. in April 2020.
9. For the purpose of reorganization, RollTech Technology Co., Ltd. was dissolved due to merger with MediaTek Capital Co. in February 2020.
10. For the purpose of reorganization, Velocenet Inc. was dissolved due to merger with MediaTek Capital Co. in December 2019.
11. For the purpose of reorganization, Nephos (Taiwan) Inc. was dissolved due to merger with MediaTek Capital Co. in December 2019.
12. For the purpose of reorganization, the 100% ownership of InnoFusion Technology Corp., which was previously owned by Sigmastar Technology Inc., was transferred to MediaTek Capital Co. in October 2020.
13. For the purpose of reorganization, Richstar Group Co., Ltd. has been liquidated in July 2020. The 100% ownership of Richtek USA Inc., which was previously owned by Richstar Group Co., Ltd., was transferred to Richtek Technology Corp.
14. For the purpose of reorganization, Ironman Overseas Co., Ltd. and its subsidiary, which were previously owned by Ironman Overseas Co., Ltd have been liquidated in November 2020. The 100% ownership of Li-We Technology Corporation, which was previously owned by Cosmic-Ray Technology Limited, was transferred to Richtek Technology Corp.
15. For the purpose of reorganization, Richpower Microelectronics Corp. and its subsidiary, which were previously owned by Richpower Microelectronics have been liquidated in November 2020.
16. For the purpose of reorganization, Richtek Global Marketing Co., Ltd. has been liquidated in November 2019. The 100% ownership of Richtek Korea LLC., which was previously owned by Richtek Global Marketing Co., Ltd., was transferred to Richtek Technology Corp.
17. For the purpose of reorganization, the 100% ownership of Richpower Microelectronics Co., Ltd., which was previously owned by Richpower Microelectronics Corp., was transferred to Richtek Technology Corp. in July 2020.
18. Richtek Technology Corp. established Richtek IC Design Ireland Limited in November 2020.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

19. For the purpose of reorganization, Corporate Event Limited has been liquidated in March 2020.
20. For the purpose of reorganization, Airoha Technology (Samoa) Corp. has been liquidated in January 2020.
21. For the purpose of reorganization, the 100% ownership of MStar Semiconductor India Private Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to MediaTek India Technology Pvt. Ltd. in November 2019. Moreover, MStar Semiconductor India Private Limited was dissolved due to merger with MediaTek India Technology Pvt. Ltd. in June 2020.
22. For the purpose of reorganization, Digital Lord Limited has been liquidated in October 2019. The 100% ownership of Lepower (HK) Limited, which was previously owned by Digital Lord Limited, was transferred to Gaintech Co. Limited.
23. For the purpose of reorganization, the 100% ownership of Nephos Inc., which was previously owned by Gaintech Co. Limited, was transferred to MTK Wireless Limited (UK) in September 2019. Moreover, Nephos Inc. was dissolved due to merger with MediaTek USA Inc. in October 2019.
24. For the purpose of reorganization, White Dwarf Limited has been liquidated in October 2019.
25. For the purpose of reorganization, the 100% ownership of MediaTek Research UK Limited, which was previously owned by Gaintech Co. Limited, was transferred to EcoNet (Cayman) Inc. in August 2020.
26. Gaintech Co. Limited has completed the transfer of shareholding rights of ILI Technology Holding Corporation by November 2020.
27. Mountain Capital Fund, L.P. has been included in the consolidated entities as the Company obtained control over it.
28. For the purpose of reorganization, MStar Chen Xi Software Shanghai Ltd. has been liquidated in December 2020.
29. For the purpose of reorganization, Nephos (Beijing) Co., Ltd. has been liquidated in September 2020.
30. Xuxin Investment (Shanghai) Inc. established Xuxi (Shanghai) Management Consulting Co., Ltd. in April 2019.
31. Xuxi (Shanghai) Management Consulting Co., Ltd. established Hefei Xuhui Management Consulting Co., Ltd. in April 2019.
32. Lepower (HK) Limited established Shanghai Celeste Technology Co., Ltd. in February 2020. Moreover, Lepower (HK) Limited has been liquidated in September 2020.

Foreign currency transactions

The Company's consolidated financial statements are presented in NT\$, which is also the parent company's functional currency. Each entity in the Company determines its functional currency upon its primary economic environment and items included in the financial statements of each entity are measured using that functional currency.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (2) Foreign currency items within the scope of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.
- (3) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

Current and non-current distinction

An asset is classified as current when:

- (1) the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (2) the Company holds the asset primarily for the purpose of trading.
- (3) the Company expects to realize the asset within twelve months after the reporting period.
- (4) the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (1) the Company expects to settle the liability in its normal operating cycle.
- (2) the Company holds the liability primarily for the purpose of trading.
- (3) the liability is due to be settled within twelve months after the reporting period.
- (4) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

- A. the Company's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

a. Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

b. Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - I. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - II. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Besides, at initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should be recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

c. Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivables.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money; and
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The loss allowance is measured as follows:

- A. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- B. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. for trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. for financing lease receivable arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

- A. the rights to receive cash flows from the asset have expired.
- B. the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Financial liabilities and equity

A. Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

B. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. Gains or losses on the subsequent measurement of liabilities held for trading including interest paid are recognized in profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency;
or
 - (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the company is provided internally on that basis to the key management personnel.
- b. Financial liabilities at amortized cost
- Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.
- Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.
- c. Derecognition of financial liabilities
- A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (1) in the principal market for the asset or liability; or
- (2) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Inventories

Inventory costs include costs incurred in bringing each inventory to its present location and condition. Raw materials are valued at purchase cost. Finish goods and work in progress include cost of direct materials and related manufacturing overheads. Inventories are valued at lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Inventories that were not sold or moved for further production were assessed allowance and set aside to reflect the potential loss from stock obsolescence.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Investments accounted for using the equity method

The Company's investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new shares, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the ‘share of profit or loss of an associate’ in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	3-50 years
Machinery and equipment	3-8 years
Computer and telecommunication equipment	3-5 years
Testing equipment	3-5 years
Miscellaneous equipment	2-10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	40-50 years
Right-of-use assets	29-50 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company decides to transfer to or from investment properties based on the actual usage of the assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (1) the right to obtain substantially all of the economic benefits from use of the identified asset;
and
- (2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

A. The Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable by the lessee under residual value guarantees;
- d. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- e. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a. the amount of the initial measurement of the lease liability;
- b. any lease payments made at or before the commencement date, less any lease incentives received;
- c. any initial direct costs incurred by the lessee; and
- d. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the consolidated income statement.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

B. The Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

Expenditures related to research activities as well as those expenditures not meeting the criteria for capitalization are expensed when incurred. Expenditures related to development activities meeting the criteria for capitalization are capitalized.

The Company's intangible assets mainly include trademarks, patents, software, customer relationship, IPs and others which are acquired from third parties or business combinations. A summary of the amortization policies applied to the Company's intangible assets is as follows:

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Trademarks	Patents	Software	Customer relationship	IPs and others
2-7 years	2-7 years	2-5 years	7-10 years	2-7 years

Abovementioned intangible assets are amortized on a straight-line basis over the estimated useful life.

The Company's intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Sales returns and allowances (Refund liabilities)

The Company estimates sales returns and allowances based on past experience and other known factors in accordance with IFRS 15, which are recognized as deduction of operating revenue and refund liabilities.

Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follows:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company is multimedia integrated circuit chip and revenue is recognized based on the consideration stated in the contract. However, sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experience, the Company uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized during the period specified in the contract.

The credit period of the Company's sale of goods is from 30 to 150 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Company provides non-recurring engineering services. Revenues are recognized based on the stage of completion of the contracts. Besides, if there are sales transactions included in the services contracts, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contracts, net of the estimated volume discounts. Based on previous experience, the Company uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Contract liabilities are also recognized during the period specified in the contract.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The contractual considerations of the Company are received in accordance with the payment schedule set by the contracts. When the Company has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Silicon intellectual property license

Licensing is to provide customers the right to use intellectual properties. The amount allocated to performance obligation-licenses of intellectual property is recognized as revenue at a point in time in which the licence is granted.

Post-employment benefits

All regular employees of MTK and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with MTK and its domestic subsidiaries. Therefore, fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, MTK and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment; and
- B. the date that the Company recognizes related restructuring or termination costs.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognizes unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period. When a subsidiary issues restricted shares, the subsidiary shall follow the same accounting policy, and any equity variances resulted shall be attributed to non-controlling interests in the consolidated financial statements.

Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

A. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by shareholders.

B. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- a. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- a. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 "Financial Instruments" either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if they are available for immediate sale in their present condition subject only to terms that are usual and customary for sale of such assets or disposal group and that are highly probable to complete within one year. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The judgments and estimates made by the Company are based on historical experience and other related factors and continuously being evaluated and adjusted. Please refer to below description:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A. Fair value of Level 3 financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Valuation of inventory- estimation of obsolescence provision

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time period, therefore it may cause material adjustments.

C. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

D. Revenue recognition - sales returns and discounts

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6. (16) for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 1,921	\$ 4,182
Checking and savings accounts	29,618,766	20,314,514
Time deposits	166,732,673	157,063,421
Cash equivalents - repurchase agreements	131,422	102,787
Cash in transit	94,963	60,010
Total	<u>\$ 196,579,745</u>	<u>\$ 177,544,914</u>

Time deposits include deposits whose maturities are within twelve months and are readily convertible to known amounts of cash with values subject to an insignificant risk of changes.

Cash and cash equivalents were not pledged.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(2) Financial assets and financial liabilities at fair value through profit or loss

	December 31, 2020	December 31, 2019
<u>Current</u>		
<u>Financial assets mandatorily</u>		
<u>measured at fair value through</u>		
<u>profit or loss</u>		
Funds	\$ 6,700,296	\$ 5,891,239
Linked deposits	1,682,717	238,004
Bonds	68,419	132,466
Capital	43,690	-
Stocks	-	76,404
Forward exchange contracts	9,585	4,621
Total	<u>\$ 8,504,707</u>	<u>\$ 6,342,734</u>
<u>Held for trading financial liabilities</u>		
Forward exchange contracts	<u>\$ 10,329</u>	<u>\$ 9,085</u>
<u>Noncurrent</u>		
<u>Financial assets mandatorily</u>		
<u>measured at fair value through</u>		
<u>profit or loss</u>		
Linked deposits	\$ 3,201,009	\$ 5,644,579
Bonds	295,165	346,517
Trust funds	919,093	576,848
Stocks	196,319	300,259
Total	<u>\$ 4,611,586</u>	<u>\$ 6,868,203</u>

Financial assets at fair value through profit or loss were not pledged.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
<u>Current</u>		
<u>Debt instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Bonds	\$ 256,085	\$ 238,355
<u>Equity instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Listed company stocks	4,117,403	18,651,002
Unlisted company stocks	-	137,247
Subtotal	4,117,403	18,788,249
Total	\$ 4,373,488	\$ 19,026,604
<u>Noncurrent</u>		
<u>Debt instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Bonds	\$ 1,348,726	\$ 1,627,019
<u>Equity instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Listed company stocks	22,373,009	26,415,109
Capital	17,263,503	11,979,752
Unlisted company stocks	5,547,578	7,207,708
Funds	3,340,082	2,993,489
Subtotal	48,524,172	48,596,058
Total	\$ 49,872,898	\$ 50,223,077

Financial assets at fair value through other comprehensive income were not pledged.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

No impairment was recognized for debt instrument investments measured at fair value through other comprehensive income. Please refer to Note 12 for more details on credit risk.

The Company has equity instrument investments measured at fair value through other comprehensive income. Details on dividends recognized for the years ended of 2020 and 2019 are as follows:

	For the years ended	
	December 31	
	2020	2019
Related to investments held at the end of the reporting period	\$ 1,422,408	\$ 367,188
Related to investments derecognized during the period	-	2,684
Dividends recognized during the period	<u>\$ 1,422,408</u>	<u>\$ 369,872</u>

In consideration of disposition according to the Company's investment strategy, the Company derecognized certain equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of the investments for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended	
	December 31	
	2020	2019
The fair value of the investments at the date of derecognition	<u>\$ 16,224,701</u>	<u>\$ 11,632,381</u>
The cumulative gain on disposal	<u>\$ 15,811,120</u>	<u>\$ 9,667,162</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
<u>Current</u>		
Bonds	\$ 655,356	\$ 259,415
<u>Noncurrent</u>		
Bonds	9,616,892	2,253,036
Time deposits (including the portion with maturity later than one year)	1,997,644	317,006
Subtotal	11,614,536	2,570,042
Total	\$ 12,269,892	\$ 2,829,457

No loss allowance was recognized for financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for more details on credit risk.

(5) Trade receivables and trade receivables from related parties

	December 31, 2020	December 31, 2019
Trade receivables	\$ 33,131,968	\$ 26,920,545
Less: allowance for doubtful debts	(43,315)	(91,274)
Subtotal	33,088,653	26,829,271
Trade receivables from related parties	630	5,000
Less: allowance for doubtful debts	-	-
Subtotal	630	5,000
Total	\$ 33,089,283	\$ 26,834,271

Trade receivables and trade receivables from related parties were not pledged.

Trade receivables are generally on 30 to 150 day terms. The total carrying amounts were NT\$33,132,598 thousand and NT\$26,925,545 thousand as of December 31, 2020 and 2019, respectively. Please refer to Note 6. (22) for more details on impairment of trade receivables for the years ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$5,620,541 thousand and NT\$2,472,998 thousand as of December 31, 2020 and 2019, respectively.

(6) Other receivables

	December 31, 2020	December 31, 2019
Factoring receivables	\$ 3,662,267	\$ 3,436,924
Others	3,983,385	2,876,154
Total	<u>\$ 7,645,652</u>	<u>\$ 6,313,078</u>

The Company entered into several factoring agreements without recourse with financial institutions. According to those agreements, the Company does not take the risk of uncollectible trade receivables, but only the risk of loss due to commercial disputes. The Company did not provide any collateral, and the factoring agreements met the criteria of financial asset derecognition. The Company derecognized related trade receivables after deducting the estimated value of commercial disputes. Receivables from banks due to factoring agreement were NT\$3,662,267 thousand and NT\$3,436,924 thousand as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, trade receivables derecognized were summarized (by transferee) as follows:

A. As of December 31, 2020:

The Factor (Transferee)	Interest Rate (%)	Trade receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (US\$'000)
BNP Paribas	-	\$ 20,795	\$ -	\$ 20,795	\$ 155,000
Taishin International Bank	-	105,810	-	105,810	127,000
SMBC	-	-	-	-	14,000
CTBC	-	904	-	904	1,800
SinoPac	-	601	-	601	5,000
CHB	-	263	-	263	1,200
SKCB	-	92	-	92	2,500
ESB	-	-	-	-	15,000
Total		<u>\$ 128,465</u>	<u>\$ -</u>	<u>\$ 128,465</u>	<u>\$ 321,500</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. As of December 31, 2019:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
Taishin					
International Bank	-	\$ 67,421	\$ -	\$ 67,421	\$ 116,000
BNP Paribas	-	46,587	-	46,587	155,000
CHB	-	153	-	153	1,200
CTBC	-	-	-	-	1,675
SMBC	-	-	-	-	12,000
SKCB	-	-	-	-	2,500
Total		\$ 114,161	\$ -	\$ 114,161	\$ 288,375

(7) Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 2,975,616	\$ 1,944,316
Work in progress	24,766,494	17,247,335
Finished goods	9,935,260	8,423,586
Net amount	\$ 37,677,370	\$ 27,615,237

The cost of inventories recognized in expenses amounted to NT\$180,610,472 thousand and NT\$143,176,223 thousand, including the reversal of write-down of inventories of NT\$2,051,859 thousand and NT\$320,946 thousand for the years ended December 31, 2020 and 2019 because of circumstances that caused the net realizable value of inventory to be lower than its cost no longer existed, respectively.

Inventories were not pledged.

(8) Prepayments

	December 31, 2020	December 31, 2019
Prepaid expenses	\$ 541,919	\$ 864,904
Input tax	229,322	187,474
Others	678,160	497,707
Total	\$ 1,449,401	\$ 1,550,085

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(9) Investments accounted for using the equity method

Details of investments in associates and jointly controlled entities are as follows:

Investees	December 31, 2020		December 31, 2019	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
VanChip (TianJin)				
Technology Co., Ltd.	\$ 1,086,946	30	\$ -	-
FONTAINE CAPITAL				
FUND, L.P.	2,831,721	57	1,180,774	57
Others	892,634	-	1,074,961	-
Subtotal	<u>4,811,301</u>		<u>2,255,735</u>	
Investments in jointly controlled entities:				
Yuan Ke (Pingtan) Investment				
Fund Limited Partnership	<u>45,856,538</u>	81	<u>11,360,790</u>	81
Total	<u>\$ 50,667,839</u>		<u>\$ 13,616,525</u>	

Subsidiary Gaintech Co. Limited acquired the 40% ownership of Vanchip (Tianjin) Technology Co., Ltd (“Vanchip”) by cash in the amount of USD\$40,000,000 in March 2020.

In October 2020, the Company disposed of a portion of Vanchip shares and its ownership was reduced to 30%. Since the Company does not have the ability to direct the relevant activities of Vanchip and therefore does not have control, the Company accounts for the Vanchip investment using the equity method.

Although partial of the Company’s ownership in the aforementioned investments were higher than 50%, those investments were Limited Partnership and the Company served as a Limited Partner which had no ability to direct the relevant activities of them. Therefore, the Company had no control over them and they were not included in the consolidated entities.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The Company's investments in associates and jointly controlled entities were not individually material. The following table summarizes financial information of the Company's ownership in the associates and jointly controlled entities:

A. Investments in associates

	For the years ended	
	December 31	
	2020	2019
Loss from continuing operations	\$ 112,061	\$ (145,013)
Other comprehensive income (post-tax)	16,529	(2,991)
Total comprehensive income	<u>\$ 128,590</u>	<u>\$ (148,004)</u>

B. Investments in jointly controlled entities

	For the years ended	
	December 31	
	2020	2019
Loss from continuing operations	\$ 234,224	\$ (119,922)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$ 234,224</u>	<u>\$ (119,922)</u>

The associates and jointly controlled entities had no contingent liabilities or capital commitments and investments in associates and jointly controlled entities were not pledged as of December 31, 2020 and 2019.

(10) Property, plant and equipment

	December 31,	December 31,
	2020	2019
Owner-occupied property, plant and equipment	<u>\$ 38,971,343</u>	<u>38,889,940</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings and facilities			Machinery equipment		Computer and telecommunication equipment		Testing equipment		Miscellaneous equipment		Construction in progress and equipment awaiting examination		Total
Cost:															
As of January 1, 2020	\$ 5,600,152	\$ 29,837,633	\$ 1,270,287	\$ 7,623,697	\$ 10,593,637	\$ 1,693,986	\$ 623,585	\$ 57,242,977							
Additions-acquired separately	-	150,344	242,966	1,292,949	1,958,008	471,628	926,933	5,042,828							
Disposals	(145,418)	(558,467)	(321,531)	(199,186)	(153,670)	(418,749)	(5,374)	(1,802,395)							
Transfers	24,652	(35,436)	(658)	-	217,734	(77,406)	(363,309)	(234,423)							
Exchange differences	-	142,297	(1,275)	(37,176)	16,087	(41,577)	4,091	82,447							
As of December 31, 2020	\$ 5,479,386	\$ 29,536,371	\$ 1,189,789	\$ 8,680,284	\$ 12,631,796	\$ 1,627,882	\$ 1,185,926	\$ 60,331,434							
As of January 1, 2019	\$ 5,486,945	\$ 28,032,356	\$ 1,231,413	\$ 5,881,516	\$ 8,900,423	\$ 2,113,288	\$ 1,702,221	\$ 53,348,162							
Additions-acquired separately	116,430	393,219	171,121	1,589,092	1,544,693	335,769	1,328,552	5,478,876							
Disposals	(3,223)	(123,265)	(52,662)	(219,045)	(229,891)	(395,316)	(7,758)	(1,031,160)							
Transfers	-	1,991,039	(78,109)	449,745	459,772	(318,306)	(2,390,025)	114,116							
Exchange differences	-	(455,716)	(1,476)	(77,611)	(81,360)	(41,449)	(9,405)	(667,017)							
As of December 31, 2019	\$ 5,600,152	\$ 29,837,633	\$ 1,270,287	\$ 7,623,697	\$ 10,593,637	\$ 1,693,986	\$ 623,585	\$ 57,242,977							

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of January 1, 2020	\$ -	\$ 4,986,476	\$ 639,192	\$ 5,252,552	\$ 6,551,451	\$ 923,366	\$ -	\$ 18,353,037
Depreciation	-	907,617	195,049	1,033,730	1,427,892	437,590	-	4,001,878
Disposals	-	(137,404)	(154,599)	(193,522)	(127,682)	(280,241)	-	(893,448)
Transfers	-	(70,294)	(226)	-	(171)	(2,418)	-	(73,109)
Exchange differences	-	18,500	(1,133)	(27,800)	12,352	(30,186)	-	(28,267)
As of December 31, 2020	\$ -	\$ 5,704,895	\$ 678,283	\$ 6,064,960	\$ 7,863,842	\$ 1,048,111	\$ -	\$ 21,360,091
As of January 1, 2019	\$ -	\$ 4,320,989	\$ 590,632	\$ 4,212,213	\$ 5,418,395	\$ 1,202,347	\$ -	\$ 15,744,576
Depreciation	-	845,879	170,733	1,030,898	1,281,701	429,442	-	3,758,653
Disposals	-	(117,587)	(56,609)	(208,994)	(215,537)	(398,020)	-	(996,747)
Transfers	-	(14,881)	(64,319)	283,503	137,955	(282,836)	-	59,422
Exchange differences	-	(47,924)	(1,245)	(65,068)	(71,063)	(27,567)	-	(212,867)
As of December 31, 2019	\$ -	\$ 4,986,476	\$ 639,192	\$ 5,252,552	\$ 6,551,451	\$ 923,366	\$ -	\$ 18,353,037
Net carrying amount as of:								
December 31, 2020	\$ 5,479,386	\$ 23,831,476	\$ 511,506	\$ 2,615,324	\$ 4,767,954	\$ 579,771	\$ 1,185,926	\$ 38,971,343
December 31, 2019	\$ 5,600,152	\$ 24,851,157	\$ 631,095	\$ 2,371,145	\$ 4,042,186	\$ 770,620	\$ 623,585	\$ 38,889,940

Please refer to Note 8 for more details on property, plant and equipment under pledge.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(11) Investment property

The Company's investment properties include both owned investment properties and investment properties held by the Company as right-of-use assets.

The Company has entered into commercial property leases for its owned investment properties with terms between 40 and 50 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The investment properties held by the Company as right-of-use assets with non-cancellable period of 3 to 50 years. Some of these contracts provide the Company options to extend the leases.

	Land	Buildings and facilities	Right-of-use assets	Total
Cost:				
As of January 1, 2020	\$ 201,536	\$ 802,035	\$ 67,992	\$ 1,071,563
Transfers	(24,652)	157,078	15,235	147,661
Exchange differences	-	5,936	76	6,012
As of December 31, 2020	<u>\$ 176,884</u>	<u>\$ 965,049</u>	<u>\$ 83,303</u>	<u>\$ 1,225,236</u>
As of January 1, 2019	\$ 201,536	\$ 808,452	\$ -	\$ 1,009,988
Additions from adoption of IFRS 16	-	-	63,946	63,946
Transfers	-	12,907	4,293	17,200
Exchange differences	-	(19,324)	(247)	(19,571)
As of December 31, 2019	<u>\$ 201,536</u>	<u>\$ 802,035</u>	<u>\$ 67,992</u>	<u>\$ 1,071,563</u>
Depreciation and impairment:				
As of January 1, 2020	\$ -	\$ 112,853	\$ 2,260	\$ 115,113
Depreciation	-	23,823	2,652	26,475
Transfers	-	69,833	700	70,533
Exchange differences	-	1,144	15	1,159
As of December 31, 2020	<u>\$ -</u>	<u>\$ 207,653</u>	<u>\$ 5,627</u>	<u>\$ 213,280</u>

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(Continued)

	Land	Buildings and facilities	Right-of-use assets (Note)	Total
As of January 1, 2019	\$ -	\$ 92,645	\$ -	\$ 92,645
Depreciation	-	21,726	2,268	23,994
Transfers	-	1,358	31	1,389
Exchange differences	-	(2,876)	(39)	(2,915)
As of December 31, 2019	<u>\$ -</u>	<u>\$ 112,853</u>	<u>\$ 2,260</u>	<u>\$ 115,113</u>
Net carrying amount as of:				
December 31, 2020	<u>\$ 176,884</u>	<u>\$ 757,396</u>	<u>\$ 77,676</u>	<u>\$ 1,011,956</u>
December 31, 2019	<u>\$ 201,536</u>	<u>\$ 689,182</u>	<u>\$ 65,732</u>	<u>\$ 956,450</u>

	For the years ended December 31	
	2020	2019
Rental income from investment properties	\$ 117,621	\$ 115,520
Less:		
Direct operating expenses from investment properties generating rental income	(26,475)	(23,994)
Total	<u>\$ 91,146</u>	<u>\$ 91,526</u>

Please refer to Note 8 for more details on investment properties under pledge.

The following fair value has been determined at balance sheet date partially based on comparative approach, and partially based on the weighted average calculation of comparative approach and income approach valuations, which were performed by an independent valuer. The significant assumptions and the fair value are as follows:

Based on comparative approach:	December 31, 2020	December 31, 2019
Fair value	<u>\$ 1,630,919</u>	<u>\$ 1,386,439</u>
Based on comparative approach and income approach:	December 31, 2020	December 31, 2019
Fair value	<u>\$ 201,599</u>	<u>\$ 263,382</u>
Income capitalization rate	<u>1.19%-3.04%</u>	<u>1.10%-3.44%</u>

For those right-of-use assets leased as operating leases and presented in investment properties, please refer to Note 6. (23) for relevant disclosure as required by IFRS 16.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(12) Intangible assets	Cost					Total
	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	
As of January 1, 2020	\$ 772,487	\$ 730,453	\$ 5,114,146	\$ 14,554,714	\$ 65,450,277	\$ 86,622,077
Additions-acquired separately	-	232,274	-	10,595,654	-	10,827,928
Disposals	-	(164,546)	-	(4,174,218)	-	(4,338,764)
Transfers	-	(22,175)	-	45,202	(64,291)	(41,264)
Exchange differences	-	1,055	-	(111,382)	(28,120)	(138,447)
As of December 31, 2020	\$ 772,487	\$ 777,061	\$ 5,114,146	\$ 20,909,970	\$ 65,357,866	\$ 92,931,530
As of January 1, 2019	\$ 772,487	\$ 3,540,539	\$ 5,114,146	\$ 10,712,618	\$ 65,462,080	\$ 85,601,870
Additions-acquired separately	-	253,156	-	1,114,145	-	1,367,301
Disposals	-	(94,496)	-	(185,550)	-	(280,046)
Transfers	-	(2,965,856)	-	2,947,685	-	(18,171)
Exchange differences	-	(2,890)	-	(34,184)	(11,803)	(48,877)
As of December 31, 2019	\$ 772,487	\$ 730,453	\$ 5,114,146	\$ 14,554,714	\$ 65,450,277	\$ 86,622,077

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Amortization and impairment:						
As of January 1, 2020	\$ 617,393	\$ 357,740	\$ 3,361,452	\$ 11,368,390	\$ -	\$ 15,704,975
Amortization	52,938	243,580	653,614	4,383,145	-	5,333,277
Disposals	-	(164,427)	-	(4,095,822)	-	(4,260,249)
Transfers	-	(11,677)	-	11,677	-	-
Exchange differences	-	412	-	(118,552)	-	(118,140)
As of December 31, 2020	\$ 670,331	\$ 425,628	\$ 4,015,066	\$ 11,548,838	\$ -	\$ 16,659,863
As of January 1, 2019						
As of January 1, 2019	\$ 504,794	\$ 2,651,297	\$ 2,721,397	\$ 5,935,784	\$ -	\$ 11,813,272
Amortization	112,599	220,764	640,055	3,154,807	-	4,128,225
Disposals	-	(94,496)	-	(162,500)	-	(256,996)
Transfers	-	(2,420,412)	-	2,479,556	-	59,144
Exchange differences	-	587	-	(39,257)	-	(38,670)
As of December 31, 2019	\$ 617,393	\$ 357,740	\$ 3,361,452	\$ 11,368,390	\$ -	\$ 15,704,975
Net carrying amount as of:						
December 31, 2020	\$ 102,156	\$ 351,433	\$ 1,099,080	\$ 9,361,132	\$ 65,357,866	\$ 76,271,667
December 31, 2019	\$ 155,094	\$ 372,713	\$ 1,752,694	\$ 3,186,324	\$ 65,450,277	\$ 70,917,102

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(13) Impairment testing of goodwill

The Company's goodwill allocated to each of cash-generating units or groups of cash-generating units is expected to benefit from synergies of the business combination. Key assumptions used in impairment testing are as follows:

The recoverable amount of the cash-generating unit is determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from financial budgets approved by management covering a five-year period. The projected cash flows reflect the change in demand for products and services. As a result of the analysis, the Company did not identify any impairment for goodwill of NT\$65,357,866 thousand.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating unit is most sensitive to the following assumptions:

- (a) Gross margin
- (b) Discount rates
- (c) Growth rates of sales of budget period

Gross margins - Gross margins are based on the gross margins of latest fiscal year and future trend of the market.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Company, taking into account the particular situations of the Company and its operating segments. The WACC includes both the cost of liabilities and cost of equity. The cost of equity is derived from the expected returns of the Company's investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Company has obligation to settle.

Growth rates of sales estimates - The growth rates of sales were estimated by historical experience. The long-term average growth rate the Company predicted was adjusted by considering the product life cycle and the macroeconomic environment.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the cash-generating unit, the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(14) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 21,470,853	\$ 57,254,570
Interest rates	0%~1.69%	2.05%~2.55%

(15) Other payables

	December 31, 2020	December 31, 2019
Accrued salaries and bonuses	\$ 25,575,298	\$ 18,180,385
Accrued royalties	1,857,314	2,244,203
Others	11,560,227	7,138,350
Total	\$ 38,992,839	\$ 27,562,938

(16) Other current liabilities

	December 31, 2020	December 31, 2019
Refund liabilities	\$ 27,645,013	\$ 17,514,391
Others	718,056	488,480
Total	\$ 28,363,069	\$ 18,002,871

(17) Long-term borrowings

Details of long-term loans as of December 31, 2020 are as follows:

None

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Details of long-term loans as of December 31, 2019 are as follows:

Lenders	December 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term loan from Shin Kong Bank	\$ 202,675	1.40%	Effective from October 30, 2017, principal is repaid in 16 semi-annual payments with monthly interest payments.
Less: current portion	<u>(36,850)</u>		
Noncurrent portion	<u>\$ 165,825</u>		

Please refer to Note 8 for more details on long-term loans under pledge.

(18) Post-employment benefits plans

Defined contribution plan

MTK and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. MTK and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts. Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts. Pension benefits for employees of foreign subsidiaries are provided in accordance with the local regulations.

Pension expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 were NT\$1,709,205 thousand and NT\$1,807,298 thousand, respectively.

Defined benefits plan

MTK and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, MTK and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The funds are operated and managed by the government's designated authorities. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT\$14,924 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

The weighted average duration of the defined benefit obligations were 11 to 18 years as of December 31, 2020 and 2019.

Pension costs recognized in profit or loss are as follows:

	For the years ended	
	December 31	
	2020	2019
Current service cost	\$ 6,812	\$ 6,471
Net interest on the net defined benefit liabilities	7,566	10,604
Past service cost	-	3,002
Subtotal	14,378	20,077
Underestimate on book	-	(1,141)
Total	\$ 14,378	\$ 18,936

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31,	December 31,
	2020	2019
Defined benefit obligation	\$ 1,232,141	\$ 1,170,583
Plan assets at fair value	(322,023)	(301,584)
Subtotal	910,118	868,999
Overestimate on book	-	2
Subtotal	910,118	869,001
Net defined benefit assets	-	-
Net defined benefit liabilities	\$ 910,118	\$ 869,001

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1, 2020	\$ 1,170,583	\$ (301,584)	\$ 868,999
Current service cost	6,812	-	6,812
Interest expenses (income)	10,173	(2,607)	7,566
Subtotal	16,985	(2,607)	14,378
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	14,138	-	14,138
Actuarial gains and losses arising from changes in financial assumptions	73,451	-	73,451
Experience adjustments	(8,071)	-	(8,071)
Remeasurements of the defined benefit assets	-	(7,611)	(7,611)
Subtotal	79,518	(7,611)	71,907
Payment of benefit obligation	(11,471)	6,030	(5,441)
Contributions by employer	-	(17,167)	(17,167)
Disposal of subsidiary	(23,474)	916	(22,558)
As of December 31, 2020	\$ 1,232,141	\$ (322,023)	\$ 910,118
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1, 2019	\$ 1,090,597	\$ (286,932)	\$ 803,665
Current service cost	6,471	-	6,471
Interest expenses (income)	13,199	(2,595)	10,604
Past service cost	3,002	-	3,002
Subtotal	22,672	(2,595)	20,077
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	21,902	-	21,902
Actuarial gains and losses arising from changes in financial assumptions	83,359	-	83,359
Experience adjustments	(22,235)	-	(22,235)
Remeasurements of the defined benefit assets	-	(9,891)	(9,891)
Subtotal	83,026	(9,891)	73,135
Payment of benefit obligation	(25,712)	17,091	(8,621)
Contributions by employer	-	(19,257)	(19,257)
Subtotal	1,170,583	(301,584)	868,999
Overestimate on book	2	-	2
As of December 31, 2019	\$ 1,170,585	\$ (301,584)	\$ 869,001

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2020	December 31, 2019
Discount rate	0.40%~0.90%	0.75%~1.25%
Expected rate of salary increases	2.25%~5.00%	2.25%~5.00%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31			
	2020		2019	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	\$	\$ (96,001)	\$	\$ (93,951)
Discount rate decreases by 0.5%	105,562		103,676	
Rate of future salary increases by 0.5%	102,186		100,728	
Rate of future salary decreases by 0.5%		(94,069)		(92,373)

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(19) Equity

A. Share capital

MTK's authorized capital as of December 31, 2020 and 2019 was NT\$20,000,000 thousand, divided into 2,000,000,000 shares (including 20,000,000 shares reserved for exercise of employee stock options at each period), each at a par value of NT\$10. MTK's issued capital was NT\$15,900,622 thousand and NT\$15,896,473 thousand divided into 1,590,062,183 shares and 1,589,647,349 shares, as of December 31, 2020 and 2019, respectively. Each share has one voting right and a right to receive dividends.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

On June 15, 2018, the general shareholders' meeting approved to issue restricted stocks for employees. As of December 31, 2020, 16,666,214 shares of restricted stocks for employees were issued. Relevant regulators' approvals have been obtained and related registration processes have been completed.

MTK has redeemed and cancelled 1,341,752 shares and 6,440,764 shares of issued restricted stocks for employees during the years ended December 31, 2020 and 2019, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

MTK issued 1,721,878 new shares for the year ended December 31, 2020, at par value of NT\$10 for exercising employee stock options. The aforementioned new issued shares (NT\$2,133 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of December 31, 2020.

MTK issued 552,445 new shares for the year ended December 31, 2019, at par value of NT\$10 for exercising employee stock options. The aforementioned new issued shares (NT\$3,780 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of December 31, 2019.

B. Capital surplus

	December 31, 2020	December 31, 2019
Additional paid-in capital	\$ 69,595,338	\$ 76,646,751
Treasury share transactions	1,759,683	1,677,838
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	1,002,344	992
Changes in ownership interests in subsidiaries	2,359,582	1,173,605
Donated assets	1,261	1,261
From share of changes in net assets of associates	-	9,810
Employee stock options	354,686	353,275
Restricted stocks for employees	1,320,910	2,127,089
Others	351,946	401,582
Total	<u>\$ 76,745,750</u>	<u>\$ 82,392,203</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for mergers and the surplus from treasury shares transactions) and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

On March 20, 2020, Board of Directors of MTK resolved to purchase and retire the treasury shares. During the period from May 14, 2020 to May 15, 2020, MTK purchased 130,000 common shares in the amounts of NT\$53,600 thousand on the centralized securities exchange market. Those shares have all been cancelled. Relevant regulators' approvals have been obtained and related registration processes have been completed.

As of December 31, 2020 and 2019, 7,794,085 shares of MTK's common shares amounting to NT\$55,970 thousand were held by the subsidiary, MediaTek Capital Co. These shares held by MediaTek Capital Co. were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.

As of December 31, 2020 and 2019, MTK did not hold any other treasury shares.

D. Retained earnings and dividend policy

According to MTK's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. reserve for tax payments;
- b. offset accumulated losses in previous years, if any;
- c. 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 MTK's total capital stock;
- d. allocation or reverse of special reserves as required by law or government authorities;
- e. 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.

Shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends to be distributed.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

According to the Company Act, MTK needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of MTK. When MTK incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, MTK is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Details of the 2019 and 2018 earnings distribution and dividends per share as resolved by general shareholders' meeting on June 11, 2020 and June 14, 2019, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 3,075,336	\$ 2,076,050	-	-
Cash dividends-common stock	7,944,252	9,525,233	\$ 5.00	\$ 6.00
Total	<u>\$ 11,019,588</u>	<u>\$ 11,601,283</u>		

In addition, the general shareholders' meeting on June 11, 2020 and June 14, 2019 resolved to distribute the additional paid-in capital by cash in the amount of NT\$8,738,677 thousand and NT\$4,762,617 thousand, or NT\$5.5 per share and NT\$3.0 per share, respectively.

E. Non-controlling interests

	For the years ended of December 31	
	2020	2019
Beginning balance	\$ 1,649,194	\$ 1,379,686
Gains attributable to non-controlling interests	521,773	171,589
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	10,279	(42,491)
Share-based payment transactions	253,978	115,930
Changes in ownership interests in subsidiaries	583,585	-
Acquisition of additional interest in a subsidiary	231,821	24,480
Ending balance	<u>\$ 3,250,630</u>	<u>\$ 1,649,194</u>

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(20) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Share-based payment plans in MTK

In May 2010, August 2011, August 2012 and August 2013, MTK was authorized by the FSC, Executive Yuan, to issue employee stock options of 3,500,000 units, each unit eligible to subscribe for one common share. The options may be granted to qualified employees of MTK or any of its domestic or foreign subsidiaries, in which MTK's shareholding with voting rights, directly or indirectly, is more than fifty percent. The options are valid for ten years and exercisable at certain percentage subsequent to the second anniversary of the granted date. Under the terms of the plan, the options are granted at an exercise price equal to the closing price of MTK's common shares listed on the Taiwan Stock Exchange Corporation ("TWSE") on the grant date.

Detail information relevant to the share-based payment plan as of December 31, 2020 is as follows:

Date of grant	Total number of options granted	Total number of options outstanding	Shares available for option holders	Exercise price (NT\$) (Note)
2010.08.27	1,605,757	-	-	397.8
2010.11.04	65,839	-	-	370.5
2011.08.24	2,109,871	214,009	214,009	272.6
2012.08.14	1,346,795	284,562	284,562	281.9
2013.08.22	1,436,343	379,989	379,989	368.0

Note: The exercise prices have been adjusted to reflect the change of outstanding shares (e.g. the share issued for cash, the appropriations of earnings, issuance of new shares in connection with merger, or issuance of new shares to acquire shares of other companies) in accordance with the plan.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Employee Stock Option
Expected dividend yield (%)	2.43%-6.57%
Expected volatility (%)	32.9%-42.99%
Risk free interest rate (%)	0.93%-1.65%
Expected life (Years)	6.5 years

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

Employee Stock Option	For the years ended			
	December 31			
	2020		2019	
	Options	Weighted-average Exercise Price	Options	Weighted-average Exercise Price
	(Unit)	per Share (NT\$)	(Unit)	per Share (NT\$)
Outstanding at beginning of period	2,720,876	\$ 329.0	3,883,134	\$ 337.5
Granted	-	-	-	-
Exercised (Note)	(1,721,878)	330.8	(552,445)	303.3
Forfeited (Expired)	(120,438)	391.0	(609,813)	402.4
Outstanding at end of period	<u>878,560</u>	316.9	<u>2,720,876</u>	329.0
Exercisable at end of period	<u>878,560</u>		<u>2,720,876</u>	
Weighted-average fair value of options granted during the period (in NT\$)	<u>\$ -</u>		<u>\$ -</u>	

Note: The weighted average share price at the date of exercise of those options were NT\$640.2 and NT\$408.2 for the years ended December 31, 2020 and 2019, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The information on the outstanding share-based payment plan as of December 31, 2020 and 2019 is as follows:

	December 31,			December 31,		
	2020			2019		
	Outstanding stock options		Outstanding stock options		Outstanding stock options	
	Weighted-	Weighted-	Weighted-	Weighted-	Weighted-	Weighted-
	average	average	average	average	average	average
	Expected	Exercise Price	Expected	Exercise Price	Expected	Exercise Price
	Remaining	per Share	Remaining	per Share	Remaining	per Share
Date of grant	Range of Exercise Price (NT\$)	Years	(NT\$)	Years	(NT\$)	(NT\$)
2010.05.10	\$ -	-	\$ -	-	\$ 397.4	
2011.08.09	272.6	-	272.6	-	272.6	
2012.08.09	281.9	-	281.9	-	281.9	
2013.08.09	368.0	-	368.0	0.17	368.0	

Restricted stocks plan for employees of MTK

On June 15, 2018, the shareholders' meeting approved to issue gratuitous restricted stocks for employees, at a total of 19,200,000 common shares. MTK shall set up the actual issuance date(s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority. The issuance process was granted effective registration by the securities authority.

MTK issued 12,259,550, 2,205,888, 17,818 and 2,182,958 gratuitous restricted stocks on September 6, 2018, February 27, 2019, April 12, 2019, and July 15, 2019, respectively. The issuance process was granted effective registration by the securities authority.

The fair value of the restricted stocks issued was NT\$255, NT\$280, NT\$293.5 and NT\$314.5 per share, respectively. The estimated compensation expenses amounted to NT\$3,687,513 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of December 31, 2020, MTK had recognized NT\$3,357,940 thousand as compensation expense and NT\$329,573 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

Restrictions on the rights and vesting conditions of restricted stocks for employees of 2018 are as follows:

A. To issue common shares of MTK with gratuitous issue price.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- B. Employee's continuous employment with the Company through the vesting dates, with no violation on any terms of the Company's employment agreement, employee handbook, or policies and achievement of both personal performance criterion and the Company's operation objectives during the vesting period, are eligible to receive the vested shares. The maximum portions of the vesting shares of each year are 34%, 33%, 33%, for the years ended 2019, 2020, 2021, respectively. The actual portions of the vesting shares shall be determined by achievement of both personal performance and the Company's operation objectives.
- C. During the vesting period, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance.
- D. During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., and other rights of restricted stock plan for employees, including but not limited to, dividends, bonuses, the distribution rights of legal reserve and capital surplus, the right to subscription of new shares, etc., are the same as the common shares issued by MTK.

Share-based payment plans of Subsidiaries

On May 21, 2018, Board of Directors of Airoha (Cayman) Inc. resolved to issue 4,868,732 common shares for the exercise of employee stock options of Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc. and restricted stocks plan for employees of Airoha Technology Corp. On December 26, 2020, Board of Directors resolved to issued 1,122,793 common shares for the exercise of employee stock allotment of Airoha Technology Corporation, Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc.

Each unit of employee stock options is eligible to subscribe for one common share of Airoha (Cayman) Inc. The options may be granted to qualified employees of Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc. with exercise price of US\$3.48 per share. Total outstanding stock options of Airoha (Cayman) Inc. was 340,000 units as of December 31, 2018. During the year ended December 31, 2020, totally 50,000 units were granted and 44,100 units expired. During the year ended December 31, 2019, totally 42,900 units were granted and 63,700 units expired. Total outstanding stock options of Airoha (Cayman) Inc. were 325,100 units and 319,200 units as of December 31, 2020 and 2019, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On June 19, 2019, Board of Directors of ILI Technology Holding Corporation resolved to issue 47,463,000 common shares for the exercise of employee stock options of ILI Technology (SZ) Ltd. and restricted stocks plan for employees of ILI Technology Corporation.

Each unit of employee stock options is eligible to subscribe for one common share of ILI Technology Holding Corporation. The options may be granted to qualified employees of ILI Technology (SZ) Ltd. with subscription price of NT\$10 per share.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model, the Price-Book Ratio and the Price-to-Earnings Ratio were used to estimate the fair value of options granted. Assumptions of the Black-Scholes Option Pricing model used in calculating the fair value are disclosed as follows:

	<u>Compensatory Stock Option Plan</u>
Expected dividend yield (%)	0.00%
Expected volatility (%)	38.13%
Risk free interest rate (%)	0.68%
Expected life (Years)	4.08-4.13 years

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

On May 8, 2019 and March 5, 2018, the Board of Directors of subsidiary Xiamen Sigmastar Technology Inc. resolved to issue share capital for employees with consideration in a total number of 3,269,004 units and 13,974,405 units, respectively.

New common shares and share capital of Airoha (Cayman) Inc., ILI Technology Holding Corporation and Xiamen Sigmastar Technology Inc. would be issued for their respective restricted stocks plans. During the vesting period, employees may not transfer the restricted stocks to others, and the voting rights of the restricted stocks will be exercised by the custodian organizations on behalf of employees according to the trust contract. If the employees receiving the grant of restricted stocks terminate employment within the vesting period, the restricted stocks during the vesting period are clawed back by the Company.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Total units of restricted stocks issued by subsidiaries were 13,546,795 units (including 4,623,500 units without restrictions) and the total fair value amounted to NT\$136,239 thousand and CNY\$40,096 thousand for the year ended December 31, 2018. The grant dates were from March 2018 to December 2018 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 9,949,200 units (including 4,623,500 units without restrictions) and 12,274,536 units (including 4,623,500 units without restrictions) as of December 31, 2020 and 2019, respectively.

Total units of restricted stocks issued by subsidiaries were 52,101,809 units (including 1,528,953 units without restrictions) and the total fair value amounted to NT\$534,455 thousand and CNY\$44,791 thousand for the year ended December 31, 2019. The grant dates were from January 2019 to December 2019 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 6,944,209 units (including 1,528,953 units without restrictions) and 7,201,409 units (including 1,528,953 units without restrictions) as of December 31, 2020 and 2019, respectively.

Total units of restricted stocks issued by subsidiaries were 1,675,142 units and the total fair value amounted to NT\$125,837 thousand and CNY\$5,391 thousand for the year ended December 31, 2020. The grant dates were from January 2020 to December 2020 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 350,000 units as of December 31, 2020.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model, the Price-Book Ratio and the Price-to-Earnings Ratio were used to estimate the fair value of options granted. Assumptions of the Black-Scholes Option Pricing model used in calculating the fair value are disclosed as follows:

	Restricted stocks plan for employee
Expected dividend yield (%)	0.00%
Expected volatility (%)	32.87%-45.46%
Risk free interest rate (%)	0.19%-0.51%
Expected life (Years)	0.02-0.81 years

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

New common shares of Airoha (Cayman) Inc. would be issued for respective stocks allotment plans with gratuitous issue price. The rights of the new stocks and the common shares is the same. The options may be granted to qualified employees of Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc.

For the year ended December 31, 2020, total units of the stocks issued by subsidiaries were 1,082,454 units and the total fair value was NT\$107,212 thousand which was estimated using the asset method.

Share-based compensation expenses recognized for employee services received for the years ended December 31, 2020 and 2019 are shown in the following table:

	For the years ended	
	December 31	
	2020	2019
Employee stock options	\$ 2,672	\$ 2,490
Restricted stocks for employees	1,280,765	2,016,629
Total	<u>\$ 1,283,437</u>	<u>\$ 2,019,119</u>

Except for the share-based payment plan of Airoha Technology Corp. whose vesting period had been advanced to December 31, 2020, the Company did not modify or cancel any other share-based payment plans during the year ended December 31, 2020 and 2019. The amendment of Airoha's share-based payment plan did not incur any incremental fair value.

(21) Sales

Analysis of revenue from contracts with customers for the years ended December 31, 2020 and 2019 is as follows:

A. Disaggregation of revenue

	For the years ended	
	December 31	
	2020	2019
Sale of goods	\$ 317,493,721	\$ 242,284,500
Services and other operating revenues	4,652,267	3,937,231
Total	<u>\$ 322,145,988</u>	<u>\$ 246,221,731</u>

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	For the years ended	
	December 31	
	2020	2019
Revenue recognition point:		
At a point in time	\$ 319,280,778	\$ 242,807,182
Satisfies the performance obligation over time	2,865,210	3,414,549
Total	<u>\$ 322,145,988</u>	<u>\$ 246,221,731</u>

B. Contract balances

Contract liabilities - current

	December 31, 2020	December 31, 2019	January 1, 2019
Sales of goods	\$ 11,560,361	\$ 2,368,770	\$ 1,265,696
Services and other operating revenues	132,556	324,760	243,178
Total	<u>\$ 11,692,917</u>	<u>\$ 2,693,530</u>	<u>\$ 1,508,874</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended	
	December 31	
	2020	2019
Revenue recognized during the period that was included in the beginning balance	<u>\$ 2,045,287</u>	<u>\$ 886,060</u>
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ 11,214,599</u>	<u>\$ 1,845,705</u>

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2020 and 2019, no disclosure of the unsatisfied performance obligations is needed as the contract terms with customers about the sales of goods are all shorter than one year. Besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations about rendering of services are NT\$1,752,672 thousand and NT\$3,471,523 thousand. The Company recognizes revenues in accordance with the stage of completion of the contracts. Those contracts are expected to be completed within the next 1 to 2 years.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(22) Expected credit gains (losses)

	For the years ended	
	December 31	
	2020	2019
Operating expense – Expected credit gains (losses)		
Trade receivables	\$ (8,092)	\$ 15,732

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its receivables (including note receivables, trade receivables and trade receivables from related parties) and financing lease receivable, net at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2020 and 2019 is as follow:

The Company considers the grouping of receivables by counterparties' credit ratings, geographical regions and industry sectors. Loss allowance is measured by using a provision matrix. Details are as follows:

2020.12.31

	Neither past due		Past due			Total
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying						
amount	\$ 31,994,934	\$ 600,113	\$ 389,804	\$ 42,960	\$ 104,157	\$ 33,131,968
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime						
expected credit						
losses	-	-	-	(4,001)	(39,314)	(43,315)
Carrying amount						
of trade						
receivables	\$ 31,994,934	\$ 600,113	\$ 389,804	\$ 38,959	\$ 64,843	\$ 33,088,653

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

2019.12.31

	Neither past due		Past due			Total
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 25,411,552	\$ 1,160,329	\$ 118,262	\$ 119,960	\$ 110,442	\$ 26,920,545
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(11,821)	(79,453)	(91,274)
Carrying amount of trade receivables	\$ 25,411,552	\$ 1,160,329	\$ 118,262	\$ 108,139	\$ 30,989	\$ 26,829,271

Note: Not any of the Company's note receivables, trade receivables from related parties or financing lease receivable was past due.

The movements in the provision for impairment of receivables and financing lease receivable for the years ended December 31, 2020 and 2019 are as follows:

	Note receivables	Trade receivables	Financing lease receivable
As of January 1, 2020	\$ -	\$ 91,274	\$ -
Allowance for the current period	-	8,092	-
Disposal of subsidiary	-	(54,960)	-
Effect of changes in exchange rate	-	(1,091)	-
As of December 31, 2020	\$ -	\$ 43,315	\$ -
As of January 1, 2019	\$ -	\$ 107,395	\$ -
Reversal for the current period	-	(15,732)	-
Effect of changes in exchange rate	-	(389)	-
As of December 31, 2019	\$ -	\$ 91,274	\$ -

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(23) Leases

A. The Company as lessee

The Company leases various property (land and buildings), transportation equipment and office equipment. These leases have terms between 1 and 50 years.

a. Right-of-use asset

	December 31, 2020	December 31, 2019
Land	\$ 1,773,010	\$ 1,759,111
Buildings and facilities	1,111,563	1,047,076
Machinery equipment	15,130	24,209
Transportation equipment	15,283	26,162
Office equipment	19,776	34,348
Total	<u>\$ 2,934,762</u>	<u>\$ 2,890,906</u>

During the years ended December 31, 2020 and 2019, the additions to right-of-use assets of the Company amounted to NT\$541,254 thousand and NT\$702,039 thousand, respectively.

b. Lease liability

	December 31, 2020	December 31, 2019
Lease liability-current	\$ 483,089	\$ 499,032
Lease liability-noncurrent	2,362,280	2,360,427
Total	<u>\$ 2,845,369</u>	<u>\$ 2,859,459</u>

Please refer to Note 6. (28) for the interest on lease liability recognized during 2020 and 2019 and Note 12. (2) C. for the maturity analysis of lease liabilities as of December 31, 2020.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

c. Depreciation charge for right-of-use assets

	For the years ended	
	December 31	
	2020	2019
Land	\$ 49,461	\$ 48,431
Buildings and facilities	452,747	401,931
Machinery equipment	9,078	3,026
Transportation equipment	13,663	12,226
Office equipment	14,504	9,755
Total	\$ 539,453	\$ 475,369

d. Income and costs relating to leasing activities

	For the years ended	
	December 31	
	2020	2019
The expense relating to short-term leases	\$ 104,217	\$ 157,095
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	\$ 5,252	\$ 3,578
Income from subleasing right-of-use assets	\$ 36,455	\$ 36,801

e. Cash outflow relating to leasing activities

During the years ended December 31, 2020 and 2019, the Company's total cash outflows for leases amounted to NT\$652,953 thousand and NT\$638,625 thousand, respectively.

B. The Company as a lessor

The Company has entered into machinery and equipment lease agreements with terms from the year 2020 to 2025. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

The undiscounted lease payments to be received for the remaining years as of December 31, 2020 are as follows:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31, 2020	December 31, 2019
Not later than one year	\$ 2,092	\$ -
Later than one year and not later than two years	2,092	-
Later than two years and not later than three years	2,092	-
Later than three years and not later than four years	67,067	-
Later than four years and not later than five years	66,015	-
Total non-discounted lease payments	139,358	-
Less: unearned finance income of finance lease	(8,629)	-
Less: allowance for doubtful debts	-	-
Net investment in the finance lease (receivable of a finance lease)	<u>130,729</u>	<u>-</u>
Current	<u>-</u>	<u>-</u>
Non-Current	<u>\$ 130,729</u>	<u>\$ -</u>

(24) Employee benefits, depreciation and amortization expenses are summarized by function as follows:

	For the years ended December 31					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 45,812	\$ 1,677,771	\$ 1,723,583	\$ 41,681	\$ 1,784,553	\$ 1,826,234
Others	\$ 1,341,174	\$ 57,633,921	\$ 58,975,095	\$ 1,118,420	\$ 46,566,401	\$ 47,684,821
Depreciation	\$ 171,003	\$ 4,396,803	\$ 4,567,806	\$ 175,327	\$ 4,082,689	\$ 4,258,016
Amortization	\$ 9,097	\$ 5,324,180	\$ 5,333,277	\$ 8,133	\$ 4,120,092	\$ 4,128,225

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

According to the Articles of Incorporation of MTK, no lower than 1% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors. However, MTK's accumulated losses shall have been covered (if any). MTK may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

MTK accrued employees' compensation and remuneration to directors based on a specific rate of profit of the year ended December 31, 2020. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, MTK will recognize the change as an adjustment to income of next year. If the Board of Directors resolves to distribute employees' compensation in stock, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of shares on the day preceding the Board of Directors' meeting. A resolution was approved in a meeting of the Board of Directors held on March 19, 2021 to distribute NT\$546,125 thousand and NT\$55,295 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no material differences between the aforementioned approved amounts and the amounts charged against earnings in 2020.

A resolution was approved in a meeting of the Board of Directors held on March 20, 2020 to distribute NT\$317,139 thousand and NT\$32,110 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no material differences between the aforementioned approved amounts and the amounts charged against earnings in 2019.

(25) Interest income

	For the years ended	
	December 31	
	2020	2019
Financial assets measured at amortized cost	\$ 2,311,013	\$ 3,660,186
Financial assets at fair value through other comprehensive income	171,186	181,340
Total	\$ 2,482,199	\$ 3,841,526

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(26) Other income

	For the years ended	
	December 31	
	2020	2019
Dividend income	\$ 1,422,408	\$ 388,662
Rental income	189,970	184,078
Others	148,189	305,411
Total	<u>\$ 1,760,567</u>	<u>\$ 878,151</u>

(27) Other gains and losses

	For the years ended	
	December 31	
	2020	2019
Losses on disposal of property, plant and equipment	\$ (11,297)	\$ (14,469)
Losses on disposal of intangible assets	(67)	(23,050)
Gains (losses) on disposal of investments		
Non-current assets held for sale	-	813,152
Debt instruments measured at fair value through other comprehensive income	(30,073)	(16,119)
Investments accounted for using the equity method	41,269	-
Subsidiary	161,164	-
Foreign exchange (losses) gains	(48,143)	202,558
Impairment losses		
Investments accounted for using the equity method	-	(46,096)
Gains on financial assets at fair value through profit or loss	252,750	470,453
Losses on financial liabilities at fair value through profit or loss	(10,329)	(9,085)
Others	9,347	64,199
Total	<u>\$ 364,621</u>	<u>\$ 1,441,543</u>

(28) Finance costs

	For the years ended	
	December 31	
	2020	2019
Interest expenses on borrowings	\$ 537,822	\$ 1,574,381
Interest expenses on lease liabilities	57,166	54,304
Total	<u>\$ 594,988</u>	<u>\$ 1,628,685</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(29) Components of other comprehensive income

For the year ended December 31, 2020 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ (71,905)	\$ -	\$ (71,905)	\$ 14,597	\$ (57,308)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	1,137,121	-	1,137,121	(324,989)	812,132
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	35,114,051	-	35,114,051	-	35,114,051
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(7,308,443)	233,842	(7,074,601)	-	(7,074,601)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	(7,216)	30,073	22,857	-	22,857
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,323,677	-	2,323,677	-	2,323,677
Total	\$ 31,187,285	\$ 263,915	\$ 31,451,200	\$ (310,392)	\$ 31,140,808

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the year ended December 31, 2019 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ (73,142)	\$ -	\$ (73,142)	\$ 15,012	\$ (58,130)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	33,059,665	-	33,059,665	(3,336,869)	29,722,796
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,889,013	-	2,889,013	-	2,889,013
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(2,828,823)	-	(2,828,823)	-	(2,828,823)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	21,015	16,119	37,134	-	37,134
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	59,033	-	59,033	-	59,033
Total	\$ 33,126,761	\$ 16,119	\$ 33,142,880	\$ (3,321,857)	\$ 29,821,023

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Upon derecognition of the Company's debt instrument investments measured at fair value through other comprehensive income, the cumulative losses of NT\$30,073 thousand and NT\$16,119 thousand for the years ended December 31, 2020 and 2019, respectively, which were recognized in other comprehensive income, were reclassified to loss.

(30) Income Tax

The major components of income tax expense are as follows:

	For the years ended	
	December 31	
	2020	2019
Current income tax	\$ 6,624,844	\$ 2,899,353
Deferred tax income	(559,934)	841,892
Others	79,203	81,814
Income tax expense recognized in profit or loss	\$ 6,144,113	\$ 3,823,059

Income tax recognized in other comprehensive income

	For the years ended	
	December 31	
	2020	2019
Deferred tax (income) expense:		
Remeasurements of defined benefit plan	\$ (14,597)	\$ (15,012)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	324,989	3,336,869
Income tax relating to components of other comprehensive income	\$ 310,392	\$ 3,321,857

Income tax charged directly to equity

	For the years ended	
	December 31	
	2020	2019
Current income tax expense:		
Realized gains from equity instrument investments measured at fair value through other comprehensive income	\$ 1,581,966	\$ 1,058,085

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended	
	December 31	
	2020	2019
Accounting profit before tax from continuing operations	\$ 47,582,686	\$ 27,027,369
Tax at the domestic rates applicable to profits in the country concerned	\$ 15,523,248	\$ 9,793,520
Tax effect of revenues exempt from taxation	(2,941,877)	(2,499,002)
Tax effect of expenses not deductible for tax purposes	120,167	(99,736)
Investment tax credits	(2,505,511)	(1,175,943)
Tax effect of deferred tax assets/liabilities	(4,860,474)	(1,931,820)
Corporate income surtax on undistributed retained earnings	1,034,681	598,602
Others	(226,121)	(862,562)
Total income tax expense recognized in profit or loss	\$ 6,144,113	\$ 3,823,059

For the year ended December 31, 2020

	Beginning balance	Recognized in			Proceeds from disposal of subsidiary	Ending balance
		Recognized in profit or loss	other comprehensive income	Charged directly to equity		
Temporary differences						
Unrealized allowance for inventory obsolescence	\$ 2,129,750	\$ (221,136)	\$ -	\$ -	\$ (63,020)	\$ 1,845,594
Allowance for sales returns and discounts	1,456,583	736,559	-	-	-	2,193,142
Amortization of difference for tax purpose	236,721	68,469	-	-	-	305,190
Amortization of goodwill difference for tax purpose	(1,957,431)	(686,653)	-	-	-	(2,644,084)
Unused tax losses	22,745	(1,243)	-	-	-	21,502
Unused tax credits	408,333	76,369	-	-	-	484,702
Others	(4,332,322)	3,732,728	(310,392)	(1,581,966)	(11,881)	(2,503,833)
Deferred tax income (expense)		\$ 3,705,093	\$ (310,392)	\$ (1,581,966)	(74,901)	
Net deferred tax assets	\$ (2,035,621)					\$ (297,787)
Reflected in balance sheet as follows:						
Deferred tax assets	\$ 4,769,887					\$ 5,676,629
Deferred tax liabilities	\$ (6,805,508)					\$ (5,974,416)

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

For the year ended December 31, 2019

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Charged directly to equity	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$ 2,178,353	\$ (48,603)	\$ -	\$ -	\$ 2,129,750
Allowance for sales returns and discounts	1,329,212	127,371	-	-	1,456,583
Amortization of difference for tax purpose	280,681	(43,960)	-	-	236,721
Amortization of goodwill difference for tax purpose	(464,556)	(1,492,875)	-	-	(1,957,431)
Unused tax losses	25,393	(2,648)	-	-	22,745
Unused tax credits	330,672	77,661	-	-	408,333
Others	(1,877,187)	1,924,807	(3,321,857)	(1,058,085)	(4,332,322)
Deferred tax income (expense)		\$ 541,753	\$ (3,321,857)	\$ (1,058,085)	
Net deferred tax assets	\$ 1,802,568				\$ (2,035,621)
Reflected in balance sheet as follows:					
Deferred tax assets	\$ 4,776,271				\$ 4,769,887
Deferred tax liabilities	\$ (2,973,703)				\$ (6,805,508)

The assessment of income tax returns

As of December 31, 2020, the assessments of the income tax returns of MTK and its material subsidiaries are as follows:

	<u>The assessment of income tax returns</u>
MTK	Assessed and approved up to 2018
Subsidiary- Hsu-Ta Investment Corp.	Assessed and approved up to 2018
Subsidiary- Hsu-Si Investment Corp.	Assessed and approved up to 2018
Subsidiary- Richtek Technology Corp.	Assessed and approved up to 2018

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(31) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31	
	2020	2019
A. Basic earnings per share		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 40,916,800	\$ 23,032,721
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,573,329,335	1,567,873,703
Basic earnings per share (NT\$)	\$ 26.01	\$ 14.69
B. Diluted earnings per share		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 40,916,800	\$ 23,032,721
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,573,329,335	1,567,873,703
Effect of dilution:		
Employees' compensation-stock (share)	980,921	921,244
Employee stock options (share)	1,425,487	683,822
Restricted stocks for employees (share)	7,875,783	11,241,268
Weighted average number of ordinary shares outstanding after dilution (share)	1,583,611,526	1,580,720,037
Diluted earnings per share (NT\$)	\$ 25.84	\$ 14.57

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(32) Losses control of subsidiary

On July 31, 2020, the Company's Board of Directors approved to sell the shares of ILI Technology Holding Corporation to Midus Investments Limited in the price of US\$138 million dollars. The Company recognized the gains from disposal of subsidiary of NT\$206,451 thousand on November 30, 2020. Assets and liabilities of the disposed subsidiary are shown as follows:

	<u>As of November 30, 2020</u>
Assets	
Cash and cash equivalents	\$ 1,194,528
Trade receivables, net	2,966,436
Other receivables	68,079
Inventories, net	2,394,347
Prepayments	252,479
Other current assets	29,993
Property, plant and equipment	765,771
Right-of-use assets	47,399
Intangible assets	135,552
Deferred tax assets	84,149
Refundable deposits	211,926
	<u>8,150,659</u>
Liabilities	
Contract liabilities-current	(195,952)
Trade payables	(828,366)
Other payables (including related parties)	(2,706,147)
Current tax liabilities	(87,806)
Other current liabilities	(12,352)
Long-term borrowings (including current portion)	(165,825)
Deferred tax liabilities	(9,248)
Lease liabilities (including current and noncurrent)	(46,670)
Net defined benefit liabilities-noncurrent	(22,558)
Deposits received	(1,691)
Non-current liabilities-others	(9,352)
	<u>(4,085,967)</u>
Net assets carrying amount	<u>\$ 4,064,692</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On November 30, 2020, the Company has completed the transfer of shareholding rights of ILI Technology Holding Corporation.

(33) Changes in ownership interests in subsidiaries

Changes in ownership of subsidiaries

In consideration of the Company's investment strategy, the Company disposed of shares of Xiamen Sigmastar Technology Inc. in September 2020 and its ownership was reduced to 50%. In addition, Xiamen Sigmastar Technology Inc. increased capital by cash in September 2019 and the year ended of 2020. The Company did not subscribe new share proportionate to its original ownership interest. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

The Company acquired the additional 0.05% of voting shares of EcoNet (Cayman) Inc. in November 2020 and its ownership rose to 76%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

Airoha (Cayman) Inc. increased its capital by cash in December 2020, and the Company did not subscribe to the new shares proportionate to its original ownership interest. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

In consideration of the Company's investment strategy, the Company disposed of shares of Zelus Technology (HangZhou) Ltd. in August 2019 and its ownership was reduced to 90%. Furthermore, the Company purchased additional 1.15% of voting shares of Zelus Technology (HangZhou) Ltd. in November 2020 and its ownership rose to 91%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

The Company purchased additional 6.82% and 10.18% of voting shares of Nephos (Hefei) Co., Ltd. in May and November 2019, respectively, and its ownership rose to 100%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction. The ownership of Nephos (Beijing) Co., Ltd. also rose to 100%.

The Company purchased additional 33% of voting shares of RollTech Technology Co., Ltd. in December 2019 and its ownership rose to 100%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The differences between the fair value of purchased equity investments and the increase (decrease) in the non-controlling interest were NT\$2,187,329 thousand and NT\$1,007,602 thousand for the years ended December 31, 2020 and 2019, respectively, and have been recorded in equity.

7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
E-Vehicle Semiconductor Technology Co., Ltd.	Associate
Intelligo Technology Inc.	Associate
Cyberon Corp.	Associate
Amobile Intelligent Corp. Limited	Associate
PuTian Joint Micro Technology Inc.	Associate (Note)
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party
Andes Technology Corp.	Substantive related party
Richtek Education Foundation	Substantive related party

Note: Due to the disposal of the portion of shares of PuTian Joint Micro Technology Inc. in October 2020, the Company lost significant influence over it. Investment in PuTian Joint Micro Technology Inc. was reclassified to financial assets at fair value through profit or loss. Accordingly, PuTian Joint Micro Technology Inc. was no longer a related party since that day.

Significant transactions with the related parties

(1) Sales

	For the years ended	
	December 31	
	2020	2019
Associates		
Intelligo Technology Inc.	\$ 6,234	\$ 10,905
E-Vehicle Semiconductor Technology Co., Ltd.	-	1,190
Amobile Intelligent Corp. Limited	9,665	-
PuTian Joint Micro Technology Inc.	420	-
Total	\$ 16,319	\$ 12,095

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The trade credit terms for associates was 30 days and third-party customers was 30 to 150 days. Third-party customers may pay their accounts in advance.

(2) IC testing, experimental services, and manufacturing technology services

	For the years ended	
	December 31	
	2020	2019
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 5,609,992	\$ 3,301,417

The trade credit terms for related parties and third-party customers were both 60 to 75 days.

(3) Consign research and development expenses and license expenses

	For the years ended	
	December 31	
	2020	2019
Associate		
Cyberon Corp.	\$ 33,919	\$ 28,557
Other related parties		
Andes Technology Corp.	31,893	27,440
Total	\$ 65,812	\$ 55,997

(4) Donations Expenses

	For the years ended	
	December 31	
	2020	2019
Other related parties		
Richtek Education Foundation	\$ 6,000	\$ -

(5) Trade receivables from related parties

	December 31,	December 31,
	2020	2019
Other related parties		
Intelligo Technology Inc.	\$ 630	\$ -
E-Vehicle Semiconductor Technology Co., Ltd.	-	5,000
Total	\$ 630	\$ 5,000

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(6) Trade payables to related parties

	December 31, 2020	December 31, 2019
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 1,661,473	\$ 906,224

(7) Other payables to related parties

	December 31, 2020	December 31, 2019
Associate		
Cyberon Corp	\$ 5,631	\$ 16,312
Other related parties		
Andes Technology Corp.	4,318	4,052
King Yuan Electronics Co., Ltd. and its subsidiaries	37,991	-
Total	\$ 47,940	\$ 20,364

(8) Prepayments

	December 31, 2020	December 31, 2019
Other related parties		
Andes Technology Corp.	\$ -	\$ 254

(9) Other

The patent payment of NT\$7,864 thousand to Andes Technology Corp. was recorded as intangible assets in the year 2019.

(10) Key management personnel compensation

	For the years ended December 31	
	2020	2019
Short-term employee benefits (Note)	\$ 1,646,790	\$ 951,348
Share-based payment	233,840	330,841
Post-employment benefits	4,810	3,719
Total	\$ 1,885,440	\$ 1,285,908

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note: The compensation (including remuneration to directors) to key management personnel was determined by the Compensation Committee of MTK in accordance with individual performance and the market trends.

8. Assets Pledged as Collateral

The following table lists assets of the Company pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2020	December 31, 2019	
Financial assets measured at amortized cost-current	\$ 9,893	\$ 9,988	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	98	105	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	35,000	24,375	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	24,000	24,000	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	9,180	9,180	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	1,524	1,519	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	602	650	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	2,013	-	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	22,980	23,017	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	7,125	7,125	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	-	101,132	Performance bond
Financial assets measured at amortized cost-noncurrent	133,244	115,915	Performance bond
Property, plant and equipment - buildings	-	223,526	Long-term borrowing
Property, plant and equipment - buildings	-	321,363	Long-term borrowing
Investment property-buildings and facilities	-	157,939	Long-term borrowing
Total	\$ 245,659	\$ 1,019,834	

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

9. Contingencies and Off Balance Sheet Commitments

Legal claim contingency

- (1) Vantage Micro LLC (“VM”) filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on October 8, 2019, alleging infringement of United States Patent Nos. 6,678,838, 7,414,606, and 9,959,593. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on April 20, 2020.
- (2) M-Red Inc. (“M-Red”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on April 29, 2019, alleging infringement of United States Patent Nos. 6,853,259, 7,068,557, and 7,209,401. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on September 3, 2020.
- (3) Nippon Telegraph and Telephone Corporation (“NTT”) and Essential WiFi, LLC (“EWF”) filed complaints in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on March 25, 2020, alleging infringement of United States Patent Nos. 7,280,551, 7,545,781, 7,400,616, and 7,242,720. The operations of MTK and subsidiary MediaTek USA Inc. will not be affected by this case.
- (4) Computer Circuit Operations LLC (“CCO”) filed complaints in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on May 21, 2020, alleging infringement of United States Patent Nos. 6,480,021, 6,820,234, 7,107,386, 7,278,069, and 7,426,603. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on November 18, 2020.
- (5) CDN Innovations, LLC (“CDN”) filed complaints in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on May 29, 2020, alleging infringement of United States Patent Nos. 7,006,844, 7,860,462, 7,293,291, and 7,565,699. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to CDN’s voluntary dismissal on September 24, 2020.
- (6) Divx, LLC (“Divx”) filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 9, 2020, alleging infringement of United States Patent No. 8,832,297, 10,212,486, 10,412,141, and 10,484,749. The court dismissed the claims against MTK and its subsidiaries pursuant to the plaintiff’s voluntary dismissal on February 8, 2021.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Divx filed a complaint with the U.S. International Trade Commission against MTK and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 10, 2020 alleging infringement of the same patents listed above. Pursuant to the parties' joint motion to terminate, the Administrative Law Judge issued an Initial Determination terminating MTK and its subsidiaries from the investigation on February 22, 2021.

- (7) Koninklijke Philips N.V., and Philips North America LLC, ("Philips") filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent No. 9,590,977 and 10,298,564. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

Philips filed a complaint with the U.S. International Trade Commission against MTK and subsidiary MediaTek USA Inc. on September 18, 2020 alleging infringement of the same patents listed above. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

- (8) Liberty Patents, LLC, ("Liberty") filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on October 16, 2020, alleging infringement of U.S. Patent No. 6,535,959. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

- (9) Ocean Semiconductor LLC, ("Ocean") filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on December 31, 2020, alleging infringement of U.S. Patent Nos. 6,660,651, 6,907,305, 6,725,402, 6,968,248, 7,080,330, 6,836,691, and 8,676,538. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

The Company will handle these cases carefully.

10. Losses due to Major Disasters

None

11. Significant Subsequent Events

None

12. Others

- (1) Financial instruments

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

A. Categories of financial instruments

Financial assets

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss:		
Held for trading financial assets	\$ 9,585	\$ 4,621
Mandatorily measured at fair value through profit or loss (Note 1)	18,727,249	15,679,314
Subtotal	18,736,834	15,683,935
Financial assets at fair value through other comprehensive income	54,246,386	69,249,681
Financial assets measured at amortized cost (Note 2)	244,136,276	211,047,351
Total	\$ 317,119,496	\$ 295,980,967

Financial liabilities

Financial liabilities at fair value through profit or loss:		
Held for trading financial liabilities	\$ 10,329	\$ 9,085
Financial liabilities at amortized cost:		
Short-term borrowings	21,470,853	57,254,570
Trade payables (including related parties)	34,470,186	22,313,552
Other payables (including related parties)	39,040,779	27,583,302
Long-term payables (including current portion)	7,113,103	2,063,198
Long-term borrowings (including current portion)	-	202,675
Lease liabilities	2,845,369	2,859,459
Subtotal	104,940,290	112,276,756
Total	\$ 104,950,619	\$ 112,285,841

Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss for December 31, 2020 and 2019 which were in the amount of NT\$5,620,541 thousand and NT\$2,472,998 thousand, respectively. Please refer to Note 6. (5) for further explanation.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivable, trade receivables (excluding financial assets measured at fair value through profit or loss for December 31, 2020 and 2019 which were in the amount of NT\$5,620,541 thousand and NT\$2,472,998 thousand, respectively. Please refer to Note 6. (5) for further explanation.), other receivables and financing lease receivable, net.

B. Fair values of financial instruments

- a. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables (including related parties), other receivables, short-term borrowings, trade payables (including related parties) and other payables (including related parties) approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(e) The fair value of other financial assets and liabilities is determined using discounted cash flow analysis; the interest rate and discount rate are selected with reference to those of similar financial instruments.

b. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company does not have assets measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Company's assets and liabilities on a recurring basis:

As of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 363,584	\$ 363,584
Linked deposits	377,367	-	4,506,359	4,883,726
Stocks	183,750	-	12,569	196,319
Funds	1,126,846	-	5,573,450	6,700,296
Capital	-	-	43,690	43,690
Trust funds	919,093	-	-	919,093
Forward exchange contracts	-	9,585	-	9,585
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured at				
fair value through other				
comprehensive income	29,830,494	-	22,811,081	52,641,575
Debt instruments measured at				
fair value through other				
comprehensive income	910,728	-	694,083	1,604,811
Total	<u>\$ 33,348,278</u>	<u>\$ 9,585</u>	<u>\$ 34,004,816</u>	<u>\$ 67,362,679</u>
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 10,329	\$ -	\$ 10,329

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 478,983	\$ 478,983
Linked deposits	823,000	-	5,059,583	5,882,583
Stocks	269,394	-	107,269	376,663
Funds	782,571	-	5,108,668	5,891,239
Trust funds	576,848	-	-	576,848
Forward exchange contracts	-	4,621	-	4,621
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured at				
fair value through other				
comprehensive income	48,059,600	-	19,324,707	67,384,307
Debt instruments measured at				
fair value through other				
comprehensive income	1,136,012	-	729,362	1,865,374
Total	<u>\$ 51,647,425</u>	<u>\$ 4,621</u>	<u>\$ 30,808,572</u>	<u>\$ 82,460,618</u>
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 9,085	\$ -	\$ 9,085

For the years ended December 31, 2020 and 2019, amounts transferred from level 2 of the fair value hierarchy to level 1 due to the release of the stock transfer restrictions were NT\$0 and NT\$7,958,351 thousand, respectively.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The detail movement of recurring fair value measurements in Level 3:

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

	Financial assets mandatorily measured at fair value through profit or loss				Financial assets at fair value through other comprehensive income				Total
	Stocks	Bonds	Funds	Link deposits	Bonds	Capital	Stocks		
As of January 1, 2020	\$ 107,269	\$ 478,983	\$ 5,108,668	\$ 5,059,583	\$ 729,362	\$ 11,979,752	\$ 7,344,955	\$ 30,808,572	
Amount recognized in profit or loss	(94,054)	(43,045)	180,617	5,052	268	-	-	48,838	
Amount recognized in OCI	-	-	-	-	(1,321)	6,335,663	(2,416,031)	3,918,311	
Amount recognized in OCI- exchange differences	(646)	(20,563)	57,314	(227,345)	(11,849)	(581,093)	(264,613)	(1,048,795)	
Acquisitions	-	6,831	10,678,151	583,445	-	1,961,154	978,763	14,208,344	
Settlements	-	(58,622)	(10,451,300)	(914,376)	(22,377)	(2,431,973)	(95,496)	(13,974,144)	
As of December 31, 2020	\$ 12,569	\$ 363,584	\$ 5,573,450	\$ 4,506,359	\$ 694,083	\$ 17,263,503	\$ 5,547,578	\$ 33,961,126	

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	Financial assets mandatorily measured at fair value through profit or loss				Financial assets at fair value through other comprehensive income				Total
	Stocks	Bonds	Funds	Link deposits	Bonds	Capital	Stocks		
As of January 1, 2019	\$ 136,008	\$ 1,382,544	\$ 2,412,451	\$ 3,600,020	\$ 612,194	\$ 11,109,299	\$ 5,541,674	\$ 24,794,190	
Amount recognized in profit or loss	(25,102)	37,803	97,389	(36,417)	6,413	(16,956)	-	63,130	
Amount recognized in OCI	-	-	-	-	3,882	367,031	(708,333)	(337,420)	
Amount recognized in OCI- exchange differences	(3,637)	(36,206)	(83,187)	39,044	(16,157)	(257,516)	(89,101)	(446,760)	
Acquisitions	-	624,417	8,898,497	2,909,606	432,360	1,017,731	761,220	14,643,831	
Settlements	-	(1,529,575)	(6,216,482)	(1,452,670)	(309,330)	(239,837)	(110,974)	(9,858,868)	
Reclassification	-	-	-	-	-	-	1,950,469	1,950,469	
As of December 31, 2019	\$ 107,269	\$ 478,983	\$ 5,108,668	\$ 5,059,583	\$ 729,362	\$ 11,979,752	\$ 7,344,955	\$ 30,808,572	

Total (losses) gains related to assets recognized for the years ended December 31, 2020 and 2019 amounted to NT\$(105,077) thousand and NT\$1,763 thousand, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Information on significant unobservable inputs to valuation of fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's linked-deposits of the fair value hierarchy are based on unadjusted quoted price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and updating the latest quoted price of trading partners periodically to ensure that the results of the valuation are in line with market conditions, based on stable, independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure the measurement or assessment are reasonable.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 1,832,518	\$ 1,832,518

As of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 1,649,821	\$ 1,649,821

D. Derivative financial instruments

The Company's derivative financial instruments held for trading were forward exchange contracts. The related information is as follows:

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The Company entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to outstanding forward exchange contracts:

Forward exchange contracts	Currency	Contract amount (‘000)	Maturity
As of December 31, 2020	CNY to USD	Sell USD 2,000	January 2021
As of December 31, 2020	TWD to USD	Sell USD 25,000	January 2021
As of December 31, 2020	TWD to USD	Buy USD 10,000	January 2021
As of December 31, 2020	JPY to USD	Buy USD 12,009	January 2021
As of December 31, 2020	CNY to USD	Sell USD 4,000	March 2021
As of December 31, 2020	CNY to USD	Sell USD 2,000	April 2021
As of December 31, 2020	CNY to USD	Sell USD 6,000	June 2021
As of December 31, 2020	CNY to USD	Sell USD 2,000	July 2021
As of December 31, 2019	CNY to USD	Buy USD 24,954	January 2020
As of December 31, 2019	TWD to USD	Sell USD 32,000	January 2020
As of December 31, 2019	CNY to USD	Buy USD 12,835	February 2020
As of December 31, 2019	CNY to USD	Sell USD 2,000	February 2020
As of December 31, 2019	CNY to USD	Buy USD 6,999	March 2020
As of December 31, 2019	CNY to USD	Sell USD 2,000	March 2020
As of December 31, 2019	CNY to USD	Sell USD 2,000	May 2020

The Company entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(2) Financial risk management objectives and policies

The Company’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company’s policy and risk tendency.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

a. Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenues or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts is to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 0.1%, the profit for the years ended December 31, 2020 and 2019 increases/decreases by NT\$4,777 thousand and decreases/increases by NT\$482 thousand, while equity decreases/increases by NT\$76,336 thousand and NT\$125,136 thousand, respectively.

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the years ended December 31, 2020 and 2019 increases/decreases by NT\$2 thousand and NT\$4 thousand, while equity decreases/increases by NT\$18,347 thousand and NT\$11,461 thousand, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment of debt instruments at variable interest rates, bank borrowings with fixed and variable interest rates. Moreover, the market value of the Company's investments in credit-linked deposits and interest rate-linked deposits are affected by interest rate. The market value would decrease (even lower than the principal) when the interest rate increases, and vice versa. The market values of exchange rate-linked deposits are affected by interest rates and changes in the value and volatility of the underlying. The following sensitivity analysis focuses on interest rate risk and does not take into account the interdependencies between risk variables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$2,492 thousand and NT\$4,266 thousand, respectively.

c. Other price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's equity securities are classified under the category of equity instrument investments measured at fair value through profit or loss and equity instrument investments measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain equity investments according to level of authority.

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through profit or loss could cause the profit or loss for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$1,838 thousand and NT\$2,694 thousand, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$298,305 thousand and NT\$480,596 thousand, respectively.

Please refer to Note 12. (1) B for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

B. Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2020 and 2019, receivables from top ten customers represented 37.13%, and 42.74% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables was insignificant.

The Company's exposure to credit risk arises from potential default of the counter-party or other third-party. The level of exposure depends on several factors including concentrations of credit risk, components of credit risk, the price of contract and other receivables of financial instruments. Since the counter-party or third-party to the foregoing forward exchange contracts and cross currency swap contracts are all reputable financial institutions, management believes that the Company's exposure to default by those parties is minimal.

Credit risk of credit-linked deposits, interest rate-linked deposits, exchange-linked deposits, index-linked deposits and convertible bonds arises if the issuing banks breached the contracts or the debt issuer could not pay off the debts; the maximum exposure is the carrying value of those financial instruments. Therefore, the Company minimized the credit risk by only transacting with counter-party who is reputable, transparent and in good financial standing.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables and financing lease receivable which is measured at lifetime expected credit losses, for debt instrument investments which are not measured at fair value through profit or loss and are at low credit risk upon acquisition, an assessment is made at each reporting date as to whether the credit risk has substantially increased in order to determine the method of measuring the loss allowance and the loss ratio. The measurement indicators of the Company are described as follows:

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount	
			December 31, 2020	December 31, 2019
Low credit risk	Credit risk measure belongs to IG category	12-month expected credit losses	\$ 9,928,465	\$ 4,478,198
	Counter parties with investment grade credit rating			
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category	Lifetime expected credit losses	\$ 1,948,592	\$ 216,633
	Contract payment overdue 30 days			
Credit-impaired	Credit risk measure belongs to DS category or above	Lifetime expected credit losses	\$ -	\$ -
	Contract payment overdue 90 days			
	Other impaired evidence			
Simplified method (Note)	(Note)	Lifetime expected credit losses	\$ 33,306,764	\$ 26,928,356

Note: The Company adopted simplified method (lifetime expected credit loss) to measure credit risk. It includes notes receivables, trade receivables and financing lease receivable.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investment has increased, the Company will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (which available without undue cost and effort), it is mainly based on the macroeconomic information and industrial information and further adjusts the credit loss ratio if there is significant impact from forward-looking information.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

C. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of December 31, 2020</u>				
Short-term borrowings	\$ 21,479,545	\$ -	\$ -	\$ 21,479,545
Trade payables (including related parties)	34,470,186	-	-	34,470,186
Other payables (including related parties)	39,035,815	-	-	39,035,815
Lease liabilities	505,445	990,788	1,948,714	3,444,947
Long-term payables	3,493,485	3,619,618	-	7,113,103
Total	\$ 98,984,476	\$ 4,610,406	\$ 1,948,714	\$ 105,543,596

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of December 31, 2019</u>				
Short-term borrowings	\$ 57,354,161	\$ -	\$ -	\$ 57,354,161
Trade payables (including related parties)	22,313,552	-	-	22,313,552
Other payables (including related parties)	27,529,078	-	-	27,529,078
Lease liabilities	499,032	857,737	1,502,690	2,859,459
Long-term borrowings	39,472	152,731	18,511	210,714
Long-term payables	983,591	1,079,607	-	2,063,198
Total	\$ 108,718,886	\$ 2,090,075	\$ 1,521,201	\$ 112,330,162

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Total</u>
<u>As of December 31, 2020</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 1,045,260	\$ -	\$ 1,045,260
Outflow	(1,056,400)	-	(1,056,400)
Net	<u>\$ (11,140)</u>	<u>\$ -</u>	<u>\$ (11,140)</u>
<u>As of December 31, 2019</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 1,890,629	\$ -	\$ 1,890,629
Outflow	(1,900,140)	-	(1,900,140)
Net	<u>\$ (9,511)</u>	<u>\$ -</u>	<u>\$ (9,511)</u>

The table above contains the undiscounted net cash flows of derivative financial liabilities.

D. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2020:

	<u>Short-term</u>	<u>Long-term</u>	<u>Lease</u>	<u>Deposits</u>	<u>Total liabilities</u>
	<u>borrowings</u>	<u>borrowings</u>	<u>liabilities</u>	<u>received</u>	<u>from financing</u>
					<u>activities</u>
As of January 1, 2020	\$ 57,254,570	\$ 202,675	\$ 2,859,459	\$ 565,773	\$ 60,882,477
Cash flows	(35,513,495)	(36,850)	(486,318)	(133,346)	(36,170,009)
Non-cash movement	-	(165,825)	472,228	(1,691)	304,712
Foreign exchange					
movement	(270,222)	-	-	-	(270,222)
As of December 31, 2020	<u>\$ 21,470,853</u>	<u>\$ -</u>	<u>\$ 2,845,369</u>	<u>\$ 430,736</u>	<u>\$ 24,746,958</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliation of liabilities for the year ended December 31, 2019:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2019	\$ 51,056,528	\$ 280,954	\$ 2,593,779	\$ 188,534	\$ 54,119,795
Cash flows	6,690,952	(78,279)	(423,648)	377,239	6,566,264
Non-cash movement	-	-	689,328	-	689,328
Foreign exchange movement	(492,910)	-	-	-	(492,910)
As of December 31, 2019	<u>\$ 57,254,570</u>	<u>\$ 202,675</u>	<u>\$ 2,859,459</u>	<u>\$ 565,773</u>	<u>\$ 60,882,477</u>

(3) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2020		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 3,402,414	28.508	\$ 96,996,036
CNY	\$ 3,974	4.369	\$ 17,875
Non-monetary item:			
USD	\$ 1,670,904	28.508	\$ 47,634,122
CNY	\$ 4,195,043	4.369	\$ 18,328,309
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 2,544,175	28.508	\$ 72,529,356
CNY	\$ 287	4.369	\$ 1,256

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31, 2019		
	Foreign Currency		
	(thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 4,821,463	30.106	\$ 145,154,961
CNY	\$ 1,826	4.324	\$ 7,894
Non-monetary item:			
USD	\$ 2,239,603	30.106	\$ 67,425,479
CNY	\$ 2,650,963	4.324	\$ 11,461,675
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 2,895,330	30.106	\$ 87,166,810
CNY	\$ 2,752	4.324	\$ 11,897

The above information is disclosed based on the carrying amounts of foreign currencies (after conversion to the Company's functional currency.)

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange (losses) gains were NT\$(48,143) thousand and NT\$202,558 thousand for the years ended December 31, 2020 and 2019, respectively.

(4) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

13. Additional Disclosures

(1) The following are additional disclosures for the Company and its affiliates:

- A. Financing provided to others for the year ended December 31, 2020: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 2.
- C. Securities held as of December 31, 2020: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 4.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 5.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 6.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2020: Please refer to Attachment 7.
- I. Financial instruments and derivative transactions: Please refer to Note 12.
- J. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 8.

(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 9.

(3) Investment in Mainland China

- A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 10.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please refer to Attachment 1 and Attachment 8.

(4) Main shareholder information

None.

14. Segment Information

(1) General information

The major sales of the Company come from multimedia and mobile phone chips and other integrated circuit design products. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Company is aggregated into a single segment.

(2) Geographical information

A. Net sales from external customers

	For the years ended	
	December 31	
	2020	2019
Taiwan	\$ 27,849,166	\$ 22,933,537
Asia	289,943,150	219,737,854
Others	4,353,672	3,550,340
Total	\$ 322,145,988	\$ 246,221,731

Net sales are classified by customers' countries.

B. Non-current assets

	December 31,	December 31,
	2020	2019
Taiwan	\$ 98,981,562	\$ 96,406,765
Asia	19,009,720	16,037,983
Others	1,198,446	1,209,650
Total	\$ 119,189,728	\$ 113,654,398

(3) Major customers

There were no individual customers accounting for at least 10% of net sales for the years ended December 31, 2020 and 2019.

MEDIATEK INC. AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
For the year ended December 31, 2020

Attachment 1

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Hsu Chia (Samoa) Investment Ltd. (Note 1)	MediaTek (Shanghai) Inc.	Other receivables from related party	Yes	\$ 2,180,400 CNY 500,000,000	\$ 1,747,616 CNY 400,000,000	1,747,616 CNY 400,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 4,983,194 CNY 1,163,245,909	\$ 4,983,194 CNY 1,163,245,909	
		MediaTek China Limited	Other receivables from related party	Yes	\$ 566,904 CNY 130,000,000	\$ 524,283 CNY 120,000,000	-	0.45-0.65%	Short-term financing	-	Operating Capital	-	-	\$ 4,983,194 CNY 1,163,245,909	\$ 4,983,194 CNY 1,163,245,909	
2	Hsu Kang (Samoa) Investment Ltd. (Note 1)	MediaTek (Shenzhen) Inc.	Other receivables from related party	Yes	\$ 3,063,755 CNY 699,315,000	\$ 3,055,335 CNY 699,315,000	3,055,335 CNY 699,315,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 4,970,429 CNY 1,160,266,049	\$ 4,970,429 CNY 1,160,266,049	
		MediaTek (Hefei) Inc.	Other receivables from related party	Yes	\$ 744,784 CNY 170,000,000	\$ 349,523 CNY 80,000,000	349,523 CNY 80,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 4,970,247 CNY 1,160,223,615	\$ 4,970,247 CNY 1,160,223,615	
3	Hsu Fa (Samoa) Investment Ltd. (Note 1)	MediaTek (Chengde) Inc.	Other receivables from related party	Yes	\$ 306,676 CNY 70,000,000	\$ 305,833 CNY 70,000,000	305,833 CNY 70,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 4,970,247 CNY 1,160,223,615	\$ 4,970,247 CNY 1,160,223,615	

Note 1: The operating procedures of financing provided to others of Hsu Chia (Samoa) Investment Ltd., Hsu Kang (Samoa) Investment Ltd. and Hsu Fa (Samoa) Investment Ltd. required:

- A. the total amount for lending shall not exceed 20% of the lender's net worth,
- B. the maximum amount lendable to a single company is 10% of the lender's net worth or 30% of the borrower's net worth, whichever is lower, and
- C. fund lending between foreign subsidiaries held directly or indirectly by the lender with 100% of voting stocks shall be excluded from the above limitations. However, total financing amount limits and financing limits for each borrowing company shall not exceed the lender's net worth.

Note 2: Maximum accumulated balance of financing amount as of the declaration month for the period.

MEDIA TEK INC. AND SUBSIDIARIES
ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS
For the year ended December 31, 2020

Attachment 2

No.	Endorsor/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party (Note 1)	Maximum Balance for the Period (Note 3)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee Amount to Net Equity per Latest Financial Statement	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Relationship (Note 2)										
0	MediaTek Inc.	MediaTek USA Inc.	A	\$ 67,664,367 (Note 1)	\$ 10,399 USD 342,857	\$ 9,774 USD 342,857	\$ 9,774 USD 342,857	\$ -	0.00%	\$169,160,917 (Note 1)	Y	-	-
		MTK Wireless Limited (UK)	A	\$ 67,664,367 (Note 1)	7,041 GBP 176,251	-	-	\$ -	0.00%				
		Gaintech Co. Limited	A	\$ 67,664,367 (Note 1)	24,000,000	24,000,000	-	\$ -	7.09%				
		MediaTek China Limited	A	\$ 67,664,367 (Note 1)	9,000,000	9,000,000	3,161,537	-	2.66%				
		Richtek Technology Corp.	A	\$ 67,664,367 (Note 1)	2,423,180 USD 85,000,000	2,423,180 USD 85,000,000	-	\$ -	0.72%				

Note 1: Based on the rules of operating procedures of endorsement/guarantee of MediaTek Inc., the limiting amount of endorsement/guarantee rendered to any single company shall not exceed 20% of MediaTek Inc.'s net worth as stated in the latest financial statements.

The total amount of guarantee shall not exceed 50% of the Company's net worth from the latest financial statements.

Note 2: The nature of relationship between endorser/guarantor and guaranteed party is as follows:

A. The Company directly and indirectly holds more than 50% of the voting shares.

B. A company that directly and indirectly holds more than 50% of the voting shares in the Company.

Note 3: Amounts converted at the highest exchange rate.

MEDIATEK INC. AND SUBSIDIARIES
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
 As of December 31, 2020

Attachment 3

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020				Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair Value	
Mediatek Inc.	Funds	KGIF Fungsh Fund	Financial assets mandatorily measured at fair value through profit or loss - current	27,806,590	\$ 409,805	-	\$ -	409,805
		KGIF Fund Strategic Fund	Financial assets mandatorily measured at fair value through profit or loss - current	51,690,182	\$ 717,041	-	\$ -	717,041
		Calhau No.1 Real Estate Investment Trust	Equity instrument investments measured at fair value through other comprehensive income - non-current	8,200,000	\$ 1,519,252	-	\$ -	1,519,252
		Calhau No.2 Real Estate Investment Trust	Equity instrument investments measured at fair value through other comprehensive income - non-current	64,503,000	\$ 1,283,610	-	\$ -	1,283,610
		Felton No.1 Real Estate Investment Trust	Equity instrument investments measured at fair value through other comprehensive income - non-current	16,744,000	\$ 307,587	-	\$ -	307,587
		Felton No.2 Real Estate Investment Trust	Equity instrument investments measured at fair value through other comprehensive income - non-current	13,421,000	\$ 229,633	-	\$ -	229,633
		ROSTEK LIMITED (CAYMAN)	Equity instrument investments measured at fair value through other comprehensive income - non-current	640,000	\$ 2,151	6%	\$ -	2,151
		Chalaise Finance Co., Ltd. Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income - non-current	2,750,000	\$ 273,900	0%	\$ -	273,900
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income - non-current	5,800,000	\$ 281,590	0%	\$ -	281,590
		IC PLUS Corp.	Equity instrument investments measured at fair value through other comprehensive income - current	730,000	\$ 16,279	1%	\$ -	16,279
Digmox Holdings Limited	Capital	Shin Kong Financial Holding Co., Ltd. Preferred Stock A	Financial assets mandatorily measured at fair value through profit or loss - non-current	4,200,000	\$ 183,750	0%	\$ -	183,750
		EVA Air 4th Credit Linked Structured Product	Financial assets mandatorily measured at fair value through profit or loss - non-current	-	\$ 100,601	-	\$ -	100,601
		China Life Insurance Co., Ltd. Cumulative Perpetual Subordinated bond-106-1	Financial assets measured at amortized cost - non-current	-	\$ 290,000	-	\$ -	-
		3.875% LENOVO GROUP LTD DUE 160322	Financial assets measured at amortized cost - non-current	-	\$ 64,962	-	\$ -	-
		3.5% WEIBO CORP DUE 050724	Financial assets measured at amortized cost - non-current	-	\$ 270,769	-	\$ -	-
		1.375% TENCENT MUSIC ENT GRP DUE 010925	Financial assets measured at amortized cost - non-current	-	\$ 157,573	-	\$ -	-
		3.075% BAIDU INC DUE 070425	Financial assets measured at amortized cost - non-current	-	\$ 451,171	-	\$ -	-
		China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-1094	Financial assets measured at amortized cost - non-current	-	\$ 290,000	-	\$ -	-
		SEAPHIC Information Technology (Shanghai) Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income - non-current	-	\$ 1,575,338	-	\$ -	1,575,338
		ACSP TECHNOLOGY CORP.	Equity instrument investments measured at fair value through other comprehensive income - current	1,857,008	\$ 17,493	9%	\$ -	17,493
Mediatek Capital Co.	Stocks	ANDIS TECHNOLOGY CORPORATION	Equity instrument investments measured at fair value through other comprehensive income - current	5,667,324	\$ 1,889,546	13%	\$ -	1,889,546
		CHUNGHWA PRECISION TECH. CO., LTD.	Equity instrument investments measured at fair value through other comprehensive income - current	351,000	\$ 268,164	1%	\$ -	268,164
		MEDIATEK INC.	Equity instrument investments measured at fair value through other comprehensive income - non-current	7,794,085	\$ 5,822,181	0%	\$ -	5,822,181
		ESTNET TECHNOLOGIES INCORPORATION	Equity instrument investments measured at fair value through other comprehensive income - non-current	500,000	\$ 2,018	2%	\$ -	2,018
		Mms Semiconducter Corp.	Equity instrument investments measured at fair value through other comprehensive income - non-current	1,985,793	\$ 105,247	8%	\$ -	105,247
		Taiwania Capital Buffalo Fund Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income - non-current	2,800,000	\$ 235,103	5%	\$ -	235,103
		Pacelearn Inc.	Equity instrument investments measured at fair value through other comprehensive income - non-current	60,000,000	\$ 17,294	15%	\$ -	17,294
		International Trust Machines Corporation.	Equity instrument investments measured at fair value through other comprehensive income - non-current	2,500,000	\$ 6,052	2%	\$ -	6,052
		WPG Holdings Limited Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income - non-current	4,600,000	\$ 201,460	0%	\$ -	201,460
		ACSP TECHNOLOGY CORP.	Equity instrument investments measured at fair value through other comprehensive income - current	327,707	\$ 3,087	1%	\$ -	3,087
Hwa-Ta Investment Corp.	Stocks	ANDIS TECHNOLOGY CORPORATION	Equity instrument investments measured at fair value through other comprehensive income - current	63,275	\$ 2,134	0%	\$ -	2,134
		WPG Holdings Limited Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income - non-current	6,300,000	\$ 315,630	0%	\$ -	315,630
		Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Equity instrument investments measured at fair value through other comprehensive income - non-current	6,444,000	\$ 272,903	0%	\$ -	272,903
		Chalaise Finance Co., Ltd. Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income - non-current	2,000,000	\$ 199,200	0%	\$ -	199,200
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income - non-current	5,800,000	\$ 281,590	0%	\$ -	281,590
		China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-1094	Financial assets measured at amortized cost - non-current	-	\$ 290,000	-	\$ -	-
		HYBRID CAPITAL RETURN NOTES DUE 23 FEBRUARY 2021	Financial assets mandatorily measured at fair value through profit or loss - current	-	\$ 4,262,590	-	\$ -	4,262,590
		Callible Credit Linked Dual Range due 2023	Financial assets mandatorily measured at fair value through profit or loss - non-current	-	\$ 8,846,010	-	\$ -	8,846,010
		Beijing Xiumi Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income - current	3,400,000	\$ 14,555,586	0%	\$ -	14,555,586
		WI HARPER INC FUND VI LTD.	Equity instrument investments measured at fair value through other comprehensive income - non-current	3,000	\$ 1,749,772	2%	\$ -	1,749,772
Gaintech Co. Limited	Stocks	MCUBE INC.	Equity instrument investments measured at fair value through other comprehensive income - non-current	3,114,984	\$ 8,566,206	5%	\$ -	8,566,206
		INNOVATION WORKS LIMITED	Equity instrument investments measured at fair value through other comprehensive income - non-current	2,000,000	\$ 12,278	4%	\$ -	12,278
		CHINA ALPIA TECHNOLOGIES COMPANY LIMITED	Equity instrument investments measured at fair value through other comprehensive income - non-current	1,990	\$ 883	20%	\$ -	883
		GENERAL MOBILE CORPORATION	Equity instrument investments measured at fair value through other comprehensive income - non-current	5,000,000	\$ 350,000	18%	\$ -	350,000
		Mogbar Technology Limited	Equity instrument investments measured at fair value through other comprehensive income - non-current	28,504,992	\$ 1,042,000	27%	\$ -	1,042,000
		AutoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income - non-current	652,176	\$ 22,382,680	6%	\$ -	22,382,680
		CIO Tech. Ltd.	Equity instrument investments measured at fair value through other comprehensive income - non-current	6,000,000	\$ 600,000	12%	\$ -	600,000
		Bee Computing (HK) Limited	Equity instrument investments measured at fair value through other comprehensive income - non-current	1,859,100	\$ 78,082	4%	\$ -	78,082

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
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(Continued)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020				
				Units/Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
Gimtech Co. Limited	Stocks	Esay-Logic Technology Limited	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	842,734	USD 471,931	5%	USD 471,931	-
		Innoviz Technologies Ltd.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	76,122	USD 5,116,084	1%	USD 5,116,084	-
		Ovesion Spate LTD	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	340,368	USD 137,913	7%	USD 137,913	-
		DPS Concepts, Inc.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	1,132,118	USD 2,003,849	3%	USD 2,003,849	-
		Munna Keta Semiconductors Holdings	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	2,483,659	USD 1,000,000	5%	USD 1,000,000	-
		Amib Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	8,205,734	USD 15,000,000	4%	USD 15,000,000	-
		Ela Computec Inc.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	1,069,576	USD 2,000,000	4%	USD 2,000,000	-
		China Walden Venture Investments II, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 10,459,133	-	USD 10,459,133	-
		IAKCO V3(B) FUND	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 79,026	-	USD 79,026	-
		ALL-STAR INVESTMENT FUND	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 3,817,384	-	USD 3,817,384	-
Gimtech Co. Limited	Capital	NOZOMI FUND	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 455	-	USD 455	-
		INNOVATION WORKS DEVELOPMENT FUND	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 13,836,339	-	USD 13,836,339	-
		Shanghai Walden Venture Capital Enterprise	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 35,085,269	-	USD 35,085,269	-
		CHINA BROADBAND CAPITAL PARTNERS II, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 12,478,665	-	USD 12,478,665	-
		CHINA BROADBAND CAPITAL PARTNERS III, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 13,709,777	-	USD 13,709,777	-
		SOUTHANK PRINCETON INVESTMENTS, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 14,946,347	-	USD 14,946,347	-
		CHINA BROADBAND CAPITAL PARTNERS III, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 28,634,834	-	USD 28,634,834	-
		WALDEN RIVERWOOD VENTURES, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 8,931,038	-	USD 8,931,038	-
		PWG GCN VENTURES, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 2,832,292	-	USD 2,832,292	-
		KIBOU FUND, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 9,615,473	-	USD 9,615,473	-
Gimtech Co. Limited	Capital	AMITI FUND II, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 90,347,872	-	USD 90,347,872	-
		Shanghai Summit View (C.M. AND A) Investment Limited Partnership	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 10,667,930	-	USD 10,667,930	-
		Beijing Integrated Circuit Industry International Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 14,687,250	-	USD 14,687,250	-
		China Prosperity Capital Mobile Internet Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 6,509,210	-	USD 6,509,210	-
		All-Share Private Investment Cayman Limited	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 39,105,545	-	USD 39,105,545	-
		HOPU USD Master Fund III, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 31,869,803	-	USD 31,869,803	-
		China Walden Venture Investments III, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 20,113,792	-	USD 20,113,792	-
		WAY III, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 12,016,056	-	USD 12,016,056	-
		Imico Ventures II, LP	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 1,335,377	-	USD 1,335,377	-
		Phi Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 4,775,759	-	USD 4,775,759	-
Gimtech Co. Limited	Bonds	Amih III, LP	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 723,992	-	USD 723,992	-
		Verexx Venture (SG)	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 748,607	-	USD 748,607	-
		Bain Capital Tech Opportunities Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 1,390,045	-	USD 1,390,045	-
		Staloon Foshu Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 996,169	-	USD 996,169	-
		III STRATEGIC M&A FUND, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 205,973	-	USD 205,973	-
		Palm Drive Capital III LP	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 400,000	-	USD 400,000	-
		Epexden, Inc.	Financial assets mandatorily measured at fair value through profit or loss - current	-	USD 2,400,000	-	USD 2,400,000	-
		AMobile Intelligent Corp. Limited convertible bonds	Financial assets mandatorily measured at fair value through profit or loss - noncurrent	-	USD 700,000	-	USD 700,000	-
		China International Capital Corporation Limited insured bond (CICCHK 0/09/11/21)	Debt instrument investments measured at fair value through other comprehensive income - current	-	USD 8,964,860	-	USD 8,964,860	-
		SofBank Group Corp insured bond	Debt instrument investments measured at fair value through other comprehensive income - noncurrent	-	USD 20,000,000	-	USD 20,000,000	-
Gimtech Co. Limited	Bonds	AgriGroup Global Markets Inc.	Financial assets measured at amortized cost - noncurrent	-	USD 8,997,300	-	USD 8,997,300	-
		Morgan Stanley Secured Note	Financial assets measured at amortized cost - noncurrent	-	USD 30,000,000	-	USD 30,000,000	-
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost - noncurrent	-	USD 9,000,000	-	USD 9,000,000	-
		Chalcase 2020 Offshore USD Bond	Financial assets measured at amortized cost - noncurrent	-	USD 30,000,000	-	USD 30,000,000	-
		HYBRID CAPITAL RETURN NOTES DUE 21 FEBRUARY, 2021	Financial assets mandatorily measured at fair value through profit or loss - current	-	USD 8,921,700	-	USD 8,921,700	-
Gimtech Co. Limited	Linked Deposits	24 Months Note Linked to a fund due 26 April 2021	Financial assets mandatorily measured at fair value through profit or loss - current	-	USD 9,486,900	-	USD 9,486,900	-
		4 Year USD Denominated Credit Linked Note linked to Alibaba	Financial assets mandatorily measured at fair value through profit or loss - current	-	USD 9,954,000	-	USD 9,954,000	-

(To be continued)

MEDIA TEK INC. AND SUBSIDIARIES
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
 As of December 31, 2020

(Continued)

Held Company Name	Securities Type	Securities Name	December 31, 2020			
			Units/Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Gaintek Co. Limited	Linked Deposits	3 Year USD Denominated (MAAB) 02E Linked Note	-	USD 9,316,800	-	USD 9,316,800
		Morgan Stanley Finance LLC - Amortizable Range Note	-	USD 9,002,160	-	USD 9,002,160
		USD 3y Auto-Callable Range Accrual Notes linked to USD TWD	-	USD 8,982,000	-	USD 8,982,000
		5 Year USD Denominated Credit Linked Notes linked to Bank of Communications	-	USD 9,496,800	-	USD 9,496,800
		5 Year USD Denominated (MAAB) 02E Linked Note	-	USD 9,482,400	-	USD 9,482,400
		5.5 Year USD Amortizable Stepped Credit Linked Note on the obligation of Alibaba Group Holding Ltd.	-	USD 9,134,100	-	USD 9,134,100
		USD 3y Notes Linked to a Fund Due 05-May-2022	-	USD 9,411,300	-	USD 9,411,300
		Bankery Bank PLC 3.25% ECL/EAR DUE 31-OCT-2022 USD REGS	-	USD 8,895,600	-	USD 8,895,600
		Calibac Credit Linked Dual Range due 2022	-	USD 8,846,010	-	USD 8,846,010
		NeuroBlock Ltd.	-	USD 5,000,000	-	USD 5,000,000
Mediatek (Beijing) Inc.	Funds	ViaC Technologies Ltd.	-	USD 1,000,000	-	USD 1,000,000
		CTBC Credit Linked Notes	-	USD 4,971,500	-	USD 4,971,500
		Cypress Secured Lending Fund Segregated Portfolio	-	USD 3,109,500	-	USD 3,109,500
		Industrial and Commercial Bank of China - yi chiyi No.2 RMB Fund	-	CNY 40,000,000	-	CNY 40,000,000
		Industrial and Commercial Bank of China - yi chiyi No.2 RMB Fund	-	CNY 50,000,000	-	CNY 50,000,000
		Industrial and Commercial Bank of China - jin jian No.2 RMB Asset Value Fund	-	CNY 41,815,370	-	CNY 41,815,370
		ICBC Wealth Management XY Short-term Fixed Income Product	-	CNY 30,688,632	-	CNY 30,688,632
		ICBC Wealth Management Core Selected Fixed Income Product	-	CNY 35,533,928	-	CNY 35,533,928
		Industrial and Commercial Bank of China (jib) yi chiyi (F) Fund	-	CNY 31,000,000	-	CNY 31,000,000
		ICBC Wealth Management Colorful Life Fixed Income Product	-	CNY 50,359,571	-	CNY 50,359,571
Xuxin Investment (Shanghai) Inc.	Capital	ICBC "Wenwei No.3 Product"	-	CNY 50,000,000	-	CNY 50,000,000
		Hebei Changling Nixi new energy industry investment fund partnership firm (limited partnership)	-	CNY 206,258,324	-	CNY 206,258,324
		Shanghai Internet of Things VC Fund II	-	CNY 17,483,831	-	CNY 17,483,831
		AI Speech Co. Ltd.	-	CNY 55,393,599	-	CNY 55,393,599
		Adapts Technology Co. Ltd	1,539,011	CNY 2,876,935	9%	CNY 2,876,935
		Ofobe Inc.	2,174,040	CNY 74,702,623	1%	CNY 74,702,623
		Shenzhen ORV/BO Technology Co. Ltd	-	CNY 14,383,271	-	CNY 14,383,271
		Shanghai Yip Information Technology Co. Ltd	-	CNY 4,824,217	-	CNY 4,824,217
		Shanghai KQC Financial Management Consulting Co. Ltd.	-	CNY 4,521,000	-	CNY 4,521,000
		Nangbo ABAX Seating	-	CNY 13,338,043	-	CNY 13,338,043
Mediatek USA, Inc.	Funds	Hainan zhixilai entecossalling partnership	-	CNY 992,900	-	CNY 992,900
		Hangzhou Ultraseptin Technology Co. Ltd	-	CNY 6,500,000	-	CNY 6,500,000
		Pu Tai Jun Micro Technology Inc.	-	CNY 10,000,000	-	CNY 10,000,000
		Industrial and Commercial Bank of China principal guaranteed Free Floating 2017 no.3 Fund	-	CNY 4,260,000	-	CNY 4,260,000
		PEMGENSTRANGE POLICY TRUST	-	USD 9,653,736	-	USD 9,653,736
		Trust fund	-	USD 32,239,829	-	USD 32,239,829
		Fubon Bank (China) YXY No.1 Product	-	CNY 18,510,000	-	CNY 18,510,000
		Fubon Bank (China) YXY ZH Product	-	CNY 26,270,000	-	CNY 26,270,000
		Appier Holding Inc.	103,473	USD 8,669,060	1%	USD 8,669,060
		Scarflix International	2,096,587	USD 8,415,071	4%	USD 8,415,071
Choua Ronger Limited	Stocks	Valens Semiconductor Ltd.	1,276,935	USD 4,871,762	1%	USD 4,871,762
		Ambiq Micro, Inc.	3,809,900	USD 6,964,459	2%	USD 6,964,459
		Transsion Technology Inc.	1,820,000	USD 8,645,000	8%	USD 8,645,000
		SKREEL LTD.	75,188	USD 314,474	6%	USD 314,474
Hsu Chia (Samso) Investment Ltd.	Bonds	GS 3.8 02/19/22	-	CNY 49,985,000	-	CNY 49,985,000
		BACR 3.95 05/30/25	-	CNY 50,125,000	-	CNY 50,125,000

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
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(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020			Fair value	Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)		
Hsu Chia (Simso) Investment Ltd.	Bonds	BKC 3.30 04/17/22	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH13.4 11/06/24	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH13.18 11/06/22	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ACAFP3.4 01/50/26	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.65 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH12.6 08/11/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		BCCHINA 3.15 09/24/22	Financial assets measured at amortized cost- noncurrent	-	CNY 30,000,000	-	-	-
		BKC 3.30 04/17/22	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		BKC 3.15 10/16/21	Financial assets measured at amortized cost- current	-	CNY 49,985,000	-	CNY 49,985,000	-
Hsu Fa (Simso) Investment Ltd.	Bonds	BACR 3.95 05/20/25	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 50,125,000	-	CNY 50,125,000	-
		BKC 3.30 04/17/22	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH12.6 08/11/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		SG 3.2 202/794	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.65 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,010,000	-	-	-
		BCCHINA 3.15 09/24/22	Financial assets measured at amortized cost- noncurrent	-	CNY 60,000,000	-	-	-
		SYNCLY CNY Dual Range Accrual Notes link TWD-29 LIBOR < 5%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 47,985,000	-	CNY 47,985,000	-
		SYNCLY CNY Dual Range Accrual Notes link TWD-29 LIBOR < 5.25%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 38,388,000	-	CNY 38,388,000	-
		SYNCLY CNY Denominated Range Accrual Notes linked TWD-29.4	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 27,863,200	-	CNY 27,863,200	-
Hsu King (Simso) Investment Ltd.	Bonds	SYNCLY CNY Dual Range Accrual Notes link TWD-29.5 Swap Rate <= 3.46%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 47,430,000	-	CNY 47,430,000	-
		GS 3.8 02/19/22	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 49,985,000	-	CNY 49,985,000	-
		BKC 3.15 10/16/21	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		ADBCH13.4 11/06/24	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH13.18 11/06/22	Financial assets measured at amortized cost- noncurrent	-	CNY 47,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ACAFP3.4 01/30/26	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.65 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 38,007,600	-	-	-
		Shanghai Shansheng Changjun Investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 347,712,000	-	CNY 347,712,000	-
		Shanghai Summit View IC M AND A Investment Limited Partnership II	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 32,880,554	-	CNY 32,880,554	-
MediaTek (Shenzhen) Inc.	Funds	Industrial and Commercial Bank of China- jib yi yueh bain plan A	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,647,327	-	CNY 50,647,327	-
		Industrial and Commercial Bank of China- jib yi yueh bain III plan B	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 43,500,000	-	CNY 43,500,000	-
		Industrial and Commercial Bank of China- principal guaranteed Free E Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 25,000,000	-	CNY 25,000,000	-
		Fubon Bank (China) XYYZXH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,000,000	-	CNY 30,000,000	-
		DYNA RECH CO, LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	16,000,000	\$ 110,400	9%	\$ 110,400	-
		Aiwa Global Venture Capital II	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	770,000	\$ 23,454	10%	\$ 23,454	-
		Shenzhen Gowild Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	2,046,904	USD 46,283,923	0%	USD 46,283,923	-
		Shenzhen Gowild Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	31,216,205	USD 705,988,583	7%	USD 705,988,583	-
		Shanghai Shansheng Changjun Investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 347,712,000	-	CNY 347,712,000	-
		Zhu Hai City Yuan Tan Information Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 200,000	-	CNY 200,000	-
MediaTek (Shanghai) Inc.	Funds	Industrial and Commercial Bank of China- jib yi yueh bain (F) Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 20,000,000	-	CNY 20,000,000	-
		Shree Mobility Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	19,368,419	INR 428,042,502	9%	INR 428,042,502	-
		Cathale Range Accrual Note	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,895,600	-	USD 8,895,600	-
		Agricultural Development Bank of China Bond	Financial assets measured at amortized cost- noncurrent	-	USD 8,997,300	-	USD 8,997,300	-
		Morgan Stanley Secured Notes	Financial assets measured at amortized cost- noncurrent	-	USD 20,000,000	-	USD 20,000,000	-
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 9,000,000	-	USD 9,000,000	-
		Cypress Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 3,033,659	-	USD 3,033,659	-
		Beihide Technology Corp.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,454	-	USD 2,454	-
		Li-Yu Investment Corp.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 46,283,923	-	USD 46,283,923	-
		Gold Rich International (HK) Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 705,988,583	-	USD 705,988,583	-
MediaTek (India) Technology Pvt. Ltd.	Capital	MediaTek (Shanghai) Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 200,000	-	CNY 200,000	-
		MediaTek (Shanghai) Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 20,000,000	-	CNY 20,000,000	-
		MediaTek India Technology Pvt. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	428,042,502	INR 8,895,600	9%	INR 8,895,600	-
		MediaTek India Technology Pvt. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	-	USD 8,895,600	-	USD 8,895,600	-
		MediaTek India Technology Pvt. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	-	USD 8,997,300	-	USD 8,997,300	-
		MediaTek India Technology Pvt. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	-	USD 20,000,000	-	USD 20,000,000	-
		MediaTek India Technology Pvt. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	-	USD 9,000,000	-	USD 9,000,000	-
		MediaTek India Technology Pvt. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	-	USD 3,033,659	-	USD 3,033,659	-
		MediaTek India Technology Pvt. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	-	USD 2,454	-	USD 2,454	-
		MediaTek India Technology Pvt. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	-	USD 46,283,923	-	USD 46,283,923	-

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
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(Continued)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Held Company Name	Securities Type	Securities Name	December 31, 2020				Note
			Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair value	
M-Star Software R&D (Shenzhen), Ltd.	Funds	Fubon Bank (China) YXY No.1 Product	-	CNY 42,000,000	-	CNY 42,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
MTK Wireless Limited (UK)	Capital	HEVC Advance LLC	-	GBP 2,103,252	-	GBP 2,103,252	-
			-	CNY 20,000,000	-	CNY 20,000,000	-
MediaTek (Hk) Inc.	Funds	Fubon Bank (China) YXYXPH Product	-	CNY 48,000,000	-	CNY 48,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
EcoNet (Shenzhen) Limited	Funds	Fubon Bank of China - yue de ying no.3 Fund	-	CNY 50,000,000	-	CNY 50,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
			-	CNY 25,000,000	-	CNY 25,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
MOUNTAIN CAPITAL FUND LP.	Stocks	One 97 Communications Limited	252,778	USD 56,630,048	0%	USD 56,630,048	-
			-	USD 10,407,665	-	USD 10,407,665	-
Heli Xuhui Management Consulting Co., Ltd.	Capital	Kun Qiao (Shenzhen) Semiconductor Industry Equity Investment Fund	-	CNY 332,779,620	-	CNY 332,779,620	-
			6,444,000	\$ 272,903	0%	\$ 272,903	-
Hsu-Si Investment Corp.	Stocks	WT Microelectronics Preferred Stock A	2,441,000	\$ 118,511	0%	\$ 118,511	-
			-	\$ 290,000	-	\$ -	-
Xinmen Signistar Technology Inc.	Bonds	China Life Insurance Company Limited Cumulative Perpetual Subordinated bond 1/09-1	-	CNY 40,000,000	-	CNY 40,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
Xinmen Signistar Technology Inc.	Funds	China Merchants Bank Wealth Gathering No.881 B2 Product	-	CNY 50,000,000	-	CNY 50,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
Xinmen Signistar Technology Inc.	Funds	China Merchants Bank Wealth Growing No.8699 Product	-	CNY 50,000,000	-	CNY 50,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-
Xinmen Signistar Technology Inc.	Funds	China Merchants Bank Fixed Income No.890099 Product	-	CNY 50,000,000	-	CNY 50,000,000	-
			-	CNY 50,000,000	-	CNY 50,000,000	-

Note 1: The chairman of the company is the same as the ultimate parent company's.

Note 2: Ultimate parent entity.

INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
For the year ended December 31, 2020

Attachment 4

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance			
					Units/Shares	Amounts	Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Amount (Note 2)		
MediaTek Inc.	Hsue-Si Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	-	TWD	2,730,000,000	TWD	2,105,692,244	TWD	2,105,692	624,304,756	TWD	8,793,354
MediaTek Inc.	Richtek Technology Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	-	TWD	148,482,806	TWD	-	TWD	-	148,482,806	TWD	22,351,726
MediaTek Inc.	Hsue-Ta Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	3,398,981,889	TWD	37,014,570	TWD	-	TWD	28,763,843	737,515,603	TWD	11,597,759
Hsue-Ta Investment Corp.	Hsue-Si Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	2,730,000,000	TWD	27,280,365	TWD	-	TWD	28,857,438	-	TWD	-
Hsue-Si Investment Corp.	Richtek Technology Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	148,482,806	TWD	19,938,739	TWD	-	TWD	21,221,992	-	TWD	-
Gold Rich International (HK) Limited	Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-netcurrent	-	-	20,475,772	USD	575,518,810	USD	18,429,248	USD	547,240,513	531,268,901	USD	46,283,923
Gaintech Co. Limited	Vanchip (Tianjin) Technology Co., Ltd.	Investments accounted for using the equity method	Note 6	Associates	-	USD	110,342,520	USD	2,095,059	USD	7,608,272	-	USD	39,444,076
Hefei Xuhui Management Consulting Co., Ltd.	King Qiao (Shenzhen) Semiconductor Industry Equity Investment Fund (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income-netcurrent	-	-	-	CNY	335,000,000	CNY	-	CNY	-	-	CNY	335,000,000
MediaTek China Limited	Morgan Stanley Secured Notes	Financial assets measured at amortized cost-net current	-	-	-	USD	20,000,000	USD	-	USD	-	-	USD	20,000,000
Gaintech Co. Limited	Morgan Stanley Secured Notes	Financial assets measured at amortized cost-net current	-	-	-	USD	30,000,000	USD	-	USD	-	-	USD	30,000,000
Gaintech Co. Limited	Chigroup Global Markets Inc.	Financial assets measured at amortized cost-net current	-	-	-	USD	20,000,000	USD	-	USD	-	-	USD	20,000,000
Gaintech Co. Limited	Chulaise 2020 Offshore USD Bond	Financial assets measured at amortized cost-net current	-	-	-	USD	30,000,000	USD	-	USD	-	-	USD	30,000,000
Gaintech Co. Limited	A11-Star Investment Fund	Equity instrument investments measured at fair value through other comprehensive income-netcurrent	Note 1	-	-	USD	28,519,739	USD	-	USD	16,232,446	271,674	USD	3,817,384
Gaintech Co. Limited	Ambiq Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income-netcurrent	-	-	-	USD	8,205,734	USD	-	USD	-	8,205,734	USD	15,000,000
MediaTek China Limited	Xuxin Investment (Shanghai) Inc.	Investments accounted for using the equity method	Note 1	Subsidiary	-	USD	47,549,995	USD	-	USD	-	-	USD	72,085,762
Xuxin Investment (Shanghai) Inc.	Xuxin (Shanghai) Management Consulting Co., Ltd.	Investments accounted for using the equity method	Note 1	Subsidiary	-	CNY	171,282,514	CNY	-	CNY	-	-	CNY	337,374,783
Xuxin (Shanghai) Management Consulting Co., Ltd.	Hefei Xuhui Management Consulting Co., Ltd.	Investments accounted for using the equity method	Note 1	Subsidiary	-	CNY	171,256,686	CNY	-	CNY	-	-	CNY	337,306,546

(To be continued)

MEDIA TEK INC. AND SUBSIDIARIES
INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
For the year ended December 31, 2020

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance		
					Units/Shares	Amounts	Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Amount (Note 2)	
Gainmech Co. Limited	MTK Wireless Limited (UK)	Investments accounted for using the equity method	Note 1	Subsidiary	66,394,826	USD	18,000,000	USD	-	USD	84,394,826	USD	216,345,815
MediaTek Inc.	MStar France SAS	Investments accounted for using the equity method	Note 4	Subsidiary	458,900	TWD	-	TWD	853,713	TWD	-	TWD	-
MTK Wireless Limited (UK)	MStar France SAS	Investments accounted for using the equity method	Note 4	Subsidiary	-	GBP	458,900	GBP	-	GBP	-	GBP	22,025,850
Gainmech Co. Limited	ILI Technology Holding Corporation	Investments accounted for using the equity method	Note 5	Subsidiary	344,243,782	USD	-	USD	-	USD	344,243,782	USD	-
									138,000,000	USD	7,271,299	USD	-

Note 1: Subscribed to the new shares issued.

Note 2: Amounts shown for investments accounted for using the equity method included investment income (loss) recognized by the equity method, adjustment for foreign exchange, and unrealized gains (losses) from investments measured at fair value through other comprehensive income.

Note 3: For the purpose of reorganization, Hsu-Ta Investment Corp. reduced its capital and returned the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp. back to MediaTek Inc. in April 2020.

Moreover, Hsu-Si Investment Corp. reduced its capital and returned the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp. back to MediaTek Inc. on the next day.

The differences resulting from transfer to and from shall have been covered by cash (if any).

Note 4: For the purpose of reorganization, the 100% ownership of MStar France SAS, which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in December 2020.

Note 5: Gainmech Co. Limited has completed the transfer of shareholding rights of ILI Technology Holding Corporation by November 2020.

Note 6: Subscribed to the new shares issued by cash and by retained earnings.

MEDIA TEK INC. AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE WITH AMOUNT EXCEEDING THE LOWER OF NTS\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
 For the year ended December 31, 2020

Attachment 5

Company Name	Type of Properties	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party			Price Reference	Purpose and Usage of Acquisition	Other Commitments
							Owner	Relationship with the Issuer	Transfer Date			
MediaTek (Chengdu) Inc.	Construction in progress	2018.08.31	CNY 295,000,000	CNY 136,932,129	Horizon Design (Xiamen) Co., Ltd., Sichuan Chuanjian Geotechnical Survey And Design Institute, Sichuan Hareal Consultina Co.,Ltd., Sichuan Linda Safety Consulting Technology Service Co., Ltd., Shanghai Zhemian Engineering Supervision Co., Ltd., Jiangsu Wamianda Construction Group Co., Ltd., Nantong Installation Group Co., Ltd., Shanghai Deheng Power Engineering Co., Ltd., The IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited, etc.	None	-	-	\$-	Space requirements for staff expansion	None	
MediaTek (Wuhan) Inc.	Construction in progress	2019.10.25	CNY 371,000,000	CNY 96,712,724	Jiangsu Wamianda Construction Group Co., Ltd., Limxing Construction Hubei Co.,Ltd.	None	-	-	\$-	Not applicable	Space requirements for staff expansion	None
Xiamen Signasstar Technology Inc.	Construction in progress	2020.10.30	CNY 152,000,000	CNY 5,738,744	Xiamen Chengjian Construction Co., Ltd., Xiamen Tefang Haiwan Investment Co., Ltd., Xiamen Yundang Construction Supervision Co., Ltd., etc.	None	-	-	\$-	Not applicable	Space requirements for staff expansion	None

MEDIA TEK INC. AND SUBSIDIARIES
RELATED PARTY TRANSACTIONS FOR PURCHASES AND SALES AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
For the year ended December 31, 2020

Attachment 6

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Company Name	Counter-party	Relationship	Transaction Details			Details of Abnormal Transaction	Notes/Trade Receivables (Payables)		Note
			Purchases/Sales	Amount	Percentage of Total Purchases/Sales		Payment Term	Ending Balance	
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	Sales	\$ 267,952	0.16%	Charged by a certain period	\$ 268,683	1.48%	-
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	Sales (Note 1)	\$ 1,770,049	1.05%	Charged by a certain period	\$ 191,194	1.05%	-
EcoNet (Suzhou) Limited	EcoNet Limited	Subsidiary	Sales	CNY 303,814,017	100.00%	Charged by a certain period	CNY 92,966,884	100.00%	-
MediaTek Inc.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 2,965,725	-	75 days	\$ (999,997)	(4.36)%	-
MediaTek Inc.	King Long Tech (Suzhou) Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 104,468	-	75 days	\$ (39,482)	(0.17)%	-
Airoha Technology Corp.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 248,573	-	30 days	\$ (51,761)	(6.02)%	-
MediaTek Singapore Pte. Ltd.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	USD 72,695,804	-	75 days	USD (17,929,881)	(5.11)%	-

Note 1: License revenues mainly

MEDIAITEK INC. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
As of December 31, 2020

Attachment 7

Company Name	Counter-party	Relationship	Ending Balance of Notes/Trade Receivables from Related Party	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts
					Amount	Action Taken		
					(Amounts in Thousands of New Taiwan Dollars)			
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	\$ 268,683	-	\$ -	-	\$ 1,245	\$ -
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 191,194	-	\$ -	-	\$ 191,194	\$ -
MediaTek Inc.	Nephos (Hefei) Co., Ltd.	Subsidiary	\$ 443,568	-	\$ -	-	\$ -	\$ -
MediaTek Bangalore Private Limited	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 168,674	-	\$ -	-	\$ 168,674	\$ -
MediaTek USA Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 632,413	-	\$ -	-	\$ 632,413	\$ -
MediaTek Wireless Finland Oy	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 208,274	-	\$ -	-	\$ 208,274	\$ -
MediaTek Korea Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 100,693	-	\$ -	-	\$ 100,693	\$ -
MediaTek (Shenzhen) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 460,202	-	\$ -	-	\$ 460,202	\$ -
MediaTek (Chengdu) Inc	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 195,404	-	\$ -	-	\$ 195,404	\$ -
MediaTek (Shang Hai) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 198,502	-	\$ -	-	\$ 198,502	\$ -
EcoNet (Suzhou) Limited	EcoNet Limited	Subsidiary	\$ 406,176	-	\$ -	-	\$ 406,176	\$ -
Hsu Chia (Samoa) Investment Ltd.	MediaTek (Shang Hai) Inc.	Subsidiary	\$ 1,747,616	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Hefei) Inc.	Subsidiary	\$ 349,523	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Chengdu) Inc	Subsidiary	\$ 305,833	-	\$ -	-	\$ -	\$ -
Hsu Kang (Samoa) Investment Ltd.	MediaTek (Shenzhen) Inc.	Subsidiary	\$ 3,055,335	-	\$ -	-	\$ -	\$ -
Richtek Technology Corp.	MediaTek Inc.	Subsidiary	\$ 1,527,630	-	\$ -	-	\$ 1,527,630	\$ -
Hsu-Si Investment Corp.	Airoha Technology Corp.	Subsidiary	\$ 665,525	-	\$ -	-	\$ -	\$ -

Note 1: Trade receivables and other receivables arising from technical services, sales of chips and software usage mainly.

Note 2: Loans and their interests (recorded in other receivables) mainly.

Note 3: Dividend revenues (recorded in other receivables) mainly.

MEDIA TEK INC. AND SUBSIDIARIES
THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES
For the year ended December 31, 2020

Attachment 8

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transaction		Transaction Terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
				Accounts	Amount		
0	MediaTek Inc.	MediaTek Singapore Pte. Ltd.	A	Trade Receivables from related party	\$ 191,194	By contract	0.04%
			A	Operating Revenue from related Party	\$ 1,770,049		0.55%
			A	Other current liabilities	\$ 285,423		0.05%
		Richtek Technology Corp.	A	Trade Payables to related party	\$ 1,527,630		0.29%
			A	Trade Receivables from related party	\$ 268,683		0.05%
			A	Trade Payables to related party	\$ 81,442		0.02%
		Airoha Technology Corp.	A	Operating Revenue from related Party	\$ 267,952		0.08%
			A	Operating Revenue from related Party	\$ 41,711		0.01%
			A	Operating Revenue from related Party	\$ 36,016		0.01%
		MediaTek Research UK Limited	A	Research and development expenses	\$ 37,232		0.01%
			A	Trade Receivables from related party	\$ 161,114		0.03%
			A	Other Receivables from related party	\$ 282,454		0.05%
		MediaTek China Limited	A	Bank loan guarantee	\$ 3,161,537		0.59%
			A	Lease execution deposits	\$ 9,774		0.00%
			A	Selling expenses	\$ 62,045		0.02%
		ImnoFusion Technology Corp.	A	Research and development expenses	\$ 43,266		0.01%
C	Trade Payables to related party		\$ 168,674	0.03%			
C	Research and development expenses		\$ 1,217,485	0.38%			
MediaTek Japan Inc.	C	Research and development expenses	\$ 152,397	0.05%			
	C	Trade Payables to related party	\$ 98,464	0.02%			
	C	Research and development expenses	\$ 649,957	0.20%			
MediaTek India Technology Pvt. Ltd.	C	Trade Payables to related party	\$ 100,693	0.02%			
	C	Research and development expenses	\$ 693,003	0.22%			
	C	Selling expenses	\$ 36,716	0.01%			
MediaTek Singapore Pte. Ltd.	C	Trade Payables to related party	\$ 81,243	0.02%			
	C	Research and development expenses	\$ 727,788	0.23%			
	C	Research and development expenses	\$ 125,092	0.04%			
MediaTek Sweden AB	C	Trade Payables to related party	\$ 632,413	0.12%			
	C	Research and development expenses	\$ 5,399,229	1.68%			
	C	Trade Payables to related party	\$ 208,274	0.04%			
MediaTek USA Inc.	C	Research and development expenses	\$ 853,401	0.26%			
	C	Trade Payables to related party	\$ 89,163	0.02%			
	C	Research and development expenses	\$				

(To be continued)

MEDIA TEK INC. AND SUBSIDIARIES
THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES
For the year ended December 31, 2020

(Continued)

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transaction		Transaction Terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
				Accounts	Amount		
1	MediaTek Singapore Pte. Ltd.	MediaTek (Hefei) Inc.	C	Research and development expenses	\$ 1,824,665	By contract	0.57%
		MediaTek (Beijing) Inc.	C	Trade Payables to related party	\$ 83,192		0.02%
		MediaTek (Shenzhen) Inc.	C	Research and development expenses	\$ 2,450,314		0.76%
		MediaTek (Shenzhen) Inc.	C	Trade Payables to related party	\$ 460,202		0.09%
		MediaTek (Chengdu) Inc.	C	Research and development expenses	\$ 3,333,595		1.03%
		MediaTek (Chengdu) Inc.	C	Trade Payables to related party	\$ 195,404		0.04%
		MediaTek (Wuhan) Inc.	C	Research and development expenses	\$ 1,168,565		0.36%
		MediaTek (Wuhan) Inc.	C	Trade Payables to related party	\$ 59,293		0.01%
		MediaTek (Shang Hai) Inc.	C	Research and development expenses	\$ 457,922		0.14%
		MediaTek (Shang Hai) Inc.	C	Trade Payables to related party	\$ 198,502		0.04%
2	EcoNet (Suzhou) Limited	Xiamen Signastar Technology Inc.	C	Research and development expenses	\$ 1,464,128	By contract	0.45%
		EcoNet (HK) Limited	C	Non-operating income	\$ 88,091		0.03%
		EcoNet Limited	C	Research and development expenses	\$ 144,145		0.04%
		MediaTek (Hefei) Inc.	C	Trade Receivables from related party	\$ 406,176		0.08%
		MediaTek (Hefei) Inc.	C	Operating Revenue from Related Party	\$ 1,303,023		0.40%
		MediaTek (Hefei) Inc.	C	Research and development expenses	\$ 97,507		0.03%
		MediaTek (Shang Hai) Inc.	C	Other Receivables from related party	\$ 1,747,616		0.33%
		MediaTek (Shenzhen) Inc.	C	Non-operating income	\$ 63,073		0.02%
		MediaTek (Shenzhen) Inc.	C	Other Receivables from related party	\$ 3,055,335		0.57%
		MediaTek (Shenzhen) Inc.	C	Non-operating income	\$ 89,967		0.03%
3	Hsu Chia (Samoa) Investment Ltd.	MediaTek (Hefei) Inc.	C	Other Receivables from related party	\$ 349,523	By contract	0.07%
		MediaTek (Chengdu) Inc.	C	Other Receivables from related party	\$ 305,833		0.06%
		Airoha Technology Corp.	C	Other Receivables from related party	\$ 665,525		0.12%
		Airotek (Shenzhen) Inc.	C	Other Receivables from related party	\$ 30,316		0.01%
		Airotek (Chengdu) Inc.	C	Research and development expenses	\$ 128,422		0.04%
		InnoFusion Technology Corp.	C	Research and development expenses	\$ 120,708		0.04%
		Xiamen Signastar Technology Inc.	C	Trade Payables to related party	\$ 70,997		0.01%
		ILI Technology Corporation	C	Research and development expenses	\$ 164,752		0.05%
		ILI Technology Corporation	C	Trade Payables to related party	\$ 35,215		0.01%
		Richtek Technology Corp.	C	Research and development expenses	\$ 100,303		0.03%
4	Hsu Kang (Samoa) Investment Ltd.	ILI Technology (SZ) Ltd.	C	Selling expenses	\$ 160,553	By contract	0.05%
		Richtek Holding International Limited	C	Selling expenses	\$ 77,431		0.02%

(To be continued)

MEDIA TEK INC. AND SUBSIDIARIES
THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES
For the year ended December 31, 2020

(Continued)

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transaction			Percentage of Consolidated Net Sales or Total Assets (Note 3)
				Accounts	Amount	Transaction Terms	
10	Richtek Technology Corp.	Li-We Technology Corporation	C	Selling expenses	\$ 132,292	By contract	0.04%
		Richtek USA Inc.	C	Operating Revenue from related Party	\$ 47,398		0.01%
		Richtek Korea LLC.	C	Research and development expenses	\$ 62,539		0.02%
			C	Selling expenses	\$ 94,593		0.03%
11	Richpower Microelectronics Corp.	Richpower Microelectronics Co., Ltd.	C	Selling expenses	\$ 57,899	0.02%	
		Ironman Overseas Co., Ltd.	C	Selling expenses	\$ 54,071	0.02%	
		Richstar Group Co., Ltd.	C	Selling expenses	\$ 96,127	0.03%	

Note 1: MediaTek Inc. and its subsidiaries are coded as follows:

A. MediaTek Inc. is coded 0.

B. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2:

There are three types of relationship categorized as follow:

A. The holding companies to subsidiaries.

B. Subsidiaries to the holding companies.

C. Subsidiaries to subsidiaries.

Note 3:

Percentage of consolidated operating revenues or total assets is calculated as follows: for the balance sheet accounts, the ending balance of assets or liabilities divided by consolidated total assets, or for the income statement accounts, the interim accumulated amounts divided by consolidated sales.

Note 4:

The disclosure standard of above transactions between the holding company and subsidiaries are amounts exceeding NTS 30,000 thousand, including purchases, sales, trade payables to related party and trade receivables from related party.

MEDIAITEK INC. AND SUBSIDIARIES
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)

As of December 31, 2020

Attachment 9

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of Investment	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
MediaTek Inc.	MStar International Technology Inc.	Note 1	Research	\$ 300,000	\$ 300,000	30,000,000	100%	\$ 83,377	\$ 237	Note 19	
	IFI Innovation Inc.	Note 1	Intellectual property right management	\$ 1,180,621	\$ 1,138,910	118,062,084	100%	\$ 504,571	\$ (31,003)	Note 19	
	Bsui-Ta Investment Corp.	Note 1	General investing	\$ 6,500,166	\$ 35,264,009	737,515,603	100%	\$ 11,597,759	\$ 1,752,751	Note 19	
	MediaTek Investment Singapore Pte. Ltd.	Note 7	General investing	\$ 53,067,384	\$ 53,067,384	2,251,157,978	100%	\$ 184,460,781	\$ 6,110,411	Note 19	
	MediaTek Singapore Pte. Ltd.	Note 7	Research, manufacturing and sales	\$ 2,745,519	\$ 2,745,519	111,993,960	100%	\$ 11,244,859	\$ 14,199,789	Note 19	
	MStar France SAS	Note 13	Research	\$ -	\$ 868,611	-	-	\$ -	\$ 4,833	Note 19 and Note 20	
	MStar Co., Ltd.	Note 15	General investing	\$ 526,142	\$ 526,142	13,350,000	100%	\$ 117,897	\$ (342,159)	Note 19	
	Digimac Holdings Limited	Note 3	General investing	\$ 36,603	\$ 36,603	3,805	100%	\$ 44,669	\$ (45)	Note 19	
	MShining International Corporation	Note 1	Sales	\$ -	\$ 682,336	-	-	\$ -	\$ 3,046	Note 19 and Note 21	
	Spiridon Technologies	Note 13	Intellectual property right management	\$ 4,722	\$ 4,722	146,200	100%	\$ 2,624	\$ (1,050)	Note 19	
	Richtek Technology Corp.	Note 1	Research, manufacturing and sales	\$ 21,221,922	\$ -	148,482,806	100%	\$ 22,351,726	\$ 6,170,678	Note 19 and Note 22	
	Bsui-Si Investment Corp.	Note 1	General investing	\$ 7,800,486	\$ -	624,304,756	100%	\$ 8,793,354	\$ 2,153,308	Note 19 and Note 22	
Hui-Ta Investment Corp.	Gainesh Co. Limited	Note 2	General investing	USD 1,921,541,067	USD 1,921,541,067	383,813,853	100%	USD 6,367,308,450	USD 201,529,214	Note 19	
	Cloud Ranger Limited	Note 5	General investing	USD 23,139,000	USD 23,139,000	23,139,000	100%	USD 41,288,058	USD 84,413	Note 19	
	MediaTek Bangalore Private Limited	Note 4	Research	USD 339,847	USD 339,847	1,999,999	100%	USD 26,074,038	USD 6,598,169	Note 19	
	Core Tech Resources Inc.	Note 3	General investing	\$ 3,357,608	\$ 3,357,608	102,200,000	100%	\$ 4,563,334	\$ 70,018	Note 19	
	MediaTek Capital Co.	Note 1	General investing	\$ 3,955,188	\$ 3,915,188	163,603,653	100%	\$ 10,618,108	\$ 1,846	Note 19	
	MediaTek Bangalore Private Limited	Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 6,598,169	-	Note 19
	Bsui-Si Investment Corp.	Note 1	General investing	\$ -	\$ 27,300,000	-	-	\$ -	\$ 2,153,308	-	Note 19 and Note 22
	MediaTek India Technology Pvt. Ltd.	Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 3,578,913	-	Note 19
	RollTech Technology Co., Ltd.	Note 1	Research	\$ -	\$ 140,020	-	-	\$ -	\$ (11)	Note 19 and Note 23	
	E-Vehicle Semiconductor Technology Co., Ltd.	Note 1	Research, manufacturing and sales	\$ 16,796	\$ 16,796	7,600,000	29%	\$ 4,899	\$ (29,303)	-	
	Chingts Technology Corporation	Note 1	Research	\$ 887,932	\$ 887,932	113,936,991	100%	\$ 540,535	\$ (38,618)	Note 19	
	MediaTek Capital Co.	CMOS-Crystal Ltd.	Note 1	Research	\$ 18,189	\$ 18,189	25,001	20%	\$ 16,752	\$ (2,003)	-
Cyberon Corp.		Note 1	Research	\$ 250,737	\$ 250,737	3,119,748	30%	\$ 251,108	\$ 13,308	-	
MediaTek Research Corp.		Note 1	Research	\$ 800	\$ 800	80,000	100%	\$ 1,815	\$ 986	Note 19	
Imofusion Technology		Note 1	Technical services	\$ 224,539	\$ -	127,000,000	100%	\$ 1,188,419	\$ 6,487	Note 19 and Note 24	
MediaTek India Technology Pvt. Ltd.		Note 4	Research	USD 1,797,222	USD 1,797,222	5,499,999	100%	USD 20,785,990	USD 3,578,913	Note 19	
MediaTek Korea Inc.		Note 9	Research	USD 2,074,740	USD 2,074,740	200,000	100%	USD 8,446,150	USD 1,159,615	Note 19	
MediaTek China Limited		Note 11	General investing	USD 351,444,293	USD 351,444,293	2,730,102,500	100%	USD 6,359,904,408	USD 6,541,115	Note 19	
MediaTek Japan Inc.		Note 10	Technical services	USD 61,978	USD 61,978	7,100	100%	USD 3,247,712	USD 388,837	Note 19	
ZENA TECHNOLOGIES INTERNATIONAL, INC.		Note 3	General investing	USD 3,200,000	USD 3,200,000	600,000	33%	USD -	USD -	-	
CMC CAPITAL INVESTMENTS, L.P.		Note 2	General investing	USD 7,215,598	USD 7,215,598	-	67%	USD 7,416,614	USD 2,733,550	-	
SmartHead Limited		Note 15	General investing	USD 700,000	USD 700,000	700,000	100%	USD 1,563,084	USD (215,938)	Note 19	
Gold Rich International (Samso) Limited		Note 5	General investing	USD 4,290,000	USD 4,290,000	4,290,000	100%	USD 797,561,670	USD 14,275,127	Note 19	
Ralink Technology (Samso) Corp.	Note 5	General investing	USD 5,626,623	USD 5,626,623	7,150,000	100%	USD 31,456,784	USD 8,301,426	Note 19		
MTK Wireless Limited (UK)	Note 12	Research	USD 135,664,604	USD 111,688,604	84,394,826	100%	USD 216,345,815	USD 31,663,258	Note 19		
EcoNet (Cayman) Inc.	Note 2	General investing	USD 56,132,213	USD 55,952,726	22,870,281	76%	USD 140,699,484	USD 28,753,349	Note 19		

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)
 As of December 31, 2020

(Continued)

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Gairtech Co., Limited	FONTAINE CAPITAL FUND, L.P.	Note 2	General investing	USD 17,142,857	USD 17,142,857	17,142,857	57%	USD 99,330,747	USD (727,955)	-	
	Mediatek Wireless FZ-LLC	Note 14	Technical services	USD 13,753	USD 13,753	50	100%	USD 209,489	USD 56,908	Note 19	
	Hsu Chia (Simao) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 1,799,581,122	USD 4,336,220	Note 19	
	Hsu Fa (Simao) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 1,788,851,935	USD 4,415,786	Note 19	
	Hsu Kang (Simao) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 1,783,306,742	USD 3,368,391	Note 19	
	Nephos Pre. Ltd.	Note 7	Research	USD 74,578	USD 2,197,493	1	100%	USD 483,815	USD 42,117	Note 19	
	Nephos Cayman Co. Limited	Note 2	General investing	USD 113,110,426	USD 113,110,426	113,110,426	100%	USD (4,247,517)	USD (1,176,637)	Note 19	
	MOUNTAIN CAPITAL FUND, L.P.	Note 2	General investing	USD 27,200,000	USD 27,200,000	27,200,000	90%	USD 63,256,112	USD (33,883)	Note 19	
	CSVI VENTURES, L.P.	Note 2	General investing	USD 12,000,000	USD 12,000,000	12,000,000	39%	USD 8,072,982	USD (4,404,815)	-	
	INTELLIGO TECHNOLOGY INC.	Note 2	General investing	USD 8,000,000	USD 8,000,000	8,928,270	23%	USD 3,234,988	USD (4,334,475)	-	
	ISur Technology Ltd.	Note 2	General investing	USD 2,977,673	USD 7,737,673	50,000	100%	USD 3,112,673	USD (37,486)	Note 19	
MTK Wireless Limited (UK)	Mediatek Research UK Limited	Note 12	Research	USD -	USD 358,340	-	-	USD -	USD 149,639	Note 19 and Note 25	
	ILI Technology Holding Corporation	Note 2	General investing	USD -	USD 113,600,448	-	-	USD -	USD 10,706,708	Note 26	
	Amobile Intelligent Corp. Limited	Note 11	Research, manufacturing and sales	USD 1,884,921	USD 1,884,921	1,884,921	22%	USD 1,657,979	USD (1,286,706)	-	
	Sigmastar Technology Inc.	Note 2	General investing	USD 522,701	USD 57,522,701	1,511,579	100%	USD 53,118,579	USD 19,069,775	Note 19	
	Lepower (HK) Limited	Note 11	General investing	USD 26,851	USD 26,851	3,050,000	100%	USD 4,860	USD (20,829)	Note 19	
	Mediatek Sweden AB	Note 8	Research	GBP 19,361,957	GBP 19,361,957	1,008,371	100%	GBP 12,230,137	GBP 170,578	Note 19	
	Mediatek USA Inc.	Note 6	Research	GBP 36,696,643	GBP 36,696,643	111,815	100%	GBP 100,190,066	GBP 19,133,378	Note 19	
	Mediatek Wireless Finland Oy	Note 17	Research	GBP 4,733,036	GBP 4,733,036	1,000	100%	GBP 10,479,087	GBP 1,253,936	Note 19	
	Mstar Semiconductor UK Ltd.	Note 12	Research and technical services	GBP 1,759,253	GBP 1,759,253	1	100%	GBP 1,747,005	GBP (7,243)	Note 19	
	MStar France SAS	Note 13	Research	GBP 22,405,985	GBP -	458,900	100%	GBP 2,025,850	GBP 135,771	Note 19 and Note 20	
	Gold Rich International (HK) Limited	Note 11	General investing	USD 4,190,000	USD 4,190,000	4,190,000	100%	USD 79,747,430	USD 14,276,294	Note 19	
Smarthead Limited	MOMAGIC TECHNOLOGIES PRIVATE LIMITED	Note 4	Software development	USD 500,000	USD 500,000	2,385,927	23%	USD 1,371,784	USD (1,227,259)	-	
	Shadow Investment Limited	Note 5	General investing	USD 1,491,120	USD 1,491,120	15,000,000	100%	USD 2,389,156	USD 19,526	Note 19	
	EcoNet (HK) Limited	Note 11	General investing, research, manufacturing and sales	USD 67,534,520	USD 67,534,520	67,534,520	100%	USD 179,315,647	USD 28,600,993	Note 19	
	Mediatek Research UK Limited	Note 12	Research	USD 479,664	USD -	280,000	100%	USD 616,114	USD 149,639	Note 19 and Note 25	
	EcoNet (Suzhou) Limited	Note 3	General investing and sales	CNY 2,639,504	CNY 2,639,504	400,000	100%	CNY 34,101,432	CNY 7,060,161	Note 19	
	ImoFusion Technology Corp.	Note 1	Technical services	USD -	USD 53,474,665	-	-	USD 230,479	USD -	Note 19 and Note 24	
	ILITEK Holding Inc.	Note 3	General investing	\$ 399,927	\$ 399,927	13,050	100%	\$ 398,464	\$ 5,749	Note 19 and Note 26	
	Li-Yu Investment Corp.	Note 1	General investing	\$ 240,000	\$ 240,000	31,275,100	100%	\$ 339,290	\$ 1,714	Note 19	
	Ironman Overseas Co., Ltd.	Note 3	General investing	\$ -	\$ 373,359	-	-	\$ -	\$ 48,502	Note 19 and Note 27	
	Reistar Group Co., Ltd.	Note 3	General investing	\$ -	\$ 619,110	-	-	\$ -	\$ 103,085	Note 19 and Note 28	
	Reichtek Technology Corp.	Reichex Microelectronics Corp.	Note 1	Research, manufacturing and sales	\$ 278,032	\$ 278,032	26,963,153	82%	\$ 25,232	\$ 2,537	Note 19
Reichtek Europe Holding B.V.		Note 16	General investing	\$ 84,724	\$ 84,724	2,000,000	100%	\$ 50,176	\$ (3,249)	Note 19	
Reichtek Holding International Limited		Note 3	General investing	\$ 292,264	\$ 292,264	30,000	100%	\$ 41,024	\$ (3,381)	Note 19	
Reichpower Microelectronics Corp.		Note 2	General investing	\$ -	\$ 263,830	-	-	\$ -	\$ (143,274)	Note 19 and Note 29	
Reichtek Korea LLC		Note 9	Research and technical services	\$ 26,696	\$ 26,696	10,000	100%	\$ 13,102	\$ (11,045)	Note 19	
Reichtek USA Inc.		Note 6	Sales and technical services	\$ 133,470	\$ -	1,000,000	100%	\$ 147,438	\$ 9,637	Note 19 and Note 28	

(To be continued)

MEDIATEK INC. AND SUBSIDIARIES
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)
As of December 31, 2020

(Continued)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2020		Net Income (Loss) of Investees	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership			
Richtek Technology Corp.	Richtek IC Design Ireland Limited	Note 18	Research	\$ -	\$ -	1	100%	\$ (398)	-	Note 19 and Note 30
LSI Investment Corp.	Corporate Event Limited	Note 3	Technical services	\$ -	\$ 1,537	-	-	\$ -	(66)	Note 19 and Note 31
Richtek Europe Holding B.V.	Richtek Europe B.V.	Note 16	Marketing	EUR 1,500,000	EUR 1,500,000	1,500,000	100%	EUR 941,965	EUR (92,618)	Note 19
Richpower Microelectronics Corp.	Richpower Microelectronics Corporation	Note 1	Administrative services	USD -	USD 3,114,373	-	-	USD -	USD 25,280	Note 19 and Note 29
Richstar Group Co., Ltd.	Richtek USA Inc.	Note 6	Sales and technical services	USD -	USD 4,500,000	-	-	USD -	USD 325,728	Note 19 and Note 28
Ironman Overseas Co., Ltd.	Cosmic-Ray Technology Limited	Note 5	General investing	USD -	USD 5,530,000	-	-	USD -	USD (193,095)	Note 19 and Note 27
Hsu-Si Investment Corp.	Richtek Technology Corp.	Note 1	Research, manufacturing and sales	\$ -	\$ 28,954,147	-	-	\$ -	\$ 6,170,678	Note 19 and Note 22
	Airoha Technology Corp.	Note 1	Research, manufacturing and sales	\$ 6,428,827	\$ 6,428,827	61,092,908	100%	\$ 4,683,255	\$ 1,061,489	Note 19
Airoha Technology Corp.	Airoha (Cayman) Inc.	Note 2	General investing	\$ 59,579	\$ 59,579	4,397,346	100%	\$ 214,709	\$ 13,947	Note 19
	ILL Technology Holding Corporation	Note 5	General investing	\$ -	\$ 68,580	-	-	\$ -	\$ -	Note 19 and Note 33
MediaTek India Technology Pvt. Ltd.	MSiR Semiconductor India Private Limited	Note 4	Research and technical services	USD 113,600,448	USD 113,600,448	343,617,000	100%	USD 141,017,623	USD 10,706,708	Note 19 and Note 26
				INR -	INR 26,422,200	-	-	INR -	INR -	Note 19 and Note 32

Note 1: Taiwan

Note 2: Cayman Islands

Note 3: British Virgin Islands

Note 4: India

Note 5: Western Samoa

Note 6: United States

Note 7: Singapore

Note 8: Sweden

Note 9: Korea

Note 10: Japan

Note 11: Hong Kong

Note 12: United Kingdom

Note 13: France

Note 14: Dubai

Note 15: Seychelles

Note 16: Netherlands

Note 17: Finland

Note 18: Ireland

Note 19: Investee is a subsidiary in consolidated group.

Note 20: For the purpose of reorganization, the 100% ownership of MStar France SAS, which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in November 2020.

Note 21: For the purpose of reorganization, MShining International Corporation was dissolved due to merger with Hsu-Ti Investment Corp. in December 2020.

Note 22: For the purpose of reorganization, Hsu-Ti Investment Corp. reduced its capital and returned the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ti Investment Corp. back to MediaTek Inc. in April 2020.

Note 23: For the purpose of reorganization, Hsu-Si Investment Corp. reduced its capital and returned the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp. back to MediaTek Inc. in the next day.

Note 24: For the purpose of reorganization, RollTech Technology Co., Ltd., which was previously owned by MediaTek Capital Co., was dissolved due to merger with MediaTek Capital Co. in December 2020.

Note 25: For the purpose of reorganization, the 100% ownership of Innofusion Technology Corp., which was previously owned by Sigmstar Technology Inc., was transferred to MediaTek Capital Co. in October 2020.

Note 26: Gaintech Co. Limited has completed the transfer of shareholding rights of ILL Technology Holding Corporation as of November 2020.

Note 27: For the purpose of reorganization, Ironman Overseas Co., Ltd. and its subsidiary, which was previously owned by Ironman Overseas Co., Ltd. have been liquidated in November 2020.

Note 28: For the purpose of reorganization, Richstar Group Co., Ltd. has been liquidated in July 2020. The 100% ownership of Richtek USA Inc., which was previously owned by Richstar Group Co., Ltd., was transferred to Richtek Technology Corp.

Note 29: For the purpose of reorganization, Richpower Microelectronics Corp. and its subsidiary, which was previously owned by Richpower Microelectronics have been liquidated in November 2020.

Note 30: Richtek Technology Corp. established Richtek IC Design Ireland Limited in November 2020.

Note 31: For the purpose of reorganization, Corporate Event Limited has been liquidated in March 2020.

Note 32: For the purpose of reorganization, the 100% ownership of MStar Semiconductor India Private Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to MediaTek India Technology Pvt. Ltd. in November 2019.

Note 33: For the purpose of reorganization, Airoha Technology (Samoa) Corp. has been liquidated in January 2020.

MEDIA TEK INC. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
For the year ended December 31, 2020

Attachment 10

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 5-B)	Accumulated Outflow of Investment From Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2020	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 6)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
MediaTek (Shenzhen) Inc.	Note 2	\$ 2,565,720 USD 90,000,000	MediaTek China Limited	\$ 2,565,720 USD 90,000,000	-	-	\$ 2,565,720 USD 90,000,000	\$ 146,592 USD 4,954,672	100%	\$ 146,592 USD 4,954,672	\$ 4,660,054 USD 163,464,798	-
MediaTek (Hefei) Inc.	Note 2	\$ 484,636 USD 17,000,000	MediaTek China Limited	\$ 484,636 USD 17,000,000	-	-	\$ 484,636 USD 17,000,000	\$ 118,342 USD 3,999,842	100%	\$ 118,342 USD 3,999,842	\$ 1,389,066 USD 48,725,482	-
MediaTek (Beijing) Inc.	Note 2	\$ 2,850,800 USD 100,000,000	MediaTek China Limited	\$ 2,850,800 USD 100,000,000	-	-	\$ 2,850,800 USD 100,000,000	\$ 185,579 USD 6,272,391	100%	\$ 185,579 USD 6,272,391	\$ 4,940,548 USD 173,303,930	-
MediaTek (Chengdu) Inc.	Note 2	\$ 1,419,698 USD 49,800,000	MediaTek China Limited	\$ 1,419,698 USD 49,800,000	-	-	\$ 1,419,698 USD 49,800,000	\$ 108,474 USD 3,666,315	100%	\$ 108,474 USD 3,666,315	\$ 2,124,219 USD 74,513,089	-
MediaTek (Wuhan) Inc.	Note 2	\$ 689,894 USD 24,200,000	MediaTek China Limited	\$ 473,428 USD 16,606,858	-	-	\$ 473,428 USD 16,606,858	\$ 60,664 USD 2,050,370	100%	\$ 60,664 USD 2,050,370	\$ 826,420 USD 28,989,059	-
Xuxin Investment (Shanghai) Inc.	Note 4	\$ 1,710,480 USD 60,000,000	MediaTek China Limited	\$ 1,043,393 USD 36,600,000	\$ 667,087 USD 23,400,000	-	\$ 1,710,480 USD 60,000,000	\$ (96,195) USD (3,251,303)	100%	\$ (96,195) USD (3,251,303)	\$ 2,055,021 USD 72,085,762	-
MediaTek (Shanghai) Inc.	Note 2	\$ 1,297,605 CNY 297,000,000	MediaTek China Limited	\$ 1,381,761 USD 48,469,221	-	-	\$ 1,381,761 USD 48,469,221	\$ 62,641 USD 2,117,200	100%	\$ 62,641 USD 2,117,200	\$ 2,833,021 USD 99,376,344	-
Nepfos (Beijing) Co., Ltd.	Note 2	-	Nepfos (Hefei) Co., Ltd.	\$ 69,012 USD 2,420,803	-	-	\$ 69,012 USD 2,420,803	\$ 6 CNY 1,406	-	\$ 6 CNY 1,406	-	-
MStar Software R&D (Shenzhen), Ltd.	Note 2	\$ 855,240 USD 30,000,000	MStar Co., Ltd.	\$ 855,240 USD 30,000,000	-	-	\$ 855,240 USD 30,000,000	\$ 8,889 USD 300,450	100%	\$ 8,889 USD 300,450	\$ 469,711 USD 16,476,476	-
MStar Chen Xi Software Shanghai Ltd.	Note 2	-	MStar Software R&D (Shenzhen), Ltd.	-	-	-	-	\$ 744 CNY 173,548	-	\$ 744 CNY 173,548	-	-
EcoNet (Suzhou) Limited	Note 3	\$ 285,080 USD 10,000,000	EcoNet (HK) Limited	\$ 267,448 USD 9,381,500	-	-	\$ 267,448 USD 9,381,500	\$ 973,642 USD 32,908,167	76%	\$ 734,633 USD 24,829,902	\$ 4,411,645 USD 154,751,105	-
Rchipower Microelectronics Co., Ltd.	Note 2	\$ 91,226 USD 3,200,000	Richtek Technology Corp.	\$ 91,226 USD 3,200,000	-	-	\$ 91,226 USD 3,200,000	\$ (3,666)	100%	\$ (3,666)	\$ 15,911	-
Li-We Technology Corp.	Note 2	\$ 71,270 USD 2,500,000	Richtek Technology Corp.	\$ 71,270 USD 2,500,000	-	-	\$ 71,270 USD 2,500,000	\$ (11,025)	100%	\$ (11,025)	\$ 27,543	-
Yuan Ke (Pingtian) Investment Fund Limited Partnership	Note 4	\$ 4,557,751 USD 159,876,218	Gaintech Co. Limited	\$ 3,694,637 USD 129,600,000	-	-	\$ 3,694,637 USD 129,600,000	\$ 311,000 USD 10,511,523	81%	\$ 226,980 USD 7,671,707	\$ 45,856,538 USD 1,608,549,798	-
Zelus Technology (Hangzhou) Ltd.	Note 3	\$ 146,816 USD 5,150,000	Gaintech Co. Limited	\$ 146,816 USD 5,150,000	\$ 864 USD 30,299	-	\$ 147,680 USD 5,180,299	\$ 10,386 USD 351,035	91%	\$ 9,567 USD 323,347	\$ 113,003 USD 3,963,901	-
VanChip (Tianjin) Technology Co., Ltd.	Note 3	\$ 1,572,854 CNY 360,000,000	Gaintech Co. Limited	-	\$ 1,140,320 USD 40,000,000	-	\$ 1,140,320 USD 40,000,000	\$ 612,747 USD 20,710,287	30%	\$ 192,428 USD 6,503,874	\$ 1,086,946 USD 38,127,754	-

(To be continued)

MEDIA TEK INC. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
For the year ended December 31, 2020

(Continued)

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 5-B)	Accumulated Outflow of Investment From Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2020	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 6)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
ILLI Technology (SZ) LTD.	Note 2	\$ 370,604 USD 13,000,000	ILLITEK Holding Inc.	\$ 370,604 USD 13,000,000	- -	- -	\$ 370,604 USD 13,000,000	\$ 5,866 CNY 1,367,943	- -	\$ 5,866 CNY 1,367,943	- -	- -
Beijing ilitek Technology Co., Ltd.	Note 2	\$ 85,524 USD 3,000,000	IStar Technology Ltd.	\$ 85,524 USD 3,000,000	- -	- -	\$ 85,524 USD 3,000,000	\$(2,522) CNY (588,223)	100%	\$(2,522) CNY (588,223)	\$ 74,617 CNY 17,078,499	- -
ShenZhen ZhongChen Semiconductor Ltd.	Note 2	\$ 6,842 USD 240,000	IStar Technology Ltd.	\$ 142,540 USD 5,000,000	- -	- -	\$ 142,540 USD 5,000,000	\$ 1,719 USD 58,084	100%	\$ 1,719 USD 58,084	\$ 8,215 USD 288,153	- -
Nephos (Hefei) Co. Ltd.	Note 3	\$ 1,175,955 USD 41,250,000	Nephos Cayman Co. Limited	\$ 3,251,344 USD 114,050,238	- -	- -	\$ 3,251,344 USD 114,050,238	\$ 138,907 USD 4,694,938	100%	\$ 138,907 USD 4,694,938	\$ 1,764 USD 61,873	- -
Airotek (Shenzhen) Inc.	Note 2	\$ 27,083 USD 950,000	Airoha (Cayman) Inc.	\$ 27,083 USD 950,000	- -	- -	\$ 27,083 USD 950,000	\$ 6,030 USD 203,816	100%	\$ 6,030 USD 203,816	\$ 37,269 USD 1,307,334	- -
Airotek (Chengdu) Inc.	Note 2	\$ 27,083 USD 950,000	Airoha (Cayman) Inc.	\$ 27,083 USD 950,000	- -	- -	\$ 27,083 USD 950,000	\$ 8,117 USD 274,353	100%	\$ 8,117 USD 274,353	\$ 34,182 USD 1,199,027	- -
Xiamen Sigmastar Technology Inc.	Note 3	\$ 212,665 CNY 48,675,371	Sigmastar Technology Inc.	\$ 57,016 USD 2,000,000	- -	- -	\$ 57,016 USD 2,000,000	\$ 896,724 USD 30,308,428	50%	\$ 567,939 USD 19,195,809	\$ 1,462,809 USD 51,312,223	- -
Shenzhen Sing Chen Technology Inc.	Note 2	\$ 13,107 CNY 3,000,000	Xiamen Sigmastar Technology Inc.	- -	- -	- -	- -	\$(1,272) CNY (296,655)	50%	\$ 3,146 CNY 733,651	\$ 23,142 CNY 5,296,830	- -
SigmaStar Technology Inc. (Shanghai)	Note 2	\$ 4,369 CNY 1,000,000	Xiamen Sigmastar Technology Inc.	- -	- -	- -	- -	\$(6,478) CNY (1,510,747)	50%	\$(5,183) CNY (1,208,723)	\$ 20,356 CNY 4,659,070	- -
PuTian Joint Micro Technology Inc.	Note 3	\$ 436,904 CNY 100,000,000	Xuxin Investment (Shanghai) Inc.	\$ 44,187 USD 1,550,000	- -	- -	\$ 44,187 USD 1,550,000	\$ (57,760) CNY (13,469,502)	-	\$(6,526) CNY (1,521,861)	- -	- -
PuTian Joint Micro Technology Inc.	Note 3	\$ 436,904 CNY 100,000,000	Xiamen Sigmastar Technology Inc.	\$ 72,401 USD 2,539,683	- -	- -	\$ 72,401 USD 2,539,683	\$ (57,760) CNY (13,469,502)	-	\$(9,549) CNY (2,226,913)	- -	- -
Xuxi (Shanghai) Management consulting Co., Ltd	Note 4	\$ 1,463,847 CNY 335,050,000	Xuxin Investment (Shanghai) Inc.	\$ 698,446 USD 24,500,000	\$ 667,286 USD 23,406,985	- -	\$ 1,365,732 USD 47,906,985	\$ 763 CNY 177,839	100%	\$ 763 CNY 177,839	\$ 1,474,004 CNY 337,374,783	- -
HeFei Xuhui Management Consulting Co., Ltd.	Note 4	\$ 1,463,628 CNY 335,000,000	Xuxi (Shanghai) Management consulting Co., Ltd	\$ 698,446 USD 24,500,000	\$ 667,087 USD 23,400,000	- -	\$ 1,365,533 USD 47,900,000	\$ 880 CNY 205,190	100%	\$ 880 CNY 205,190	\$ 1,473,701 CNY 337,305,363	- -
Shanghai Celeste Technology Co., Ltd.	Note 3	- -	Lepower (HK) Limited	- -	\$ 408 USD 14,300	- -	\$ 408 USD 14,300	- -	-	- -	- -	- -
Accumulated Investment in Mainland China as of December 31, 2020				Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment						
				\$ 24,032,811 USD 843,019,887	\$ 32,332,000 USD 1,134,137,771			\$ 223,000,293				

(To be continued)

MEDIA TEK INC. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
For the year ended December 31, 2020

(Continued)

Note 1: Based on Regulations Governing the Approval of Investment or Technical Cooperation in the Mainland China promulgated by Investment Commission, MOEA.

Note 2: Development of consumer electronics products and software and related technology consulting services.

Note 3: Development, manufacture, and marketing of consumer electronics products and software.

Note 4: General investing.

Note 5: The methods for engaging in investment in Mainland China include the following:

- A. Direct investment in Mainland China.
- B. Indirect investment in Mainland China through companies registered in a third region.
- C. Other method.

Note 6: Recognized in financial statements audited by the auditors of the parent company in Taiwan.

Note 7: Amounts are listed in New Taiwan Dollars. For foreign currency conversion, net income (loss) of investee and investment income (loss) are converted by the average exchange rate during financial statement period (1 USD=29.58663 NTD; 1 CNY=4.28818 NTD).
Other amounts are converted by the exchange rate at reporting date. (1 USD=28,508 NTD; 1 CNY=4.36904 NTD)

English Translation of a Report and Financial Statements Originally Issued in Chinese

MEDIATEK INC.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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.

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	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 96,917,833	21	\$ 103,679,288	25
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		143,621,071	30	137,776,031	33
Non-current assets					
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		329,724,791	70	276,417,085	67
Total assets		\$ 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

MEDIA TEK 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	%
LIABILITIES AND EQUITY					
Current liabilities					
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
Non-current liabilities					
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
Equity					
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
Total liabilities and equity		\$ 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	%
Net sales	4, 5, 6(19), 7	\$ 168,337,908	100	\$ 136,467,915	100
Operating costs	4, 5, 6(7), 6(22), 7	(94,346,514)	(56)	(80,852,750)	(59)
Gross profit		73,991,394	44	55,615,165	41
Unrealized gross profit on sales		(41,711)	-	(150,628)	-
Realized gross profit on sales		115,258	-	84,166	-
Gross profit, net		74,064,941	44	55,548,703	41
Operating expenses	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)
Operating income		15,957,148	9	9,459,305	7
Non-operating income and expenses					
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
Net income before income tax		43,634,717	26	25,339,004	19
Income tax expense	4, 5, 6(28)	(2,717,917)	(2)	(2,306,283)	(2)
Net income		40,916,800	24	23,032,721	17
Other comprehensive income	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	-
Other comprehensive income, net of tax		31,130,529	19	29,863,514	22
Total comprehensive income		\$ 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.

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 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	Others	Treasury shares	Equity attributable to owners of the parent
	Common stock	Capital collected in advance		Legal reserve	Undistributed earnings					
Balance as of January 1, 2019	\$ 15,915,070	-	\$ 85,237,214	\$ 39,431,639	\$ 108,577,764	\$ (1,222,342)	\$ 26,428,344	\$ (1,365,498)	\$ (55,970)	\$ 272,946,221
Appropriation and distribution of 2018 earnings:	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	2,076,050	(2,076,050)	-	-	-	-	(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
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(58,130)	(2,727,299)	32,648,943	-	-	29,863,514
Total comprehensive income	-	-	-	-	22,974,591	(2,727,299)	32,648,943	-	-	52,896,235
Share-based payment transactions	1,744	3,780	26,686	-	-	-	-	-	-	32,210
Adjustments due to dividends that subsidiaries received from parent company	-	-	70,147	-	-	-	-	-	-	70,147
Changes in associates and joint ventures accounted for using the equity method	-	-	9,810	-	-	-	-	-	-	9,810
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	992	-	(997,074)	-	-	-	-	(996,082)
Changes in ownership interests in subsidiaries	-	-	(11,520)	-	-	-	-	-	-	(11,520)
Changes in ownership interests in subsidiaries	(20,341)	-	1,692,596	-	37,237	-	-	268,785	-	1,978,277
Issuance of restricted stock for employees	-	-	128,895	-	-	-	-	-	-	128,895
Changes in other capital surplus	-	-	-	-	8,738,608	-	(8,754,607)	-	-	(15,999)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	127,729,843	(3,949,641)	50,322,680	(1,096,713)	(55,970)	312,750,344
Balance as of December 31, 2019	15,896,473	3,780	82,392,203	41,507,689	127,729,843	(3,949,641)	50,322,680	(1,096,713)	(55,970)	312,750,344
Appropriation and distribution of 2019 earnings:	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	3,075,336	(3,075,336)	-	-	-	-	-
Cash dividends	-	-	-	3,075,336	(7,944,252)	-	-	-	-	(7,944,252)
Total	-	-	-	3,075,336	(11,019,588)	-	-	-	-	(7,944,252)
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
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(57,308)	(4,761,203)	35,949,040	-	-	31,130,529
Total comprehensive income	-	-	-	-	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	-	-	-	-	-	-	-	-	(53,600)	(53,600)
Treasury stock retired	(13,000)	-	(5,657)	-	(46,643)	-	-	-	53,600	-
Adjustments due to dividends that subsidiaries received from parent company	-	-	81,845	-	-	-	-	-	-	81,845
Changes in associates and joint ventures accounted for using the equity method	-	-	(9,810)	-	(99,498)	-	-	-	-	(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
Changes in ownership interests in subsidiaries	-	-	1,185,977	-	-	-	-	-	-	1,185,977
Issuance of restricted stock for employees	(13,417)	-	284,705	-	3,352	-	-	767,140	-	1,041,780
Changes in other capital surplus	-	-	(49,636)	-	-	-	-	-	-	(49,636)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,625,247	-	(15,625,247)	-	-	-
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)	\$ (55,970)	\$ 371,833,821

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

Chairman : Ming-Kai Tsai

President : Li-Shyng Tsai

Chief Financial Officer : David Ku

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
Cash flows from operating activities :		
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	<u>51,464,521</u>	<u>27,760,475</u>
Cash flows from investing activities :		
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	<u>(6,511,735)</u>	<u>2,455,531</u>
Cash flows from financing activities :		
(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	<u>(51,714,241)</u>	<u>13,258,510</u>
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	<u>\$ 96,917,833</u>	<u>\$ 103,679,288</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

MEDIATEK INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. Organization and Operation

As officially approved, MediaTek Inc. (“the Company”) was incorporated at Hsinchu Science-based Industrial Park on May 28, 1997. Since then, it has been specialized in the R&D, production, manufacturing and marketing of multimedia integrated circuits (ICs), computer peripherals oriented ICs, high-end consumer-oriented ICs and other ICs of extraordinary application. Meanwhile, it has rendered design, test runs, maintenance and repair and technological consultation services for software & hardware of the aforementioned products, import and export trades for the aforementioned products, sale and delegation of patents and circuit layout rights for the aforementioned products.

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 19, 2021.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2020. The application of these new standards and amendments had no material effect on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) and endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Dates
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	“Financial Instruments”, “Financial Instruments: Recognition and Measurement”, “Financial Instruments: Disclosures”, “Insurance Contracts”, “Leases” - Interest Rate Benchmark Reform - Phase 2 (Amendment)	January 1, 2021

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The abovementioned standards and interpretations issued by IASB and have been endorsed by FSC will become effective for annual periods beginning on or after January 1, 2021 and have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC and not yet adopted by the Company as at the end of the reporting period are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Dates
IFRS 10 and IAS 28	“Consolidated Financial Statements” and “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)	To be determined by IASB
IFRS 17	“Insurance Contracts”	January 1, 2023
IAS 1	“Classification of Liabilities as Current or Non-current” (Amendment)	January 1, 2023
IFRS 3, IAS 16 and IAS 37	“Business Combination”, “Property, Plant and Equipment” and “Provisions, Contingent Liabilities and Contingent Assets” (Amendment) and the Annual Improvements	January 1, 2022
IAS 1	“Disclosure Initiative - Accounting Policies” (Amendment)	1 January 2023
IAS 8	“Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of accounting estimates (Amendment)	1 January 2023

- A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” (IFRS 10) and IAS 28 “Investments in Associates and Joint Ventures” (IAS 28), in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of a subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “Business Combinations” (IFRS 3) between an investor and its associate or joint venture is recognized in full.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

The abovementioned standards and interpretations issued by IASB have not yet been recognized by FSC at the date of issuance of the Company's financial statements, the local effective dates are to be determined by FSC. As the Company is currently determining the potential impact of the standards and interpretations listed under A, it is not practicable to estimate the impact on the Company at this point in time. All other standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

Foreign currency transactions

The Company's parent company only financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company's functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (2) Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
- (3) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in “investments accounted for using the equity method”. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

Current and non-current distinction

An asset is classified as current when:

- (1) the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (2) the Company holds the asset primarily for the purpose of trading.
- (3) the Company expects to realize the asset within twelve months after the reporting period.
- (4) the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (1) the Company expects to settle the liability in its normal operating cycle.
- (2) the Company holds the liability primarily for the purpose of trading.
- (3) the liability is due to be settled within twelve months after the reporting period.
- (4) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

- A.the Company's business model for managing the financial assets and
- B.the contractual cash flow characteristics of the financial asset.

a. Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Such financial assets are subsequently measured at amortized cost and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

b. Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- I. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - II. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should be recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

c. Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivables.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money; and
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- A. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- B. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. for trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. for financing lease receivable arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Derecognition of financial assets

A financial asset is derecognized when:

- A. the rights to receive cash flows from the asset have expired.
- B. the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

A. Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

B. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. Gains or losses on the subsequent measurement of liabilities held for trading including interest paid are recognized in profit or loss.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the company is provided internally on that basis to the key management personnel.

b. Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

c. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (1) in the principal market for the asset or liability; or
- (2) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Inventories

Inventory costs include costs incurred in bringing each inventory to its present location and condition. Raw materials are valued at purchase cost. Finish goods and work in progress include cost of direct materials and related manufacturing overheads. Inventories are valued at lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Inventories that were not sold or moved for further production were assessed allowance and set aside to reflect the potential loss from stock obsolescence.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

Investments accounted for using the equity method

The Company's investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new shares, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	3-50 years
Machinery and equipment	3-5 years
Computer and telecommunication equipment	3-5 years
Testing equipment	3-5 years
Miscellaneous equipment	2-5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

- (1) the right to obtain substantially all of the economic benefits from use of the identified asset;
and
- (2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

A. The Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- a. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable by the lessee under residual value guarantees;
- d. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- e. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a. the amount of the initial measurement of the lease liability;
- b. any lease payments made at or before the commencement date, less any lease incentives received;
- c. any initial direct costs incurred by the lessee; and
- d. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

B. The Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Expenditures related to research activities as well as those expenditures not meeting the criteria for capitalization are expensed when incurred. Expenditures related to development activities meeting the criteria for capitalization are capitalized.

The Company's intangible assets mainly include trademarks, patents, software, IPs and others which are acquired from third parties or business combinations. A summary of the amortization policies applied to the Company's intangible assets is as follows:

<u>Trademarks</u>	<u>Patents</u>	<u>Software</u>	<u>IPs and others</u>
6 years	2-7 years	2-5 years	2-7 years

Abovementioned intangible assets are amortized on a straight-line basis over the estimated useful life.

The Company's intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Sales returns and allowances (Refund liabilities)

The Company estimates sales returns and allowances based on past experience and other known factors in accordance with IFRS 15, which are recognized as deduction of operating revenue and refund liabilities.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follows:

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company is multimedia integrated circuit chip and revenue is recognized based on the consideration stated in the contract. However, sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experience, the Company uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized during the period specified in the contract.

The credit period of the Company's sale of goods is from 45 to 60 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Company provides non-recurring engineering services. Revenues are recognized based on the stage of completion of the contracts. Besides, if there are sales transactions included in the services contracts, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contracts, net of the estimated volume discounts. Based on previous experience, the Company uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Contract liabilities are also recognized during the period specified in the contract.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The contractual considerations of the Company are received in accordance with the payment schedule set by the contracts. When the Company has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Silicon intellectual property license

Licensing is to provide customers the right to use intellectual properties. The amount allocated to performance obligation-licenses of intellectual property is recognized as revenue at a point in time in which the licence is granted.

Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of: the date of the plan amendment or curtailment; and the date that the Company recognizes related restructuring or termination costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognizes unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

A. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by shareholders.

B. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- a. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- a. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 "Financial Instruments" either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's parent company only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The judgments and estimates made by the Company are based on historical experience and other related factors and continuously being evaluated and adjusted. Please refer to below description:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A. Fair value of Level 3 financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Valuation of inventory- estimation of obsolescence provision

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time period, therefore it may cause material adjustments.

C. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

D. Revenue recognition - sales returns and discounts

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6. (15) for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Checking and savings accounts	\$ 10,183,617	\$ 5,400,368
Time deposits	86,734,216	98,278,920
Total	<u>\$ 96,917,833</u>	<u>\$ 103,679,288</u>

Time deposits include deposits whose maturities are within twelve months and are readily convertible to known amounts of cash with values subject to an insignificant risk of changes.

Cash and cash equivalents were not pledged.

(2) Financial assets and financial liabilities at fair value through profit or loss

	December 31, 2020	December 31, 2019
<u>Current</u>		
<u>Financial assets mandatorily</u>		
<u>measured at fair value through</u>		
<u>profit or loss</u>		
Funds	\$ 1,126,846	\$ 782,571
Forward exchange contracts	920	-
Total	<u>\$ 1,127,766</u>	<u>\$ 782,571</u>
<u>Held for trading financial liabilities</u>		
Forward exchange contracts	<u>\$ 520</u>	<u>\$ -</u>
<u>Noncurrent</u>		
<u>Financial assets mandatorily</u>		
<u>measured at fair value through</u>		
<u>profit or loss</u>		
Stocks	\$ 183,750	\$ 192,990
Linked deposits	100,601	-
Total	<u>\$ 284,351</u>	<u>\$ 192,990</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
<u>Current</u>		
<u>Equity instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Listed company stocks	\$ 16,279	\$ -
<u>Noncurrent</u>		
<u>Equity instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Funds	3,340,082	2,993,489
Stocks	557,641	5,147
Total	\$ 3,897,723	\$ 2,998,636

Financial assets at fair value through other comprehensive income were not pledged.

In consideration of disposition according to the Company's investment strategy, the Company derecognized certain equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of the investments for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31	
	2020	2019
The fair value of the investments at the date of derecognition	\$ -	\$ 374,246
The cumulative loss on disposal	\$ -	\$ 676,395

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(4) Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
<u>Noncurrent</u>		
Bonds	1,118,475	290,000
Time deposits	189,404	273,244
Total	<u>\$ 1,307,879</u>	<u>\$ 563,244</u>

No loss allowance was recognized for financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for more details on credit risk.

(5) Trade receivables and trade receivables from related parties

	December 31, 2020	December 31, 2019
Trade receivables	\$ 17,873,736	\$ 13,191,292
Less: allowance for doubtful debts	(24,678)	(8,677)
Subtotal	17,849,058	13,182,615
Trade receivables from related parties	638,850	673,955
Less: allowance for doubtful debts	-	-
Subtotal	638,850	673,955
Total	<u>\$ 18,487,908</u>	<u>\$ 13,856,570</u>

Trade receivables and trade receivables from related parties were not pledged.

Trade receivables are generally on 45 to 60 day terms. The total carrying amounts were NT\$18,512,586 thousand and NT\$13,865,247 thousand as of December 31, 2020 and 2019, respectively. Please refer to Note 6. (20) for more details on impairment of trade receivables for the years ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

Trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$2,989,981 thousand and NT\$1,823,530 thousand as of December 31, 2020 and 2019, respectively.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(6) Other receivables

	December 31, 2020	December 31, 2019
Factoring receivables	\$ 3,025,695	\$ 2,588,179
Others	1,033,429	1,617,029
Total	<u>\$ 4,059,124</u>	<u>\$ 4,205,208</u>

The Company entered into several factoring agreements without recourse with financial institutions. According to those agreements, the Company does not take the risk of uncollectible trade receivables, but only the risk of loss due to commercial disputes. The Company did not provide any collateral, and the factoring agreements met the criteria of financial asset derecognition. The Company derecognized related trade receivables after deducting the estimated value of commercial disputes. Receivables from banks due to factoring agreement were NT\$3,025,695 thousand and NT\$2,588,179 thousand as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, trade receivables derecognized were summarized (by transferee) as follows:

A. As of December 31, 2020:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
Taishin					
International Bank	-	\$ 85,413	\$ -	\$ 85,413	\$ 121,000
BNP Paribas	-	18,862	-	18,862	155,000
CHB	-	263	-	263	1,200
CTBC	-	904	-	904	1,800
ESB	-	-	-	-	15,000
SinoPac	-	601	-	601	5,000
SKCB	-	92	-	92	2,500
Total		<u>\$ 106,135</u>	<u>\$ -</u>	<u>\$ 106,135</u>	<u>\$ 301,500</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. As of December 31, 2019:

The Factor (Transferee)	Interest Rate (%)	Trade receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (US\$'000)
Taishin					
International Bank	-	\$ 50,727	\$ -	\$ 50,727	\$ 108,000
BNP Paribas	-	35,089	-	35,089	155,000
CHB	-	153	-	153	1,200
CTBC	-	-	-	-	1,675
SKCB	-	-	-	-	2,500
Total		\$ 85,969	\$ -	\$ 85,969	\$ 268,375

(7) Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 1,464,230	\$ 534,157
Work in progress	14,326,064	8,351,228
Finished goods	5,112,597	4,030,632
Net amount	\$ 20,902,891	\$ 12,916,017

The cost of inventories recognized in expenses amounted to NT\$94,346,514 thousand and NT\$80,852,750 thousand, including the reversal of write-down of inventories of NT\$1,861,878 thousand for the year ended December 31, 2020 because of circumstances that caused the net realizable value of inventory to be lower than its cost no longer existed and the write-down of inventories of NT\$616,714 thousand for the year ended December 31, 2019.

Inventories were not pledged.

(8) Prepayments

	December 31, 2020	December 31, 2019
Prepaid expenses	\$ 381,070	\$ 598,229
Others	94,927	72,446
Total	\$ 475,997	\$ 670,675

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Investments accounted for using the equity method

Investees	December 31, 2020		December 31, 2019	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Subsidiaries:				
MediaTek Investment				
Singapore Pte. Ltd.	\$ 184,460,781	100	\$ 146,880,648	100
Hsu-Si Investment Corp.	8,793,354	100	-	-
Hsu-Ta Investment Corp.	11,597,759	100	37,014,570	100
MediaTek Singapore Pte. Ltd.	11,244,859	100	6,365,067	100
MStar France SAS	-	-	823,679	100
MShining International Corporation	-	-	666,836	100
MStar Co., Ltd.	117,897	100	448,484	100
HFI Innovation Inc.	504,571	100	440,782	100
MStar International Technology Inc.	83,377	100	83,140	100
Digimoc Holdings Limited	44,669	100	55,809	100
Spidcom Technologies	2,623	100	3,673	100
Richtek Technology Corp.	22,351,726	100	-	-
Total	<u>\$ 239,201,616</u>		<u>\$ 192,782,688</u>	

Hsu-Ta Investment Corp. reduced its capital and returned the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp. back to MediaTek Inc. in April 2020. Moreover, Hsu-Si Investment Corp. reduced its capital and returned the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp. back to MediaTek Inc. on the next day. The differences resulting from transfer to and from shall have been covered by cash (if any).

The Company increased its investment in HFI Innovation Inc. by cash in the amount of NT\$180,000 thousand in March 2019 and by intellectual property in the amount of NT\$150,628 thousand in December 2019, respectively. Moreover, the Company increased its investment in HFI Innovation Inc. by intellectual property in the amount of NT\$41,711 thousand in August 2020.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The ownership of MStar France SAS, which was previously owned by the Company, was transferred to MTK Wireless Limited (UK) in November 2020.

MShining International Corporation was dissolved due to merger with Hsu-Ta Investment Corp. in December 2020.

Investments in subsidiaries were not pledged.

(10) Property, plant and equipment

	December 31, 2020	December 31, 2019
Owner-occupied property, plant and equipment	<u>\$ 20,388,079</u>	<u>\$ 20,003,889</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment			Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination		Total
				equipment	equipment	equipment			equipment	equipment	
Cost:											
As of January 1, 2020	\$ 3,966,512	\$ 14,354,679	\$ 97,600	\$ 5,013,895	\$ 7,380,042	\$ 255,606	\$ 225,001	\$ 31,293,335			
Additions-acquired separately	-	110,425	32,479	991,253	1,508,779	142,424	113,088	2,898,448			
Disposals	-	-	-	(121,410)	(69,511)	(130,953)	-	(321,874)			
Transfers	-	122,140	(684)	-	139,103	-	(284,054)	(23,495)			
As of December 31, 2020	\$ 3,966,512	\$ 14,587,244	\$ 129,395	\$ 5,883,738	\$ 8,958,413	\$ 267,077	\$ 54,035	\$ 33,846,414			
As of January 1, 2019	\$ 1,540,249	\$ 9,701,894	\$ 8,502	\$ 3,234,182	\$ 5,406,479	\$ 258,497	\$ 1,382,836	\$ 21,532,639			
Additions-acquired separately	116,430	363,622	89,098	1,431,598	1,115,627	7,181	1,159,268	4,282,824			
Additions-acquired through business combinations	2,313,056	2,390,034	78,363	-	480,202	374,668	-	5,636,323			
Disposals	(3,223)	(107,310)	-	(51,044)	(19,432)	(25,328)	-	(206,337)			
Transfers	-	2,006,439	(78,363)	399,159	397,166	(359,412)	(2,317,103)	47,886			
As of December 31, 2019	\$ 3,966,512	\$ 14,354,679	\$ 97,600	\$ 5,013,895	\$ 7,380,042	\$ 255,606	\$ 225,001	\$ 31,293,335			

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of January 1, 2020	\$ -	\$ 3,540,577	\$ 8,765	\$ 3,212,331	\$ 4,347,450	\$ 180,323	\$ -	\$ 11,289,446
Depreciation	-	490,537	16,913	784,664	1,043,512	23,856	-	2,359,482
Disposals	-	-	-	(121,294)	(69,075)	(224)	-	(190,593)
Transfers	-	44	-	-	(44)	-	-	-
As of December 31, 2020	\$ -	\$ 4,031,158	\$ 25,678	\$ 3,875,701	\$ 5,321,843	\$ 203,955	\$ -	\$ 13,458,335
As of January 1, 2019	\$ -	\$ 2,864,130	\$ 5,269	\$ 2,276,645	\$ 3,223,456	\$ 174,959	\$ -	\$ 8,544,459
Depreciation	-	402,030	3,496	731,263	867,275	27,873	-	2,031,937
Depreciation-acquired through business combinations	-	387,794	64,318	-	157,069	240,149	-	849,330
Disposals	-	(101,626)	-	(47,232)	(17,313)	(25,329)	-	(191,500)
Transfers	-	(11,751)	(64,318)	251,655	116,963	(237,329)	-	55,220
As of December 31, 2019	\$ -	\$ 3,540,577	\$ 8,765	\$ 3,212,331	\$ 4,347,450	\$ 180,323	\$ -	\$ 11,289,446
Net carrying amount as of:								
December 31, 2020	\$ 3,966,512	\$ 10,556,086	\$ 103,717	\$ 2,008,037	\$ 3,636,570	\$ 63,122	\$ 54,035	\$ 20,388,079
December 31, 2019	\$ 3,966,512	\$ 10,814,102	\$ 88,835	\$ 1,801,564	\$ 3,032,592	\$ 75,283	\$ 225,001	\$ 20,003,889

Property, plant and equipment were not pledged.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(11) Intangible assets	Patents, IPs and others				Total
	Trademarks	Software	Goodwill		
Cost:					
As of January 1, 2020	\$ 390,512	\$ 1,053,782	\$ 12,577,987	\$ 52,604,453	\$ 66,626,734
Additions-acquired separately	-	196,947	6,653,136	-	6,850,083
Disposals	-	(14,969)	(2,181,425)	-	(2,196,394)
Transfers	-	23,495	-	-	23,495
As of December 31, 2020	\$ 390,512	\$ 1,259,255	\$ 17,049,698	\$ 52,604,453	\$ 71,303,918
As of January 1, 2019	\$ -	\$ 938,831	\$ 3,586,699	\$ 27,712,833	\$ 32,238,363
Additions-acquired separately	-	114,883	533,630	-	648,513
Additions-acquired through business combinations	390,512	3,047,077	5,460,846	24,891,620	33,790,055
Disposals	-	-	(27,570)	-	(27,570)
Transfers	-	(3,047,009)	3,024,382	-	(22,627)
As of December 31, 2019	\$ 390,512	\$ 1,053,782	\$ 12,577,987	\$ 52,604,453	\$ 66,626,734

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Trademarks	Software	Patents, IPs and others	Goodwill	Total
Amortization and impairment:					
As of January 1, 2020	\$ 385,088	\$ 832,365	\$ 10,762,613	\$ -	\$ 11,980,066
Amortization	5,424	171,472	2,838,000	-	3,014,896
Disposals	-	(14,969)	(2,181,425)	-	(2,196,394)
As of December 31, 2020	\$ 390,512	\$ 988,868	\$ 11,419,188	\$ -	\$ 12,798,568
As of January 1, 2019	\$ -	\$ 703,857	\$ 2,558,784	\$ -	\$ 3,262,641
Amortization	65,085	128,487	2,133,256	-	2,326,828
Amortization-acquired through business combinations	320,003	2,501,585	3,619,206	-	6,440,794
Disposals	-	-	(27,570)	-	(27,570)
Transfers	-	(2,501,564)	2,478,937	-	(22,627)
As of December 31, 2019	\$ 385,088	\$ 832,365	\$ 10,762,613	\$ -	\$ 11,980,066
Net carrying amount as of:					
December 31, 2020	\$ -	\$ 270,387	\$ 5,630,510	\$ 52,604,453	\$ 58,505,350
December 31, 2019	\$ 5,424	\$ 221,417	\$ 1,815,374	\$ 52,604,453	\$ 54,646,668

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(12) Impairment testing of goodwill

The Company's goodwill allocated to each of cash-generating units or groups of cash-generating units is expected to benefit from synergies of the business combination. Key assumptions used in impairment testing are as follows:

The recoverable amount of the cash-generating unit is determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from financial budgets approved by management covering a five-year period. The projected cash flows reflect the change in demand for products and services. As a result of the analysis, the Company did not identify any impairment for goodwill of NT\$52,604,453 thousand.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating unit is most sensitive to the following assumptions:

- (a) Gross margin
- (b) Discount rates
- (c) Growth rates of sales of budget period

Gross margins - Gross margins are based on the gross margins of latest fiscal year and future trend of the market.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Company, taking into account the particular situations of the Company and its operating segments. The WACC includes both the cost of liabilities and cost of equity. The cost of equity is derived from the expected returns of the Company's investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Company has obligation to settle.

Growth rates of sales estimates - The growth rates of sales were estimated by historical experience. The long-term average growth rate the Company predicted was adjusted by considering the product life cycle and the macroeconomic environment.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the cash-generating unit, the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(13) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 16,251,740	\$ 51,601,684
Interest rates	0%~0.46%	2.05%~2.55%

(14) Other payables

	December 31, 2020	December 31, 2019
Accrued salaries and bonuses	\$ 16,571,218	\$ 11,845,141
Accrued royalties	1,187,714	1,753,034
Other payables to related parties	57,482	16,312
Others	8,200,839	4,292,890
Total	\$ 26,017,253	\$ 17,907,377

(15) Other current liabilities

	December 31, 2020	December 31, 2019
Refund liabilities	\$ 15,111,597	\$ 9,815,557
Others	843,065	389,531
Total	\$ 15,954,662	\$ 10,205,088

(16) Post-employment benefits plans

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 were NT\$793,749 thousand and NT\$734,067 thousand, respectively.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

The funds are operated and managed by the government's designated authorities. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT\$2,427 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

The weighted average duration of the defined benefit obligation was 18 years as of December 31, 2020 and 2019.

Pension costs recognized in profit or loss are as follows:

	For the years ended	
	December 31	
	2020	2019
Current service cost	\$ 1,184	\$ 1,355
Net interest on the net defined benefit liabilities	5,592	8,135
Subtotal	6,776	9,490
Underestimate on book	-	(1,141)
Total	\$ 6,776	\$ 8,349

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31, 2020	December 31, 2019
Defined benefit obligation	\$ 891,373	\$ 812,974
Plan assets at fair value	(161,485)	(155,131)
Net defined benefit liabilities	\$ 729,888	\$ 657,843

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1, 2020	\$ 812,974	\$ (155,131)	\$ 657,843
Current service cost	1,184	-	1,184
Interest expenses (income)	6,910	(1,318)	5,592
Subtotal	8,094	(1,318)	6,776
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	14,186	-	14,186
Actuarial gains and losses arising from changes in financial assumptions	61,108	-	61,108
Experience adjustments	(2,343)	-	(2,343)
Remeasurements of the defined benefit assets	-	(3,089)	(3,089)
Subtotal	72,951	(3,089)	69,862
Payment of benefit obligation	(2,646)	2,646	-
Contributions by employer	-	(4,593)	(4,593)
As of December 31, 2020	\$ 891,373	\$ (161,485)	\$ 729,888
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1, 2019	\$ 693,977	\$ (86,845)	\$ 607,132
Current service cost	1,355	-	1,355
Interest expenses (income)	9,299	(1,164)	8,135
Subtotal	10,654	(1,164)	9,490
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	22,457	-	22,457
Actuarial gains and losses arising from changes in financial assumptions	68,411	-	68,411
Experience adjustments	(19,319)	-	(19,319)
Remeasurements of the defined benefit assets	-	(5,451)	(5,451)
Subtotal	71,549	(5,451)	66,098
Payment of benefit obligation	(17,091)	17,091	-
Contributions by employer	-	(8,911)	(8,911)
Acquired through business combinations	53,885	(69,851)	(15,966)
As of December 31, 2019	812,974	(155,131)	657,843

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2020	December 31, 2019
Discount rate	0.44%	0.85%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31			
	2020		2019	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	\$ -	\$ (74,947)	\$ -	\$ (71,298)
Discount rate decreases by 0.5%	82,650	-	78,935	-
Rate of future salary increases by 0.5%	80,089	-	76,811	-
Rate of future salary decreases by 0.5%	-	(73,511)	-	(70,206)

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(17) Equity**A. Share capital**

The Company's authorized capital as of December 31, 2020 and 2019 was NT\$20,000,000 thousand, divided into 2,000,000,000 shares (including 20,000,000 shares reserved for exercise of employee stock options at each period), each at a par value of NT\$10. The Company's issued capital was NT\$15,900,622 thousand and NT\$15,896,473 thousand divided into 1,590,062,183 shares and 1,589,647,349 shares, as of December 31, 2020 and 2019, respectively. Each share has one voting right and a right to receive dividends.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On June 15, 2018, the general shareholders' meeting approved to issue restricted stocks for employees. As of December 31, 2020, 16,666,214 shares of restricted stocks for employees were issued. Relevant regulators' approvals have been obtained and related registration processes have been completed.

The Company has redeemed and cancelled 1,341,752 shares and 6,440,764 shares of issued restricted stocks for employees during the years ended December 31, 2020 and 2019, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

The Company issued 1,721,878 new shares for the year ended December 31, 2020 at par value of NT\$10 for exercising employee stock options. The aforementioned new issued shares (NT\$2,133 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance of December 31, 2020.

The Company issued 552,445 new shares for the year ended December 31, 2019 at par value of NT\$10 for exercising employee stock options. The aforementioned new issued shares (NT\$3,780 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of December 31, 2019.

B. Capital surplus

	December 31, 2020	December 31, 2019
Additional paid-in capital	\$ 69,595,338	\$ 76,646,751
Treasury share transactions	1,759,683	1,677,838
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	1,002,344	992
Changes in ownership interests in subsidiaries	2,359,582	1,173,605
Donated assets	1,261	1,261
From share of changes in net assets of associates	-	9,810
Employee stock options	354,686	353,275
Restricted stocks for employees	1,320,910	2,127,089
Others	351,946	401,582
Total	<u>\$ 76,745,750</u>	<u>\$ 82,392,203</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for mergers and the surplus from treasury shares transactions) and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

On March 20, 2020, Board of Directors of the Company resolved to purchase and retire the treasury shares. During the period from May 14, 2020 to May 15, 2020, the Company purchased 130,000 common shares in the amounts of NT\$53,600 thousand on the centralized securities exchange market. Those shares have all been cancelled. Relevant regulators' approvals have been obtained and related registration processes have been completed.

As of December 31, 2020 and 2019, 7,794,085 shares of MTK's common shares amounting to NT\$55,970 thousand were held by the subsidiary, MediaTek Capital Co. These shares held by MediaTek Capital Co. were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.

As of December 31, 2020 and 2019, the Company did not hold any other treasury shares.

D. Retained earnings and dividend policy

According to the Company Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. reserve for tax payments;
- b. offset accumulated losses in previous years, if any;
- c. 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;
- d. allocation or reverse of special reserves as required by law or government authorities;
- e. 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.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends to be distributed. According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Details of the 2019 and 2018 earnings distribution and dividends per share as resolved by general shareholders' meeting on June 11, 2020 and June 14, 2019, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 3,075,336	\$ 2,076,050	-	-
Cash dividends-common stock	7,944,252	9,525,233	\$ 5.00	\$ 6.00
Total	<u>\$ 11,019,588</u>	<u>\$ 11,601,283</u>		

In addition, the general shareholders' meeting on June 11, 2020 and June 14, 2019 resolved to distribute the additional paid-in capital by cash in the amount of NT\$8,738,677 thousand and NT\$4,762,617 thousand, or NT\$5.5 per share and NT\$3.0 per share, respectively.

MEDiatek INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(18) Share-based payment plans**

Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

In May 2010, August 2011, August 2012 and August 2013, the Company was authorized by the FSC, Executive Yuan, to issue employee stock options of 3,500,000 units, each unit eligible to subscribe for one common share. The options may be granted to qualified employees of the Company or any of its domestic or foreign subsidiaries, in which the Company's shareholding with voting rights, directly or indirectly, is more than fifty percent. The options are valid for ten years and exercisable at certain percentage subsequent to the second anniversary of the granted date. Under the terms of the plan, the options are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange Corporation ("TWSE") on the grant date.

Detail information relevant to the share-based payment plan as of December 31, 2020 is as follows:

Date of grant	Total number of options granted	Total number of options outstanding	Shares available for option holders	Exercise price (NT\$) (Note)
2010.08.27	1,605,757	-	-	397.8
2010.11.04	65,839	-	-	370.5
2011.08.24	2,109,871	214,009	214,009	272.6
2012.08.14	1,346,795	284,562	284,562	281.9
2013.08.22	1,436,343	379,989	379,989	368.0

Note: The exercise prices have been adjusted to reflect the change of outstanding shares (e.g. the share issued for cash, the appropriations of earnings, issuance of new shares in connection with merger, or issuance of new shares to acquire shares of other companies) in accordance with the plan.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	Employee Stock Option
Expected dividend yield (%)	2.43%-6.57%
Expected volatility (%)	32.9%-42.99%
Risk free interest rate (%)	0.93%-1.65%
Expected life (Years)	6.5 years

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

Employee Stock Option	For the years ended December 31			
	2020		2019	
	Options (Unit)	Weighted- average Exercise Price per Share (NT\$)	Options (Unit)	Weighted- average Exercise Price per Share (NT\$)
Outstanding at beginning of period	2,720,876	\$ 329.0	3,883,134	\$ 337.5
Granted	-	-	-	-
Exercised (Note)	(1,721,878)	330.8	(552,445)	303.3
Forfeited (Expired)	(120,438)	391.0	(609,813)	402.4
Outstanding at end of period	<u>878,560</u>	316.9	<u>2,720,876</u>	329.0
Exercisable at end of period	<u>878,560</u>		<u>2,720,876</u>	
Weighted-average fair value of options granted during the period (in NT\$)	<u>\$ -</u>		<u>\$ -</u>	

Note: The weighted average share price at the date of exercise of those options were NT\$640.2 and NT\$408.2 for the years ended December 31, 2020 and 2019, respectively.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The information on the outstanding share-based payment plan as of December 31, 2020 and 2019 is as follows:

Date of grant	Range of Exercise Price (NT\$)	December 31, 2020		December 31, 2019	
		Expected Remaining Years	Weighted- average Exercise Price per Share (NT\$)	Expected Remaining Years	Weighted- average Exercise Price per Share (NT\$)
2010.05.10	\$ -	-	\$ -	-	\$ 397.4
2011.08.09	272.6	-	272.6	-	272.6
2012.08.09	281.9	-	281.9	-	281.9
2013.08.09	368.0	-	368.0	0.17	368.0

Restricted stocks plan for employees

On June 15, 2018, the shareholders' meeting approved to issue gratuitous restricted stocks for employees, at a total of 19,200,000 common shares. The Company shall set up the actual issuance date(s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority. The issuance process was granted effective registration by the securities authority.

The Company has issued 12,259,550, 2,205,888, 17,818 and 2,182,958 gratuitous restricted stocks on September 6, 2018, February 27, 2019, April 12, 2019, and July 15, 2019, respectively. The issuance process was granted effective registration by the securities authority.

The fair value of the restricted stocks issued was NT\$255, NT\$280, NT\$293.5 and NT\$314.5 per share, respectively. The estimated compensation expenses amounted to NT\$3,687,513 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of December 31, 2020, the Company had recognized NT\$3,357,940 thousand as compensation expense and NT\$329,573 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Restrictions on the rights and vesting conditions of restricted stocks for employees of 2018 are as follows:

- A. To issue common shares of the Company with gratuitous issue price.
- B. Employee's continuous employment with the Company through the vesting dates, with no violation on any terms of the Company's employment agreement, employee handbook, or policies and achievement of both personal performance criterion and the Company's operation objectives during the vesting period, are eligible to receive the vested shares. The maximum portions of the vesting shares of each year are 34%, 33%, 33%, for the years ended 2019, 2020, 2021, respectively. The actual portions of the vesting shares shall be determined by achievement of both personal performance and the Company's operation objectives.
- C. During the vesting period, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance.
- D. During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., and other rights of restricted stock plan for employees, including but not limited to, dividends, bonuses, the distribution rights of legal reserve and capital surplus, the right to subscription of new shares, etc., are the same as the common shares issued by the Company.

Share-based compensation expenses recognized for employee services received for the years ended December 31, 2020 and 2019, are shown in the following table:

	For the years ended	
	December 31	
	2020	2019
Restricted stocks for employees	\$ 1,029,459	\$ 1,922,383

The Company did not modify or cancel any share-based payment plans for the years ended December 31, 2020 and 2019.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(19) Sales

Analysis of revenue from contracts with customers for the years ended December 31, 2020 and 2019 is as follows:

A. Disaggregation of revenue

	For the years ended December 31	
	2020	2019
Sale of goods	\$ 162,523,119	\$ 131,729,250
Services and other operating revenues	5,814,789	4,738,665
Total	<u>\$ 168,337,908</u>	<u>\$ 136,467,915</u>
Revenue recognition point:		
At a point in time	\$ 165,830,337	\$ 133,252,758
Satisfies the performance obligation over time	2,507,571	3,215,157
Total	<u>\$ 168,337,908</u>	<u>\$ 136,467,915</u>

B. Contract balances

Contract liabilities – current

	December 31, 2020	December 31, 2019	January 1, 2019
Sales of goods	\$ 7,735,068	\$ 1,468,620	\$ 771,684
Services and other operating revenues	117,161	314,524	232,728
Total	<u>\$ 7,852,229</u>	<u>\$ 1,783,144</u>	<u>\$ 1,004,412</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31	
	2020	2019
Revenue recognized during the period that was included in the beginning balance	<u>\$ 1,193,984</u>	<u>\$ 533,979</u>
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ 7,248,437</u>	<u>\$ 1,040,495</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2020, and 2019, no disclosure of the unsatisfied performance obligations is needed as the contract terms with customers about the sales of goods are all shorter than one year. Besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations about rendering of services are NT\$1,752,672 thousand and NT\$3,471,523 thousand. The Company recognizes revenues in accordance with the stage of completion of the contracts. Those contracts are expected to be completed within the next 1 to 2 years.

(20) Expected credit gains (losses)

	For the years ended December 31	
	2020	2019
Operating expense – Expected credit gains (losses)		
Trade receivables	\$ (16,001)	\$ 3,527

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its receivables (including trade receivables, trade receivables from related parties and financing lease receivable, net) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2020 and 2019 is as follow:

The Company considers the grouping of receivables by counterparties' credit ratings, geographical regions and industry sectors. Loss allowance is measured by using a provision matrix. Details are as follows:

2020.12.31

	Neither past due (Note)	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 17,251,258	\$ 155,703	\$ 359,615	\$ 40,269	\$ 66,891	\$ 17,873,736
Loss ratio	0%	0%	0%	10%	50%	
Lifetime expected credit losses	-	-	-	(3,996)	(20,682)	(24,678)
Carrying amount of trade receivables	\$ 17,251,258	\$ 155,703	\$ 359,615	\$ 36,273	\$ 46,209	\$ 17,849,058

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

2019.12.31

	Neither past due (Note)	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 12,291,255	\$ 799,318	\$ 77,898	\$ 3,176	\$ 19,645	\$ 13,191,292
Loss ratio	0%	0%	0%	10%	50%	
Lifetime expected credit losses	-	-	-	(259)	(8,418)	(8,677)
Carrying amount of trade receivables	\$ 12,291,255	\$ 799,318	\$ 77,898	\$ 2,917	\$ 11,227	\$ 13,182,615

Note: Neither the Company's trade receivables from related parties nor financing lease receivable was past due.

The movements in the provision for impairment of receivables and financing lease receivable for the years ended December 31, 2020 and 2019 are as follows:

	Trade receivables	Financing lease receivables
As of January 1, 2020	\$ 8,677	\$ -
Allowance for the current period	16,001	-
As of December 31, 2020	\$ 24,678	\$ -
As of January 1, 2019	\$ 8,479	\$ -
Acquired through business combinations	3,725	-
Reversal for the current period	(3,527)	-
As of December 31, 2019	\$ 8,677	\$ -

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(21) Leases

A. The Company as lessee

The Company leases various property (land and buildings), transportation equipment and office equipment. These leases have terms between 1 and 50 years.

a. Right-of-use asset

	December 31, 2020	December 31, 2019
Land	\$ 1,474,595	\$ 1,512,529
Buildings and facilities	167,127	115,677
Machinery equipment	15,131	24,209
Transportation equipment	4,101	3,191
Office equipment	-	133
Total	<u>\$ 1,660,954</u>	<u>\$ 1,655,739</u>

During the years ended December 31, 2020 and 2019, the additions to right-of-use assets of the Company amounted to NT\$116,518 thousand and NT\$64,417 thousand, respectively.

b. Lease liability

	December 31, 2020	December 31, 2019
Lease liability-current	\$ 101,898	\$ 90,418
Lease liability-noncurrent	1,572,046	1,567,901
Total	<u>\$ 1,673,944</u>	<u>\$ 1,658,319</u>

Please refer to Note 6. (25) for the interest on lease liability recognized during 2020 and 2019 and Note 12. (2) C. for the maturity analysis of lease liabilities as of December 31, 2020.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

c. Depreciation charge for right-of-use assets

	For the years ended	
	December 31	
	2020	2019
Land	\$ 37,934	\$ 37,934
Buildings and facilities	58,763	53,705
Machinery equipment	9,078	3,026
Transportation equipment	2,275	2,130
Office equipment	133	319
Total	\$ 108,183	\$ 97,114

d. Income and costs relating to leasing activities

	For the years ended	
	December 31	
	2020	2019
The expense relating to short-term leases	\$ 62,964	\$ 32,431
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	\$ 3,828	\$ 2,169
Income from subleasing right-of-use assets	\$ 23,080	\$ 19,360

e. Cash outflow relating to leasing activities

During the years ended December 31, 2020 and 2019, the Company's total cash outflows for leases amounted to NT\$188,030 thousand and NT\$152,952 thousand, respectively.

B. The Company as a lessor

The Company has entered into machinery and equipment lease agreements with terms from the year 2020 to 2025. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The undiscounted lease payments to be received for the remaining years as of December 31, 2020 are as follows:

	December 31, 2020	December 31, 2019
Not later than one year	\$ 2,092	\$ -
Later than one year and not later than two years	2,092	-
Later than two years and not later than three years	2,092	-
Later than three years and not later than four years	67,067	-
Later than four years and not later than five years	66,015	-
Total non-discounted lease payments	139,358	-
Less: unearned finance income of finance lease	(8,629)	-
Less: allowance for doubtful debts	-	-
Net investment in the finance lease (receivable of a finance lease)	130,729	-
Current	-	-
Non-Current	\$ 130,729	\$ -

(22) Employee benefits, depreciation and amortization expenses are summarized by function as follows:

	For the years ended December 31					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 25,589	\$ 774,936	\$ 800,525	\$ 24,301	\$ 718,115	\$ 742,416
Others	\$ 658,765	\$ 32,071,871	\$ 32,730,636	\$ 622,907	\$ 26,028,683	\$ 26,651,590
Depreciation	\$ 9,784	\$ 2,457,881	\$ 2,467,665	\$ 8,234	\$ 2,120,817	\$ 2,129,051
Amortization	\$ 80	\$ 3,014,816	\$ 3,014,896	\$ 960	\$ 2,325,868	\$ 2,326,828

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

According to the Articles of Incorporation of the Company, no lower than 1% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company accrued employees' compensation and remuneration to directors based on a specific rate of profit of the year ended December 31, 2020. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment to income of next year. If the Board of Directors resolves to distribute employees' compensation in stock, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of shares on the day preceding the Board of Directors' meeting. A resolution was approved in a meeting of the Board of Directors held on March 19, 2021 to distribute NT\$546,125 thousand and NT\$55,295 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no material differences between the aforementioned approved amounts and the amounts charged against earnings in 2020.

A resolution was approved in a meeting of the Board of Directors held on March 20, 2020 to distribute NT\$317,139 thousand and NT\$32,110 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no material differences between the aforementioned approved amounts and the amounts charged against earnings in 2019.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(23) Interest income

	For the years ended December 31	
	2020	2019
Financial assets measured at amortized cost	\$ 1,126,089	\$ 1,631,251
Financial assets at fair value through other comprehensive income	108,497	78,904
Total	<u>\$ 1,234,586</u>	<u>\$ 1,710,155</u>

(24) Other income

	For the years ended December 31	
	2020	2019
Rental income	93,876	86,884
Others	84,274	95,535
Total	<u>\$ 178,150</u>	<u>\$ 182,419</u>

(25) Other gains and losses

	For the years ended December 31	
	2020	2019
Gains on disposal of property, plant and equipment	\$ 2,956	\$ 2,087
Foreign exchange gains	63,940	207,592
Gains on financial assets at fair value through profit or loss	138,315	20,374
Losses on financial liabilities at fair value through profit or loss	(520)	-
Others	(10,638)	(25,214)
Total	<u>\$ 194,053</u>	<u>\$ 204,839</u>

(26) Finance costs

	For the years ended December 31	
	2020	2019
Interest expenses on borrowings	\$ 422,848	\$ 956,554
Interest expenses on lease liabilities	23,493	23,829
Total	<u>\$ 446,341</u>	<u>\$ 980,383</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(27) Components of other comprehensive income

For the year ended December 31, 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ (69,862)	\$ -	\$ (69,862)	\$ 13,972	\$ (55,890)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	334,081	-	334,081	-	334,081
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	35,590,684	-	35,590,684	-	35,590,684
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(4,761,203)	-	(4,761,203)	-	(4,761,203)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	22,857	-	22,857	-	22,857
Total	\$ 31,116,557	\$ -	\$ 31,116,557	\$ 13,972	\$ 31,130,529

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the year ended December 31, 2019 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ (66,098)	\$ -	\$ (66,098)	\$ 13,220	\$ (52,878)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	1,743,040	-	1,743,040	-	1,743,040
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	30,863,517	-	30,863,517	-	30,863,517
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(2,727,299)	-	(2,727,299)	-	(2,727,299)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	351	-	351	-	351
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	36,783	-	36,783	-	36,783
Total	\$ 29,850,294	\$ -	\$ 29,850,294	\$ 13,220	\$ 29,863,514

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Upon derecognition of the Company's debt instrument investments measured at fair value through other comprehensive income, the cumulative gain or loss of NT\$0 thousand for the years ended December 31, 2020 and 2019, which were recognized in other comprehensive income, were reclassified to profit or loss.

(28) Income Tax

The major components of income tax expense are as follows:

	For the years ended December 31	
	2020	2019
Current income tax	\$ 2,731,411	\$ 517,997
Deferred tax (income) expense:	(22,738)	1,750,868
Others	9,244	37,418
Income tax expense recognized in loss	<u>\$ 2,717,917</u>	<u>\$ 2,306,283</u>

Income tax recognized in other comprehensive income

	For the years ended December 31	
	2020	2019
Deferred tax income		
Remeasurements of defined benefit plan	\$ (13,972)	\$ (13,220)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2020	2019
Accounting profit before tax from continuing operations	<u>\$ 43,634,717</u>	<u>\$ 25,339,004</u>
Tax at the domestic rates applicable to profits in the country concerned	8,726,943	5,067,801
Tax effect of revenues exempt from taxation	(21,342)	(10,428)
Tax effect of expenses not deductible for tax purposes	2,117	-
Investment tax credits	(2,025,980)	(887,177)
Tax effect of deferred tax assets/liabilities	(4,540,957)	(1,717,911)
Corporate income surtax on undistributed retained earnings	1,034,681	598,485
Others	(457,545)	(744,487)
Total income tax expense recognized in loss	<u>\$ 2,717,917</u>	<u>\$ 2,306,283</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the year ended December 31, 2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$ 1,822,513	\$ (262,199)	\$ -	\$ 1,560,314
Allowance for sales returns and discounts	1,406,103	768,569	-	2,174,672
Amortization of difference for tax purpose	214,957	68,491	-	283,448
Amortization of goodwill difference for tax purpose	(1,957,431)	(686,653)	-	(2,644,084)
Others	(185,992)	134,530	13,972	(37,490)
Deferred tax income		\$ 22,738	\$ 13,972	
Net deferred tax assets	\$ 1,300,150			\$ 1,336,860
Reflected in balance sheet as follows:				
Deferred tax assets	3,501,079			\$ 4,274,948
Deferred tax liabilities	(2,200,929)			\$ (2,938,088)

For the year ended December 31, 2019

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Acquired thought business combinations	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$ 1,561,304	\$ 53,743	\$ -	\$ 207,466	\$ 1,822,513
Allowance for sales returns and discounts	1,288,664	33,889	-	83,550	1,406,103
Amortization of difference for tax purpose	258,157	(43,200)	-	-	214,957
Amortization of goodwill difference for tax purpose	(464,556)	(1,492,875)	-	-	(1,957,431)
Others	(50,521)	(302,425)	13,220	153,734	(185,992)
Deferred tax income (expense)		\$ (1,750,868)	\$ 13,220	\$ 444,750	
Net deferred tax assets	\$ 2,593,048				\$ 1,300,150
Reflected in balance sheet as follows:					
Deferred tax assets	\$ 3,164,112				\$ 3,501,079
Deferred tax liabilities	\$ (571,064)				\$ (2,200,929)

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The assessment of income tax returns

As of December 31, 2020, the income tax returns of the Company have been assessed and approved up to 2018.

(29) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended	
	December 31	
	2020	2019
A. Basic earnings per share		
Profit (in thousand NT\$)	\$ 40,916,800	\$ 23,032,721
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,573,329,335	1,567,873,703
Basic earnings per share (NT\$)	\$ 26.01	\$ 14.69
B. Diluted earnings per share		
Profit (in thousand NT\$)	\$ 40,916,800	\$ 23,032,721
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,573,329,335	1,567,873,703
Effect of dilution:		
Employees' compensation-stock (share)	980,921	921,244
Employee stock options (share)	1,425,487	683,822
Restricted stocks for employees (share)	7,875,783	11,241,268
Weighted average number of ordinary shares outstanding after dilution (share)	1,583,611,526	1,580,720,037
Diluted earnings per share (NT\$)	\$ 25.84	\$ 14.57

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Cloud Ranger Limited	Subsidiary
EcoNet (HK) Limited	Subsidiary
EcoNet Limited	Subsidiary
Mediatek Japan Inc.	Subsidiary
MediaTek Korea Inc.	Subsidiary
MediaTek Singapore Pte. Ltd.	Subsidiary
MediaTek USA Inc.	Subsidiary
MediaTek Research UK Limited	Subsidiary
MTK Wireless Limited (UK)	Subsidiary
MediaTek Wireless Finland Oy	Subsidiary
Mstar France SAS	Subsidiary
Nephos Inc.	Subsidiary (Note 1)
ILI Technology Holding Corporation	Subsidiary
MediaTek Investment Singapore Pte. Ltd.	Subsidiary
Richtek Technology Corp.	Subsidiary
InnoFusion Technology Corp.	Subsidiary
Zelus Technology (HangZhou) Ltd.	Subsidiary
ILI Technology Corporation	Subsidiary (Note 2)
MStar Software R&D (Shenzhen) Ltd.	Subsidiary
EcoNet (Suzhou) Limited	Subsidiary
Velocenet Inc.	Subsidiary (Note 3)
HFI Innovation Inc.	Subsidiary
Hsu-Si Investment Corp.	Subsidiary
Nephos (Hefei) Co., Ltd.	Subsidiary
Nephos (Taiwan) Inc.	Subsidiary (Note 4)
MediaTek (Chengdu) Inc.	Subsidiary
MediaTek Research Corp.	Subsidiary
MediaTek (Shanghai) Inc.	Subsidiary
MediaTek (Shenzhen) Inc.	Subsidiary
MediaTek China Limited	Subsidiary
(To be continued)	

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

Name of the related parties	Nature of relationship of the related parties
Airoha Technology Corp.	Subsidiary
Xiamen Sigmastar Technology Inc.	Subsidiary
Gaintech Co. Limited	Subsidiary
E-Vehicle Semiconductor Technology Co., Ltd.	Associate
Cyberon Corp.	Associate
Amobile Intelligent Corp. Limited	Associate
Intelligo Technology Inc.	Associate
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party
Andes Technology Corp.	Substantive related party

Note 1: Nephos Inc. was dissolved due to the merger with MediaTek USA Inc. in October 2019. As a result, Nephos Inc. was no longer a subsidiary.

Note 2: ILI Technology Corporation has completed the transfer of shareholding rights in November 2020. As a result, ILI Technology Corporation was no longer a subsidiary.

Note 3: Velocenet Inc. was dissolved due to the merger with Mediatek Capital Co. in December 2019. As a result, Velocenet Inc. was no longer a subsidiary.

Note 4: Nephos (Taiwan) Inc. was dissolved due to the merger with Mediatek Capital Co. in December 2019. As a result, Nephos (Taiwan) Inc. was no longer a subsidiary.

Significant transactions with the related parties

(1) Sales

	For the years ended	
	December 31	
	2020	2019
Subsidiaries	\$ 2,122,299	\$ 1,712,118
Associates	7,803	12,095
Total	\$ 2,130,102	\$ 1,724,213

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The trade credit terms for related parties and third-party customers were both 45 to 60 days. Third-party customers may pay their accounts in advance. Above sales include royalty revenues, which were charged based on the royalty agreement and collected with certain period.

(2) Purchases

	For the years ended	
	December 31	
	2020	2019
Subsidiaries	\$ 1,963	\$ 64,282

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The trade credit terms for related parties and third-party suppliers were both 30 days.

(3) IC testing, experimental services, and manufacturing technology services

	For the years ended	
	December 31	
	2020	2019
Other related parties	\$ 3,070,193	\$ 2,009,316

The trade credit terms for related parties and third-party suppliers were both 60 to 75 days.

(4) Consign research and development expenses and license expenses

	For the years ended	
	December 31	
	2020	2019
Subsidiaries	\$ 163,634	\$ 116,353
Associates	31,644	28,557
Other related parties	14,892	14,187
Total	\$ 210,170	\$ 159,097

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(5) Rental income

	For the years ended	
	December 31	
	2020	2019
Subsidiaries		
ILI Technology Corporation	\$ 26,815	\$ 25,644
Airoha Technology Corp.	21,791	18,297
Nephos (Taiwan) Inc.	-	5,961
Velocenet Inc.	-	5,114
Others	4,730	1,988
Total	<u>\$ 53,336</u>	<u>\$ 57,004</u>

(6) Other income due to technology service

	For the years ended	
	December 31	
	2020	2019
Subsidiaries		
EcoNet (Suzhou) Limited	\$ 24,816	\$ 24,929
Others	1,069	3,000
Total	<u>\$ 25,885</u>	<u>\$ 27,929</u>

(7) Endorsement amount for office lease, bank financing and IP purchasing

	December 31, 2020		December 31, 2019	
	Endorsement limit	Actual amount	Endorsement limit	Actual amount
Subsidiaries				
Gaintech Co. Limited	\$ 24,000,000	\$ -	\$ 24,000,000	\$ -
MediaTek China Limited	9,000,000	3,161,537	9,000,000	2,980,313
Others	2,432,954	9,774	17,356	17,356
Total	<u>\$ 35,432,954</u>	<u>\$ 3,171,311</u>	<u>\$ 33,017,356</u>	<u>\$ 2,997,669</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Acquired property, plant and equipment

	For the years ended December 31	
	2020	2019
Subsidiaries	\$ -	\$ 56,022

(9) Disposals of property, plant and equipment

	For the years ended December 31			
	2020		2019	
	Carrying amount	Proceeds	Carrying amount	Proceeds
Subsidiaries	\$ 334	\$ 431	\$ 1,949	\$ 2,173

(10) Trade receivables from related parties

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 638,220	\$ 668,955
Associates	630	5,000
Total	\$ 638,850	\$ 673,955

(11) Other receivables from related parties

	December 31, 2020	December 31, 2019
Subsidiaries		
Nephos (Hefei) Co., Ltd.	282,454	298,154
Others	1,129	389,515
Total	\$ 283,583	\$ 687,669

Other receivables from related parties were composed mainly of dividends income, rental income and technology service revenue.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(12) Trade payables to related parties

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 1,616,504	\$ 897,491
Other related parties	1,039,480	474,379
Total	<u>\$ 2,655,984</u>	<u>\$ 1,371,870</u>

(13) Other payables to related parties

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 10,351	\$ -
Associates	5,631	16,312
Other related parties	41,500	-
Total	<u>\$ 57,482</u>	<u>\$ 16,312</u>

(14) Other current liabilities

	December 31, 2020	December 31, 2019
Subsidiaries	<u>\$ 285,423</u>	<u>\$ -</u>

(15) The Company sold 458,900 shares of Mstar France SAS to MTK Wireless Limited (UK) in the amount of NT\$853,713 thousand for the year ended December 31, 2020.

(16) The Company sold 343,617,200 shares of ILI Technology Corporation to ILI Technology Holding Corporation in the amount of NT\$3,576,931 thousand for the year ended December 31, 2019.

(17) The Company sold 4,106,000 shares of f Airoha Technology Corp to Hsu-Si Investment Corp. in the amount of NT\$160,267 thousand for the year ended December 31, 2019.

(18) The Company sold 915,000 shares of MStar Semiconductor UK Ltd. to MTK Wireless Limited (UK) in the amount of NT\$101,112 thousand for the year ended December 31, 2019.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(19) The Company sold 52,031,546 shares of Sigmastar Technology Inc. to MediaTek Investment Singapore Pte. Ltd. in the amount of NT\$1,788,726 thousand for the year ended December 31, 2019.

(20) Key management personnel compensation

	For the years ended	
	December 31	
	2020	2019
Short-term employee benefits (Note)	\$ 1,208,667	\$ 655,637
Share-based payment	173,223	325,540
Post-employment benefits	2,353	1,620
Total	\$ 1,384,243	\$ 982,797

Note: The compensation (including remuneration to directors) to key management personnel was determined by the Compensation Committee of the Company in accordance with individual performance and the market trends.

8. Assets Pledged as Collateral

The following table lists assets of the Company pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2020	December 31, 2019	
Financial assets measured at amortized cost-noncurrent	9,180	9,180	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	24,000	24,000	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	22,980	23,017	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	133,244	101,132	Performance bond
Financial assets measured at amortized cost-noncurrent	-	115,915	Performance bond
Total	\$ 189,404	\$ 273,244	

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

9. Contingencies and Off Balance Sheet Commitments

Legal claim contingency

- (1) Vantage Micro LLC (“VM”) filed a complaint in the United States District Court for the Western District of Texas against the Company and subsidiary MediaTek USA Inc. on October 8, 2019, alleging infringement of United States Patent Nos. 6,678,838, 7,414,606, and 9,959,593. The court dismissed the claims against the Company and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on April 20, 2020.
- (2) M-Red Inc. (“M-Red”) filed a complaint in the United States District Court for the Eastern District of Texas against the Company on April 29, 2019, alleging infringement of United States Patent Nos. 6,853,259, 7,068,557, and 7,209,401. The court dismissed the claims against the Company and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on September 3, 2020.
- (3) Nippon Telegraph and Telephone Corporation (“NTT”) and Essential WiFi, LLC (“EWF”) filed complaints in the United States District Court for the Western District of Texas against the Company and subsidiary MediaTek USA Inc. on March 25, 2020, alleging infringement of United States Patent Nos. 7,280,551, 7,545,781, 7,400,616, and 7,242,720. The operations of the Company and subsidiary MediaTek USA Inc. will not be affected by this case.
- (4) Computer Circuit Operations LLC (“CCO”) filed complaints in the United States District Court for the Western District of Texas against the Company and subsidiary MediaTek USA Inc. on May 21, 2020, alleging infringement of United States Patent Nos. 6,480,021, 6,820,234, 7,107,386, 7,278,069, and 7,426,603. The court dismissed the claims against the Company and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on November 18, 2020.
- (5) CDN Innovations, LLC (“CDN”) filed complaints in the United States District Court for the Western District of Texas against the Company and subsidiary MediaTek USA Inc. on May 29, 2020, alleging infringement of United States Patent Nos. 7,006,844, 7,860,462, 7,293,291, and 7,565,699. The court dismissed the claims against the Company and subsidiary MediaTek USA Inc. with prejudice pursuant to CDN’s voluntary dismissal on September 24, 2020.
- (6) Divx, LLC (“Divx”) filed a complaint in the United States District Court for the District of Delaware against the Company and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 9, 2020, alleging infringement of United States Patent No. 8,832,297, 10,212,486, 10,412,141, and 10,484,749. The court dismissed the claims against MTK and its subsidiaries pursuant to the plaintiff’s voluntary dismissal on February 8, 2021.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Divx filed a complaint with the U.S. International Trade Commission against the Company and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 10, 2020 alleging infringement of the same patents listed above. Pursuant to the parties' joint motion to terminate, the Administrative Law Judge issued an Initial Determination terminating MTK and its subsidiaries from the investigation on February 22, 2021.

- (7) Koninklijke Philips N.V., and Philips North America LLC, (“Philips”) filed a complaint in the United States District Court for the District of Delaware against the Company and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent No. 9,590,977 and 10,298,564. The operations of the Company and subsidiary MediaTek USA Inc. will not be materially affected by this case.

Philips filed a complaint with the U.S. International Trade Commission against the Company and subsidiary MediaTek USA Inc. on September 18, 2020 alleging infringement of the same patents listed above. The operations of the Company and subsidiary MediaTek USA Inc. will not be materially affected by this case.

- (8) Liberty Patents, LLC, (“Liberty”) filed a complaint in the United States District Court for the Western District of Texas against the Company and subsidiary MediaTek USA Inc. on October 16, 2020, alleging infringement of U.S. Patent No. 6,535,959. The operations of the Company and subsidiary MediaTek USA Inc. will not be materially affected by this case.

- (9) Ocean Semiconductor LLC, (“Ocean”) filed a complaint in the United States District Court for the Western District of Texas against the Company and subsidiary MediaTek USA Inc. on December 31, 2020, alleging infringement of U.S. Patent Nos. 6,660,651, 6,907,305, 6,725,402, 6,968,248, 7,080,330, 6,836,691, and 8,676,538. The operations of the Company and subsidiary MediaTek USA Inc. will not be materially affected by this case.

The Company will handle these cases carefully.

10. Losses due to Major Disasters

None

11. Significant Subsequent Events

None

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

12. Others

(1) Financial instruments

A. Categories of financial instruments

Financial assets

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss:		
Held for trading financial assets	\$ 920	\$ -
Mandatorily measured at fair value through profit or loss (Note 1)	4,401,178	2,799,091
Subtotal	4,402,098	2,799,091
Financial assets at fair value through other comprehensive income	3,914,002	2,998,636
Financial assets measured at amortized cost (Note 2)	118,197,075	121,168,449
Total	\$ 126,513,175	\$ 126,966,176

Financial liabilities

Financial liabilities at fair value through profit or loss:

Held for trading financial liabilities	\$ 520	\$ -
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Financial liabilities at amortized cost:

Short-term borrowings	16,251,740	51,601,684
Trade payables (including related parties)	22,946,414	12,412,183
Other payables (including related parties)	26,017,253	17,907,377
Long-term payables (including current portion)	4,439,062	1,480,630
Lease liabilities	1,673,944	1,658,319
Subtotal	71,328,413	85,060,193
Total	\$ 71,328,933	\$ 85,060,193

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss for December 31, 2020 and 2019 which were in the amount of NT\$2,989,981 thousand and NT\$1,823,530 thousand, respectively. Please refer to Note 6. (5) for further explanation.
2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, trade receivables (excluding financial assets measured at fair value through profit or loss for December 31, 2020 and 2019 which were in the amount of NT\$2,989,981 thousand and NT\$1,823,530 thousand, respectively. Please refer to Note 6. (5) for further explanation.), other receivables and financing lease receivable, net.

B. Fair values of financial instruments

- a. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables (including related parties), other receivables (including related parties), short-term borrowings, trade payables (including related parties) and other payables (including related parties) approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (d) The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.
- (e) The fair value of other financial assets and liabilities is determined using discounted cash flow analysis; the interest rate and discount rate are selected with reference to those of similar financial instruments.

b. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Company's assets and liabilities on a recurring basis:

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Stocks	\$ 183,750	\$ -	\$ -	\$ 183,750
Funds	1,126,846	-	-	1,126,846
Linked deposits	-	-	100,601	100,601
Forward exchange contracts	-	920	-	920
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured at				
fair value through other				
comprehensive income				
	3,911,851	-	2,151	3,914,002
Total	<u>\$ 5,222,447</u>	<u>\$ 920</u>	<u>\$ 102,752</u>	<u>\$ 5,326,119</u>
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 520	\$ -	\$ 520

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Stocks	\$ 192,990	\$ -	\$ -	\$ 192,990
Funds	782,571	-	-	782,571
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured at				
fair value through other				
comprehensive income				
	2,993,489	-	5,147	2,998,636
Total	<u>\$ 3,969,050</u>	<u>\$ -</u>	<u>\$ 5,147</u>	<u>\$ 3,974,197</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

The detail movement of recurring fair value measurements in Level 3:

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

	Financial assets mandatorily measured at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Link deposits		Stocks	
As of January 1, 2020	\$ -		\$ 5,147	\$ 5,147
Amount recognized in profit or loss		828	-	828
Amount recognized in OCI		-	(2,996)	(2,996)
Acquisitions		270,000	-	270,000
Settlements		(170,227)	-	(170,227)
As of December 31, 2020	\$ 100,601		\$ 2,151	\$ 102,752

	Financial assets mandatorily measured at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Link deposits		Stocks	
As of January 1, 2019	\$ 29,277		\$ -	\$ 29,277
Amount recognized in profit or loss		723	-	723
Amount recognized in OCI		-	(814)	(814)
Acquired through business combinations		-	5,961	5,961
Settlements		(30,000)	-	(30,000)
As of December 31, 2019	\$ -		\$ 5,147	\$ 5,147

Total gains related to assets recognized for the years ended December 31, 2020 and 2019 amounted to NT\$601 thousand and NT\$0 dollar, respectively.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Information on significant unobservable inputs to valuation of fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's linked-deposits of the fair value hierarchy are based on unadjusted quoted price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and updating the latest quoted price of trading partners periodically to ensure that the results of the valuation are in line with market conditions, based on stable, independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure the measurement or assessment are reasonable.

- C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2020:

None

As of December 31, 2019:

None

- D. Derivative financial instruments

The Company's derivative financial instruments held for trading was forward exchange contracts. The related information is as follows:

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The Company entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to outstanding forward exchange contracts:

Forward exchange contracts	Currency	Contract amount ('000)		Maturity
As of December 31, 2020	TWD to USD	Buy USD	10,000	January 2021
As of December 31, 2020	JPY to USD	Buy USD	12,009	January 2021

The Company entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk tendency.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

A. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

a. Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenues or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts is to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 0.1%, the profit for the years ended December 31, 2020 and 2019 increases / decreases by NT\$3,754 thousand and decreases / increases by NT\$1,255 thousand, respectively.

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment of debt instruments at variable interest rates and bank borrowings with fixed interest rates. Moreover, the market value of the Company's investments in credit-linked deposits and interest rate-linked deposits are affected by interest rate. The market value would decrease (even lower than the principal) when the interest rate increases, and vice versa. The market values of exchange rate-linked deposits are affected by interest rates and changes in the value and volatility of the underlying. The following sensitivity analysis focuses on interest rate risk and does not take into account the interdependencies between risk variables.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, there is no significant impact of the related rate increase/ decrease on the Company.

c. Other price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's equity securities are classified under the category of equity instrument investments measured at fair value through profit or loss and equity instrument investments measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain equity investments according to level of authority.

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through profit or loss could cause the profit or loss for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$1,838 thousand and NT\$1,930 thousand, respectively.

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$39,119 thousand and NT\$29,935 thousand, respectively.

Please refer to Note 12. (1) B for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2020 and 2019, receivables from top ten customers represented 22.83%, and 39.93% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables was insignificant.

The Company's exposure to credit risk arises from potential default of the counter-party or other third-party. The level of exposure depends on several factors including concentrations of credit risk, components of credit risk, the price of contract and other receivables of financial instruments. Since the counter-party or third-party to the foregoing forward exchange contracts and cross currency swap contracts are all reputable financial institutions, management believes that the Company's exposure to default by those parties is minimal.

Credit risk of credit-linked deposits arises if the issuing banks breached the contracts or the debt issuer could not pay off the debts; the maximum exposure is the carrying value of those financial instruments. Therefore, the Company minimized the credit risk by only transacting with counter-party who is reputable, transparent and in good financial standing.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables and financing lease receivable which is measured at lifetime expected credit losses, for debt instrument investments which are not measured at fair value through profit or loss and are at low credit risk upon acquisition, an assessment is made at each reporting date as to whether the credit risk has substantially increased in order to determine the method of measuring the loss allowance and the loss ratio. The measurement indicators of the Company are described as follows:

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount	
			December 31, 2020	December 31, 2019
Low credit risk	Credit risk measure belongs to IG category	12-month expected credit losses	\$ 1,118,475	\$ 290,000
	Counter parties with investment grade credit rating			
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category	Lifetime expected credit losses	\$ -	\$ -
	Contract payment overdue 30 days			
Credit-impaired	Credit risk measure belongs to DS category or above	Lifetime expected credit losses	\$ -	\$ -
	Contract payment overdue 90 days			
Simplified method (Note)	Other impaired evidence (Note)	Lifetime expected credit losses	\$ 18,643,315	\$ 13,865,247

Note: The Company adopted simplified method (lifetime expected credit loss) to measure credit risk. It includes trade receivables and financing lease receivable.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investment has increased, the Company will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (which available without undue cost and effort), it is mainly based on the macroeconomic information and industrial information and further adjusts the credit loss ratio if there is significant impact from forward-looking information.

C. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Later than 5 years</u>	<u>Total</u>
<u>As of December 31, 2020</u>				
Short-term borrowings	\$ 16,258,844	\$ -	\$ -	\$ 16,258,844
Trade payables (including related parties)	22,946,414	-	-	22,946,414
Other payables (including related parties)	26,012,888	-	-	26,012,888
Lease liabilities	124,889	309,759	1,726,427	2,161,075
Long-term payables	2,103,031	2,336,031	-	4,439,062
Total	<u>\$ 67,446,066</u>	<u>\$ 2,645,790</u>	<u>\$ 1,726,427</u>	<u>\$ 71,818,283</u>

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Later than 5 years</u>	<u>Total</u>
<u>As of December 31, 2019</u>				
Short-term borrowings	\$ 51,672,232	\$ -	\$ -	\$ 51,672,232
Trade payables (including related parties)	12,412,183	-	-	12,412,183
Other payables (including related parties)	17,863,458	-	-	17,863,458
Lease liabilities	90,418	1,567,901	-	1,658,319
Long-term payables	661,680	818,950	-	1,480,630
Total	<u>\$ 82,699,971</u>	<u>\$ 2,386,851</u>	<u>\$ -</u>	<u>\$ 85,086,822</u>

Derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Total</u>
<u>As of December 31, 2020</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 342,405	\$ -	\$ 342,405
Outflow	(343,700)	-	(343,700)
Net	<u>\$ (1,295)</u>	<u>\$ -</u>	<u>\$ (1,295)</u>

As of December 31, 2019

None

The table above contains the undiscounted net cash flows of derivative financial liabilities.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

D. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2020	\$ 51,601,684	\$ 1,658,319	\$ 425,644	\$ 53,685,647
Cash flows	(35,349,944)	(97,745)	(111,963)	(35,559,652)
Non-cash movement	-	113,370	-	113,370
As of December 31, 2020	\$ 16,251,740	\$ 1,673,944	\$ 313,681	\$ 18,239,365

Reconciliation of liabilities for the year ended December 31, 2019:

	Short-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2019	\$ 24,555,667	\$ 1,692,464	\$ 54,061	\$ 26,302,192
Cash flows	27,046,017	(94,523)	371,583	27,323,077
Non-cash movement	-	60,378	-	60,378
As of December 31, 2019	\$ 51,601,684	\$ 1,658,319	\$ 425,644	\$ 53,685,647

(3) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2020		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 1,954,689	28.508	\$ 55,724,271
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 2,108,334	28,508	\$ 60,104,382

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31, 2019		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 2,482,244	30.106	\$ 74,730,451
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 2,523,921	30.106	\$ 75,985,154

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains were NT\$63,940 thousand and NT\$207,592 thousand for the years ended December 31, 2020 and 2019, respectively.

(4) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosures

(1) The following are additional disclosures for the Company and its affiliates:

- A. Financing provided to others for the year ended December 31, 2020: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 2.
- C. Securities held as of December 31, 2020: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 4.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 5.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 6.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2020: Please refer to Attachment 7.
- I. Financial instruments and derivative transactions: Please refer to Note 12.

(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 8.

(3) Investment in Mainland China

- A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 9.
- B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please refer to Attachment 1.

(4) Main shareholder information

None.

MEDIA TEK INC.
FINANCING PROVIDED TO OTHERS
For the year ended December 31, 2020

Attachment 1

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Hsu Chia (Samoa) Investment Ltd. (Note 1)	MediaTek (Shanghai) Inc. MediaTek China Limited	Other receivables from related party Other receivables from related party	Yes Yes	\$ 2,180,400 CNY 500,000,000 \$ 566,904 CNY 130,000,000	\$ 1,747,616 CNY 400,000,000 \$ 524,285 CNY 120,000,000	\$ 1,747,616 CNY 400,000,000 -	3.00% 0.45-0.65%	Short-term financing Short-term financing	- -	Operating Capital Operating Capital	- -	- -	NA NA	\$ 4,983,194 CNY 1,163,245,909 \$ 4,983,194 CNY 1,163,245,909	\$ 4,983,194 CNY 1,163,245,909 \$ 4,983,194 CNY 1,163,245,909
2	Hsu Kang (Samoa) Investment Ltd. (Note 1)	MediaTek (Shenzhen) Inc.	Other receivables from related party	Yes	\$ 3,063,755 CNY 699,315,000	\$ 3,055,335 CNY 699,315,000	\$ 3,055,335 CNY 699,315,000	3.00%	Short-term financing	-	Operating Capital	-	-	NA	\$ 4,970,429 CNY 1,160,266,049	\$ 4,970,429 CNY 1,160,266,049
3	Hsu Fu (Samoa) Investment Ltd. (Note 1)	MediaTek (Hefei) Inc. MediaTek (Chengdu) Inc.	Other receivables from related party Other receivables from related party	Yes Yes	\$ 744,784 CNY 170,000,000 \$ 306,676 CNY 70,000,000	\$ 349,523 CNY 80,000,000 \$ 305,833 CNY 70,000,000	\$ 349,523 CNY 80,000,000 \$ 305,833 CNY 70,000,000	3.00% 3.00%	Short-term financing Short-term financing	- -	Operating Capital Operating Capital	- -	- -	NA NA	\$ 4,970,247 CNY 1,160,223,615 \$ 4,970,247 CNY 1,160,223,615	\$ 4,970,247 CNY 1,160,223,615 \$ 4,970,247 CNY 1,160,223,615

Note 1: The operating procedures of financing provided to others of Hsu Chia (Samoa) Investment Ltd., Hsu Kang (Samoa) Investment Ltd. and Hsu Fu (Samoa) Investment Ltd. required:

- A. the total amount for lending shall not exceed 20% of the lender's net worth,
- B. the maximum amount lendable to a single company is 10% of the lender's net worth or 30% of the borrower's net worth, whichever is lower, and
- C. fund lending between foreign subsidiaries held directly or indirectly by the lender with 100% of voting stocks shall be excluded from the above limitations. However, total financing amount limits and financing limits for each borrowing company shall not exceed the lender's net worth.

Note 2: Maximum accumulated balance of financing amount as of the declaration month for the period.

MEDIA TEK INC.
ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS
For the year ended December 31, 2020

Attachment 2

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party	Maximum Balance for the Period (Note 3)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee Amount to Net Equity per Latest Financial Statement	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Relationship (Note 2)										
0	MediaTek Inc.	MediaTek USA Inc.	A	\$ 67,664,367 (Note 1)	\$ 10,399 USD 342,857	\$ 9,774 USD 342,857	\$ 9,774 USD 342,857	\$ -	0.00%	\$169,160,917 (Note 1)	Y	-	-
		MTK Wireless Limited (UK)	A	\$ 67,664,367 (Note 1)	\$ 7,041 GBP 176,251	\$ -	\$ -	\$ -	0.00%		Y	-	-
		Gaintech Co. Limited	A	\$ 67,664,367 (Note 1)	\$ 24,000,000	\$ 24,000,000	\$ -	\$ -	7.09%		Y	-	-
		MediaTek China Limited	A	\$ 67,664,367 (Note 1)	\$ 9,000,000	\$ 9,000,000	\$ 3,161,537	\$ -	2.66%		Y	-	-
		Richtek Technology Corp.	A	\$ 67,664,367 (Note 1)	\$ 2,423,180 USD 85,000,000	\$ 2,423,180 USD 85,000,000	\$ -	\$ -	0.72%		Y	-	-

Note 1: Based on the rules of operating procedures of endorsement/guarantee of MediaTek Inc., the limiting amount of endorsement/guarantee rendered to any single company shall not exceed 20% of MediaTek Inc.'s net worth as stated in the latest financial statements.

The total amount of guarantee shall not exceed 50% of the Company's net worth from the latest financial statements.

Note 2: The nature of relationship between endorser/guarantor and guaranteed party is as follows:

A. The Company directly and indirectly holds more than 50% of the voting shares.

B. A company that directly and indirectly holds more than 50% of the voting shares in the Company.

Note 3: Amounts converted at the highest exchange rate.

**MEDIATEK INC.
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
As of December 31, 2020**

Attachment 3

Held Company Name	Securities Type	Securities Name	Financial Statement Account		December 31, 2020		Note	
			Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair Value		
Digiwin Holdings Limited	Stocks	KGI Fidelity Fund	27,806,950	\$ 409,805	-	\$ -	409,805	
		KGI Fidelity Strategic Fund	51,690,182	\$ 717,041	-	\$ -	717,041	
		Financial assets mandatorily measured at fair value through profit or loss- current	-	-	-	-	-	-
		Equity instrument investments measured at fair value through other comprehensive income- non-current	-	-	-	-	-	-
		Equity instrument investments measured at fair value through other comprehensive income- non-current	81,200,000	\$ 1,519,252	-	\$ -	1,519,252	
		Equity instrument investments measured at fair value through other comprehensive income- non-current	64,803,000	\$ 1,283,610	-	\$ -	1,283,610	
		Equity instrument investments measured at fair value through other comprehensive income- non-current	16,944,000	\$ 307,587	-	\$ -	307,587	
		Equity instrument investments measured at fair value through other comprehensive income- non-current	13,421,000	\$ 229,633	-	\$ -	229,633	
		Equity instrument investments measured at fair value through other comprehensive income- non-current	640,000	\$ 2,151	-	\$ -	2,151	
		Equity instrument investments measured at fair value through other comprehensive income- non-current	2,750,000	\$ 273,900	0%	\$ -	273,900	
MediaTek, Inc.	Stocks	Chubase Finance Co., Ltd. Preferred Stock A	5,800,000	\$ 281,590	0%	\$ -	281,590	
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- current	730,000	\$ 16,279	1%	\$ -	16,279
		IC PLUS Corp.	Equity instrument investments measured at fair value through other comprehensive income- current	4,200,000	\$ 183,730	0%	\$ -	183,730
		Shin Kong Financial Holding Co., Ltd. Preferred Stock A	Financial assets mandatorily measured at fair value through profit or loss- non-current	-	-	-	-	-
		EVA Air 4th Credit Linked Structural Product	Financial assets mandatorily measured at fair value through profit or loss- non-current	-	-	-	-	-
		Cathay Life Insurance Co., Ltd. Cumulative Perpetual Subordinated bond-106-1	Financial assets measured at amortized cost- non-current	-	-	-	-	-
		3.875% LENOVO GROUP LTD DUE 10/02/22	Financial assets measured at amortized cost- non-current	-	-	-	-	-
		3.5% WEIBO CORP DUE 08/07/24	Financial assets measured at amortized cost- non-current	-	-	-	-	-
		1.375% TENCENT MUSIC ENT GRP DUE 03/09/25	Financial assets measured at amortized cost- non-current	-	-	-	-	-
		3.075% Baidu Inc DUE 07/04/25	Financial assets measured at amortized cost- non-current	-	-	-	-	-
Digiwin Holdings Limited	Capital	China Life Insurance Company Limited (Cumulative Perpetual Subordinated bond-109-1)	Equity instrument investments measured at fair value through other comprehensive income- non-current	290,000	\$ -	-	-	
		SERAPHIC Information Technology (Shanghai) Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- non-current	-	-	-	-	
		ACSIP TECHNOLOGY CORP.	Equity instrument investments measured at fair value through other comprehensive income- non-current	1,857,008	\$ 17,493	5%	\$ -	17,493
		ANDES TECHNOLOGY CORPORATION	Equity instrument investments measured at fair value through other comprehensive income- current	5,657,234	\$ 1,889,546	13%	\$ -	1,889,546
		CHUNGWA PRECISION TEST TECH CO., LTD.	Equity instrument investments measured at fair value through other comprehensive income- current	351,000	\$ 268,164	1%	\$ -	268,164
		MEDIA TEK INC.	Equity instrument investments measured at fair value through other comprehensive income- non-current	7,294,085	\$ 5,822,181	0%	\$ -	5,822,181
		ESTINET TECHNOLOGIES INCORPORATION	Equity instrument investments measured at fair value through other comprehensive income- non-current	500,000	\$ 2,018	2%	\$ -	2,018
		Mars Semiconductor Corp.	Equity instrument investments measured at fair value through other comprehensive income- non-current	1,985,793	\$ 105,247	8%	\$ -	105,247
		Taiwan Capital Buffalo Fund Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- non-current	250,000,000	\$ 235,103	5%	\$ -	235,103
		Facelart Inc.	Equity instrument investments measured at fair value through other comprehensive income- non-current	60,000,000	\$ 17,294	15%	\$ -	17,294
MediaTek Capital Co.	Stocks	International Train Machines Corporation.	Equity instrument investments measured at fair value through other comprehensive income- non-current	2,900,000	\$ 6,952	2%	\$ -	6,952
		WFG Holdings Limited Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- current	4,600,000	\$ 230,460	0%	\$ -	230,460
		ACSIP TECHNOLOGY CORP.	Equity instrument investments measured at fair value through other comprehensive income- current	327,707	\$ 3,087	1%	\$ -	3,087
		ANDES TECHNOLOGY CORPORATION	Equity instrument investments measured at fair value through other comprehensive income- current	63,275	\$ 21,134	0%	\$ -	21,134
		WFG Holdings Limited Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- non-current	6,300,000	\$ 315,630	0%	\$ -	315,630
		Shin Kong Financial Holding Co., Ltd. Preferred Stock B	Equity instrument investments measured at fair value through other comprehensive income- non-current	6,444,000	\$ 272,903	0%	\$ -	272,903
		Chubase Finance Co., Ltd. Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- non-current	2,000,000	\$ 199,200	0%	\$ -	199,200
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- non-current	5,800,000	\$ 281,590	0%	\$ -	281,590
		China Life Insurance Company Limited (Cumulative Perpetual Subordinated bond-109-1)	Financial assets measured at amortized cost- non-current	-	-	-	-	-
		HYBRID CAPITAL RETURNS NOTES DUE 23 FEBRUARY 2021	Financial assets mandatorily measured at fair value through profit or loss- current	-	-	-	-	-
Core Tech Resources Inc.	Linked Deposits	Caltech Credit Linked Dual Range due 2023	Financial assets mandatorily measured at fair value through profit or loss- current	4,262,590	\$ -	-	-	
		Beijing Xiaomi Technology Co., Ltd.	Financial assets mandatorily measured at fair value through profit or loss- current	3,400,000	\$ -	-	-	
		WI HARPER INC FUND VI LTD.	Equity instrument investments measured at fair value through other comprehensive income- current	3,000	\$ 1,799,772	2%	\$ -	1,799,772
		MCUBE, INC.	Equity instrument investments measured at fair value through other comprehensive income- non-current	3,114,984	\$ 8,566,206	5%	\$ -	8,566,206
		INNOVATION WORKS LIMITED	Equity instrument investments measured at fair value through other comprehensive income- non-current	2,000,000	\$ 132,378	4%	\$ -	132,378
		CHINA ALPHA TECHNOLOGIES COMPANY LIMITED	Equity instrument investments measured at fair value through other comprehensive income- non-current	1,990	\$ 883	20%	\$ -	883
		GENERAL MOBILE CORPORATION	Equity instrument investments measured at fair value through other comprehensive income- non-current	5,000,000	\$ 350,000	18%	\$ -	350,000
		Maphar Technology Limited	Equity instrument investments measured at fair value through other comprehensive income- non-current	28,804,992	\$ 1,042,000	27%	\$ -	1,042,000
		AutoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income- non-current	652,176	\$ 22,382,680	6%	\$ -	22,382,680
		CHO Tech Ltd.	Equity instrument investments measured at fair value through other comprehensive income- non-current	6,000,000	\$ 600,000	1.2%	\$ -	600,000
Gainmech Co. Limited	Stocks	Bee Computing (HK) Limited	Equity instrument investments measured at fair value through other comprehensive income- non-current	1,859,100	\$ 78,082	4%	\$ -	78,082

(To be continued)

MEDIATEK INC.
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
As of December 31, 2020

(Continued)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Held Company Name	Securities Type	Securities Name	Financial Statement Account				Note
			Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair value	
Gaintech Co., Limited	Stocks	Esay-Logic Technology Limited	842,734	USD 471,931	5%	USD 471,931	-
		Innoviz Technologies Ltd.	761,322	USD 5,116,084	1%	USD 5,116,084	-
		Overview Space LTD	340,248	USD 137,913	7%	USD 137,913	-
		DPS Concepts, Inc.	1,132,118	USD 2,003,849	3%	USD 2,003,849	-
		Mann Kea Semiconductor Holdings	2,485,659	USD 1,000,000	3%	USD 1,000,000	-
		Ambiq Micro, Inc.	8,205,734	USD 15,000,000	4%	USD 15,000,000	-
		Sin Compute Inc.	1,669,976	USD 2,000,000	4%	USD 2,000,000	-
		China Walden Venture Investments II, L.P.	-	USD 10,459,133	-	USD 10,459,133	-
		JAGCO V3-IB FUND	-	USD 79,626	-	USD 79,626	-
		ALL-STARS INVESTMENT FUND	-	USD 3,817,384	-	USD 3,817,384	-
		NOZOMIFUND	-	USD 456	-	USD 456	-
		INNOVATION WORKS DEVELOPMENT FUND	-	USD 13,836,339	-	USD 13,836,339	-
		Shanghai Walden Venture Capital Enterprise	-	USD 35,085,269	-	USD 35,085,269	-
		CHINA BROADBAND CAPITAL PARTNERS II, L.P.	-	USD 12,478,665	-	USD 12,478,665	-
		CHINA BROADBAND CAPITAL PARTNERS III, L.P.	-	USD 13,709,777	-	USD 13,709,777	-
		SOFTBANK PRINCETON INVESTMENTS L.P.	-	USD 14,940,347	-	USD 14,940,347	-
		WALDEN RIVERWOOD VENTURES, L.P.	-	USD 28,634,834	-	USD 28,634,834	-
		PYG-GCN VENTURES, L.P.	-	USD 8,031,638	-	USD 8,031,638	-
		KIBOU FUND L.P.	-	USD 2,282,292	-	USD 2,282,292	-
		WRVY II, L.P.	-	USD 9,615,473	-	USD 9,615,473	-
		Shanghai SummitView (C.M. AND A) Investment Limited Partnership	-	USD 90,347,872	-	USD 90,347,872	-
		AMTI FUND II, L.P.	-	USD 10,667,930	-	USD 10,667,930	-
		Beijing Integrated Credit Industry International Fund, L.P.	-	USD 14,687,250	-	USD 14,687,250	-
		China Prosperity Capital Mobile Internet Fund, L.P.	-	USD 6,509,210	-	USD 6,509,210	-
		AU-Share Private Investment Coymun, Limited	-	USD 39,105,545	-	USD 39,105,545	-
		HOPU USD Master Fund III, L.P.	-	USD 31,869,803	-	USD 31,869,803	-
		China Walden Venture Investments III, L.P.	-	USD 20,113,792	-	USD 20,113,792	-
WRVY III, L.P.	-	USD 12,016,656	-	USD 12,016,656	-		
Innovis Ventures II, LP	-	USD 1,335,377	-	USD 1,335,377	-		
Phi Fund, L.P.	-	USD 4,775,759	-	USD 4,775,759	-		
Amih II, LP	-	USD 723,992	-	USD 723,992	-		
Vortex Ventures (SG)	-	USD 748,607	-	USD 748,607	-		
Bain Capital Tech Opportunities Fund, L.P.	-	USD 1,390,045	-	USD 1,390,045	-		
Suzhou Fochu Technology Co., Ltd	-	USD 996,169	-	USD 996,169	-		
IHH STRATEGIC M&A FUND, L.P.	-	USD 205,573	-	USD 205,573	-		
Palm Drive Capital III LP	-	USD 400,000	-	USD 400,000	-		
Expedito, Inc.	-	USD 2,400,000	-	USD 2,400,000	-		
AMobile In-telligent Corp. Limited convertible bonds	-	USD 700,000	-	USD 700,000	-		
China International Capital Corporation Limited unsecured bond (CICICR 0 0911121)	-	USD 8,982,900	-	USD 8,982,900	-		
SoftBank Group Corp unsecured bond	-	USD 8,964,860	-	USD 8,964,860	-		
Cligagroup Global Markets, Inc.	-	USD 20,000,000	-	USD 20,000,000	-		
Agricultural Development Bank of China bond	-	USD 8,997,300	-	USD 8,997,300	-		
Morgan Stanley Secured Notes	-	USD 30,000,000	-	USD 30,000,000	-		
China Merchants Bank Floating USD Bond	-	USD 9,000,000	-	USD 9,000,000	-		
Charbase 2020 Orbore USD Bond	-	USD 30,000,000	-	USD 30,000,000	-		
HYBRID CAPITAL RETURN NOTES DUE 23 FEBRUARY 2021	-	USD 8,921,700	-	USD 8,921,700	-		
24 Months Note Linked to a fund due 26 April 2021	-	USD 9,486,500	-	USD 9,486,500	-		
4 Year USD Denominated Credit Linked Notes linked to Alibaba	-	USD 9,054,000	-	USD 9,054,000	-		

(To be continued)

MEDIATEK INC.
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
As of December 31, 2020

(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020			Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	
Gintech Co., Limited	Linked Deposits	3 Year USD Denominated JWAH92E Linked Note	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 9,316,800	-	USD 9,316,800
		Morgan Stanley Finance LLC - Anticallable Range Note	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 9,002,160	-	USD 9,002,160
		USD 3y Auto-Callable Range Avarial Notes linked to USD JWD	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 8,982,000	-	USD 8,982,000
		5 Year USD Denominated Credit Linked Notes linked to Bank of Communications	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 9,496,800	-	USD 9,496,800
		5 Year USD Denominated JWAH92E Linked Note	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 9,482,400	-	USD 9,482,400
		3.5 Year USD Anticallable Step-down Credit Linked Note on the obligation of Alibaba Group Holding Ltd.	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 9,134,100	-	USD 9,134,100
		USD 3y Notes Linked to a Fund Due 05-Mar-2022	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 9,411,300	-	USD 9,411,300
		Banque Paribas PLC 3.25% ECL EARM DUE 31-OCT-2022 USD REGIS	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 8,895,600	-	USD 8,895,600
		Calable Credit Linked Dual Range due 2023	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 8,846,010	-	USD 8,846,010
		NeuroBlade Ltd.	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 5,000,000	-	USD 5,000,000
Mediatek (Beijing) Inc.	Funds	V8CT Technologies Ltd.	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 1,000,000	-	USD 1,000,000
		CTBC Credit-Linked Notes	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 4,971,500	-	USD 4,971,500
		Cypress Selected Secured Lending Fund S/Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 3,109,500	-	USD 3,109,500
		Industrial and Commercial Bank of China- yi chun yi No2, RMB Fund	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 40,000,000	-	CNY 40,000,000
		Industrial and Commercial Bank of China- jiyi yuehuihui III plan B	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		Industrial and Commercial Bank of China - fan li bui No2, Net Asset Value Fund	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 41,815,370	-	CNY 41,815,370
		ICBC Wealth Management XTY Short-term Fixed Income Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 30,688,632	-	CNY 30,688,632
		ICBC Wealth Management Core Selected Fixed Income Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 35,533,928	-	CNY 35,533,928
		Industrial and Commercial Bank of China-jiyi yuehuihui (F) Fund	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 31,000,000	-	CNY 31,000,000
		ICBC Wealth Management Cokerful Life Fixed Income Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,359,571	-	CNY 50,359,571
Xiam Investment (Shanghai) Inc.	Capital	ICBC * Ribing Yuesheng Increasing Return Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		ICBC Wei-win No.3 Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		Hebei Changjiang Niou new energy industry investment fund partnership firm (limited partnership)	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 206,358,324	-	CNY 206,258,324
		Shanghai Internet Of Things-VCFund II	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 17,483,831	-	CNY 17,483,831
		AI Special Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 55,393,599	-	CNY 55,393,599
		Adape Technology Co., Ltd	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	1,519,011	CNY 2,876,935	9%	CNY 2,876,935
		Ohbce Inc.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	2,174,040	CNY 74,702,623	1%	CNY 74,702,623
		Shenzhen ORVIBO Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 14,383,271	-	CNY 14,383,271
		Shanghai Vigor Information Technology Co. Ltd	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 4,824,217	-	CNY 4,824,217
		Shanghai KOC Financial Management Consulting Co. Ltd.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 4,521,000	-	CNY 4,521,000
Mediatek USA Inc.	Bonds	Ningbo ABAX Sensing	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 13,338,043	-	CNY 13,338,043
		Hainan zhikishi enterconsulting partnership	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 992,900	-	CNY 992,900
		Hangzhou Ultracognition Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 6,500,000	-	CNY 6,500,000
		Pu Tian Joint Micro Technology Inc.	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 10,000,000	-	CNY 10,000,000
		Industrial and Commercial Bank of China-principal guaranteed Free E orientation 2017 no.3 Fund	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 4,260,000	-	CNY 4,260,000
		Industrial and Commercial Bank of China- jh shengyiyuehui RMB Fund	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	CNY 13,000,000	-	CNY 13,000,000
		PE&M INSURANCE POLICY TRUST	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 9,653,736	-	USD 9,653,736
		Trust Fund	Financial assets mandatorily measured at fair value through profit or loss-noncurrent	-	USD 32,239,829	-	USD 32,239,829
		Fubon Bank (China) XYY No.1 Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 18,510,000	-	CNY 18,510,000
		Fubon Bank (China) XYYZXH Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 26,270,000	-	CNY 26,270,000
Hsu Chia (Suzhou) Investment Ltd.	Bonds	Appier Holding, Inc.	Financial assets mandatorily measured at fair value through other comprehensive income-noncurrent	103,573	USD 8,669,060	1%	USD 8,669,060
		Scaleflux International	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	2,096,887	USD 8,415,071	4%	USD 8,415,071
		Vikres Semiconductor Ltd.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	1,276,933	USD 4,871,762	1%	USD 4,871,762
		Ambiq Micro Inc	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	3,809,900	USD 6,964,449	2%	USD 6,964,449
		Tanssot Technology Inc.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	1,820,000	USD 8,645,000	8%	USD 8,645,000
		SkyREC LTD.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	75,188	USD 314,474	6%	USD 314,474
		GS 3.8 02/19/22	Debt instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 49,985,000	-	CNY 49,985,000
		BACKR 3.05 05/20/25	Debt instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 50,125,000	-	CNY 50,125,000

(To be continued)

MEDIATEK INC.
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
 As of December 31, 2020

(Continued)

Hold Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020				Note
				Units/Shares	Carrying Amount	Percentage of Ownership (%)	Fair value	
Hui Chi (Samso) Investment Ltd.	Bonds	B0C 3.30 0417/22	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 3.4 11/06/24	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 3.18 11/06/22	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ACAFP 3.4 01/30/26	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 2.6 08/11/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.65 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,010,000	-	-	-
		BCHINA 3.15 09/21/22	Financial assets measured at amortized cost- noncurrent	-	CNY 30,000,000	-	-	-
		BOC 3.15 10/16/21	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		GS 3.8 02/19/22	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 49,985,600	-	CNY 49,985,600	-
Hui Fu (Samso) Investment Ltd.	Bonds	BACR 3.95 05/30/25	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 50,125,000	-	CNY 50,125,000	-
		B0C 3.30 0417/22	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 50,000,000	-	-	-
		B0C 3.15 10/16/21	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 2.6 08/11/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		SG 3.2 20/27/94	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.65 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,010,000	-	-	-
		BCHINA 3.15 09/21/22	Financial assets measured at amortized cost- noncurrent	-	CNY 60,000,000	-	-	-
		3YNCY CNY Dual Range Accrual Notes link TWD-29 LIBOR < 5%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 47,985,500	-	CNY 47,985,500	-
		3YNCY CNY Dual Range Accrual Notes link TWD-29 LIBOR < 5.25%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 38,388,000	-	CNY 38,388,000	-
Hui Kang (Samso) Investment Ltd.	Bonds	3YNCY CNY Denominated Range Accrual Notes linked TWD-29.4	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 27,865,200	-	CNY 27,865,200	-
		3YNCY CNY Dual Range Accrual Notes link TWD-29.5 Swap Rate <= 3.40%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 47,430,000	-	CNY 47,430,000	-
		GS 3.8 02/19/22	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 49,985,600	-	CNY 49,985,600	-
		B0C 3.15 10/16/21	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		ADBCH 3.4 11/06/24	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 3.18 11/06/22	Financial assets measured at amortized cost- noncurrent	-	CNY 47,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ACAFP 3.4 01/30/26	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.65 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 38,007,600	-	-	-
		Shanghai Shansheng Changqin Investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 347,712,000	-	CNY 347,712,000	-
MediaTek (Shanghai) Inc.	Capital	Shanghai Summit's Eye ICM AND A Investment Limited Partnership II	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 32,880,554	-	CNY 32,880,554	-
		Industrial and Commercial Bank of China- jh-yi yueh hsia plan A	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,647,327	-	CNY 50,647,327	-
		Industrial and Commercial Bank of China- jh-yi yueh hsia plan B	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 43,500,000	-	CNY 43,500,000	-
		Industrial and Commercial Bank of China- principal guaranteed Free-E Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 25,000,000	-	CNY 25,000,000	-
		Fubon Bank (China) YXZYXH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,000,000	-	CNY 30,000,000	-
		DINA RECHCO, LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	16,000,000	\$ 110,400	9%	\$ 110,400	-
		Asia Global Venture Capital II	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	770,000	\$ 23,454	10%	\$ 23,454	-
		Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	2,046,504	USD 46,283,923	0%	USD 46,283,923	-
		Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	3,126,205	USD 705,988,563	7%	USD 705,988,563	-
		Shanghai Shansheng Changqin Investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 347,712,000	-	CNY 347,712,000	-
MediaTek (Shanghai) Inc.	Capital	Zhu Hai City Yuan Tin Information Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 200,000	-	CNY 200,000	-
		Industrial and Commercial Bank of China- jh-yi yueh hsia (F) Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 20,000,000	-	CNY 20,000,000	-
		Spice Mobility Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	19,368,439	INR 428,042,502	9%	INR 428,042,502	-
		Calibtre Range Accrual Note	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,895,600	-	USD 8,895,600	-
		Agricultural Development Bank of China Bond	Financial assets measured at amortized cost- noncurrent	-	USD 8,997,300	-	USD 8,997,300	-
		Morgan Stanley Secured Notes	Financial assets measured at amortized cost- noncurrent	-	USD 20,000,000	-	USD 20,000,000	-
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 9,000,000	-	USD 9,000,000	-
		Cypress Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 3,033,659	-	USD 3,033,659	-

(To be continued)

MEDIATEK INC.
SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)
As of December 31, 2020

(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020				Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair value	
MSR Software R&D (Shenzhen), Ltd.	Funds	Fibon Bank (China) YXY No.1 Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 42,000,000	-	CNY 42,000,000	-
		Fibon Bank (China) YXY No.3 Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000	-
MTK Wireless Limited (UK)	Capital	HEVC Advance LLC	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	GBP 2,103,252	-	GBP 2,103,252	-
		Mediatek (H66) Inc.	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 20,000,000	-	CNY 20,000,000	-
EsonNet (Shenzhen) Limited	Funds	Fibon Bank (China) YXYXRH Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 48,000,000	-	CNY 48,000,000	-
		Fibon Bank (China) YXYXJH Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000	-
		Fibon Bank (China) YXY Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000	-
		Fibon Bank (China) YXY No.3 Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 25,000,000	-	CNY 25,000,000	-
		Fibon Bank (China) YXYZXH Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000	-
		Fibon Bank (China) YXYZRH Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000	-
MOUNTAIN CAPITAL FUND L.P.	Stocks	ICBC Principal Guaranteed Fund	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000	-
		Mountain SP	Financial assets mandatorily measured at fair value through other comprehensive income-noncurrent	252,778	USD 56,630,048	0%	USD 56,630,048	-
H66 Xuhui Management Consulting Co., Ltd.	Capital	One 97 Communications Limited	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	USD 10,407,665	-	USD 10,407,665	-
		Kun Qian (Shenzhen) Semiconductor Industry Equity Investment Fund	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	CNY 332,779,620	-	CNY 332,779,620	-
H66-SI Investment Corp.	Stocks	Shin Kong Financial Holding Co., Ltd., Preferred Stock B	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	6,444,000	\$ 272,903	0%	\$ 272,903	-
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	2,441,000	\$ 118,511	0%	\$ 118,511	-
Xiamen Signstar Technology, Inc.	Funds	China Life Insurance Company Limited/Cumulative Perpetual Subordinated bond-109-1	Financial assets measured at amortized cost-noncurrent	-	\$ 290,000	-	-	-
		China Merchants Bank Wealth Gathering No.948182 Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 40,000,000	-	CNY 40,000,000	-
		China Merchants Bank Wealth Growing No.8699 Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000	-
		China Merchants Bank Fixed Income No.890009 Product	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000	-

Note 1: The chairman of the company is the same as the ultimate parent company's.

Note 2: Ultimate parent entity.

MEDIA TEK INC.
INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
For the year ended December 31, 2020

Attachment 4

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Units/Shares	Ending Balance Amount (Note 2)						
					Units/Shares	Amounts	Units/Shares	Amount	Units/Shares	Amount								
					Units/Shares	Amounts	Units/Shares	Amount	Units/Shares	Amount								
MediaTek Inc.	Hsi-Si Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	-	TWD	2,730,000,000	TWD	28,857,438	2,056,952,544	TWD	21,056,952	TWD	624,304,756	TWD	8,793,354		
MediaTek Inc.	Richtek Technology Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	-	TWD	148,482,806	TWD	21,221,922	-	TWD	-	TWD	-	TWD	148,482,806	TWD	22,351,726
MediaTek Inc.	Hsi-Ta Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	3,398,981,889	TWD	37,014,570	-	TWD	2,876,384,248	TWD	28,763,843	TWD	28,763,843	TWD	737,515,603	TWD	11,997,759
Hsi-Ta Investment Corp.	Hsi-Si Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	2,730,000,000	TWD	27,280,366	-	TWD	2,730,000,000	TWD	28,857,438	TWD	28,857,438	TWD	-	TWD	-
Hsi-Si Investment Corp.	Richtek Technology Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	148,482,806	TWD	19,938,339	-	TWD	148,482,806	TWD	21,221,992	TWD	21,221,992	TWD	-	TWD	-
Gold Rich International (HK) Limited	Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	20,475,772	USD	575,518,810	-	USD	18,829,268	USD	547,240,513	USD	15,971,612	USD	2,046,594	USD	46,283,923
Gaintech Co. Limited	Vanchip (Taijin) Technology Co., Ltd.	Investments accounted for using the equity method	Note 6	Associates	-	USD	110,242,520	USD	40,000,000	2,095,059	USD	7,608,272	USD	7,608,272	USD	107,547,461	USD	39,444,076
Helei Xuhui Management Consulting Co., Ltd.	Kun Qiao (Shenzhen) Semiconductor Industry Equity Investment Fund (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	-	CNY	-	CNY	335,000,000	-	CNY	-	CNY	-	CNY	-	CNY	335,000,000
MediaTek China Limited	Morgan Stanley Secured Notes	Financial assets measured at amortized cost-non current	-	-	-	USD	-	USD	20,000,000	-	USD	-	USD	-	USD	-	USD	20,000,000
Gaintech Co. Limited	Morgan Stanley Secured Notes	Financial assets measured at amortized cost-non current	-	-	-	USD	-	USD	30,000,000	-	USD	-	USD	-	USD	-	USD	30,000,000
Gaintech Co. Limited	Citigroup Global Markets Inc.	Financial assets measured at amortized cost-non current	-	-	-	USD	-	USD	20,000,000	-	USD	-	USD	-	USD	-	USD	20,000,000
Gaintech Co. Limited	Chailasse 2020 Offshore USD Bond	Financial assets measured at amortized cost-non current	-	-	-	USD	-	USD	30,000,000	-	USD	-	USD	-	USD	-	USD	30,000,000
Gaintech Co. Limited	All-Stars Investment Fund	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	-	USD	28,519,739	USD	-	-	USD	16,504,120	USD	16,232,446	USD	271,674	USD	3,817,384
Gaintech Co. Limited	Ambiq Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	-	USD	-	USD	15,000,000	-	USD	-	USD	-	USD	-	USD	15,000,000
MediaTek China Limited	Xuxin Investment (Shanghai) Inc.	Investments accounted for using the equity method	Note 1	Subsidiary	-	USD	47,549,995	USD	23,400,000	-	USD	-	USD	-	USD	-	USD	72,085,762
Xuxin Investment (Shanghai) Inc.	Xuxi (Shanghai) Management Consulting Co., Ltd.	Investments accounted for using the equity method	Note 1	Subsidiary	-	CNY	171,282,514	CNY	167,550,000	-	CNY	-	CNY	-	CNY	-	CNY	337,374,783
Xuxi (Shanghai) Management Consulting Co., Ltd.	Helei Xuhui Management Consulting Co., Ltd.	Investments accounted for using the equity method	Note 1	Subsidiary	-	CNY	171,286,686	CNY	167,550,000	-	CNY	-	CNY	-	CNY	-	CNY	337,365,363

(To be continued)

MEDIA TEK INC.
INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
For the year ended December 31, 2020

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Units/Shares	Amounts	Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Amount (Note 2)
Gaintech Co. Limited	MTK Wireless Limited (UK)	Investments accounted for using the equity method	Note 1	Subsidiary	66,394,826	USD 155,609,622	18,000,000	USD 23,976,000	-	USD -	84,394,826	USD 216,545,815
MediaTek Inc.	MStar France SAS	Investments accounted for using the equity method	Note 4	Subsidiary	458,900	TWD 832,679	-	TWD -	853,713	TWD 844,264	-	TWD -
MTK Wireless Limited (UK)	MStar France SAS	Investments accounted for using the equity method	Note 4	Subsidiary	-	GBP -	458,900	GBP 22,158,012	-	GBP -	458,900	GBP 22,025,850
Gaintech Co. Limited	ILI Technology Holding Corporation	Investments accounted for using the equity method	Note 5	Subsidiary	344,243,782	USD 123,693,507	-	USD -	138,000,000	USD 130,728,701	7,271,299	USD -

Note 1: Subscribed to the new shares issued.

Note 2: Amounts shown for investments accounted for using the equity method included investment income (loss) recognized by the equity method, adjustment for foreign exchange, and unrealized gains (losses) from investments measured at fair value through other comprehensive income.

Note 3: For the purpose of reorganization, Hsu-Ta Investment Corp. reduced its capital and returned the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp. back to MediaTek Inc. in April 2020.

Moreover, Hsu-Si Investment Corp. reduced its capital and returned the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp. back to MediaTek Inc. on the next day.

The difference resulting from transfer to and from shall have been covered by cash (if any).

Note 4: For the purpose of reorganization, the 100% ownership of Mstar France SAS, which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in December 2020.

Note 5: Gaintech Co. Limited has completed the transfer of shareholding rights of ILI Technology Holding Corporation by November 2020.

Note 6: Subscribed to the new shares issued by retained earnings.

MEDIA/TEK INC.
ACQUISITION OF INDIVIDUAL REAL ESTATE WITH AMOUNT EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
 For the year ended December 31, 2020

Attachment 5

Company Name	Type of Properties	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party			Price Reference	Purpose and Usage of Acquisition	Other Commitments
							Owner	Relationship with the Issuer	Transfer Date			
MediaTek (Chengdu) Inc.	Construction in progress	2018.08.31	CNY 295,000,000	CNY 136,932,129	Horizon Design (Xiamen) Co., Ltd., Sichuan Chuanjian Geotechnical Survey And Design Institute, Sichuan Hareal Consultina Co.,Ltd., Sichuan Linda Safety Consulting Technology Service Co., Ltd., Shanghai Zhenman Engineering Supervision Co., Ltd., Jiangsu Wannianada Construction Group Co., Ltd., Nantong Installation Group Co., Ltd., Shanghai Deheng Power Engineering Co., Ltd., The IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited, etc.	None	-	-	\$-	Not applicable	Space requirements for staff expansion	None
MediarTek (Wuhan) Inc.	Construction in progress	2019.10.25	CNY 371,000,000	CNY 96,712,724	Jiangsu Wannianada Construction Group Co., Ltd., Linxing Construction Hubei Co., Ltd.	None	-	-	\$-	Not applicable	Space requirements for staff expansion	None
Xiamen Sigmastar Technology Inc.	Construction in progress	2020.10.30	CNY 152,000,000	CNY 5,738,744	Xiamen Chengjian Construction Co., Ltd., Xiamen Tefang Haiwan Investment Co., Ltd., Xiamen Yundang Construction Supervision Co., Ltd., etc.	None	-	-	\$-	Not applicable	Space requirements for staff expansion	None

MEDIA TEK INC.
RELATED PARTY TRANSACTIONS FOR PURCHASES AND SALES AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
For the year ended December 31, 2020

Attachment 6

Company Name	Counter-party	Relationship	Transaction Details				Details of Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchases/Sales	Amount	Percentage of Total Purchases/Sales	Payment Term	Ending Balance	Percentage of Total Notes/Trade Receivables (Payables)			
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	Sales	\$ 267,952	0.16%	Charged by a certain period	-	\$ 268,683	1.48%	-	
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	Sales (Note 1)	\$ 1,770,049	1.05%	Charged by a certain period	-	\$ 191,194	1.05%	-	
EcoNet (Suzhou) Limited	EcoNet Limited	Subsidiary	Sales	CNY 303,814,017	100.00%	Charged by a certain period	-	CNY 92,966,884	100.00%	-	
MediaTek Inc.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 2,965,725	-	75 days	-	\$ (999,997)	(4.36)%	-	
MediaTek Inc.	King Long Tech (Suzhou) Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 104,468	-	75 days	-	\$ (39,482)	(0.17)%	-	
Airoha Technology Corp.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 248,573	-	30 days	-	\$ (51,761)	(6.02)%	-	
MediaTek Singapore Pte. Ltd.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	USD 72,695,804	-	75 days	-	USD (17,929,881)	(5.11)%	-	

Note 1: License revenues mainly

MEDIA TEK INC.
RECEIVABLES FROM RELATED PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK
As of December 31, 2020

Attachment 7

Company Name	Counter-party	Relationship	Ending Balance of Notes/Trade Receivables from Related Party	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts
					Amount	Action Taken		
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	\$ 268,683 (Note 1)	-	\$ -	-	\$ 1,245	\$ -
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 191,194 (Note 1)	-	\$ -	-	\$ 191,194	\$ -
MediaTek Inc.	Nephos (Hefei) Co., Ltd.	Subsidiary	\$ 443,568 (Note 1)	-	\$ -	-	\$ -	\$ -
MediaTek Bangalore Private Limited	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 168,674 (Note 1)	-	\$ -	-	\$ 168,674	\$ -
MediaTek USA Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 632,413 (Note 1)	-	\$ -	-	\$ 632,413	\$ -
MediaTek Wireless Finland Oy	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 208,274 (Note 1)	-	\$ -	-	\$ 208,274	\$ -
MediaTek Korea Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 100,693 (Note 1)	-	\$ -	-	\$ 100,693	\$ -
MediaTek (Shenzhen) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 460,202 (Note 1)	-	\$ -	-	\$ 460,202	\$ -
MediaTek (Chengdu) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 195,404 (Note 1)	-	\$ -	-	\$ 195,404	\$ -
MediaTek (Shang Hai) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 198,502 (Note 1)	-	\$ -	-	\$ 198,502	\$ -
EcoNet (Suzhou) Limited	EcoNet Limited	Subsidiary	\$ 406,176 (Note 1)	-	\$ -	-	\$ 406,176	\$ -
Hsu Chia (Samoa) Investment Ltd.	MediaTek (Shang Hai) Inc.	Subsidiary	\$ 1,747,616 (Note 2)	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Hefei) Inc.	Subsidiary	\$ 349,523 (Note 2)	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Chengdu) Inc.	Subsidiary	\$ 305,833 (Note 2)	-	\$ -	-	\$ -	\$ -
Hsu Kang (Samoa) Investment Ltd.	MediaTek (Shenzhen) Inc.	Subsidiary	\$ 3,055,335 (Note 2)	-	\$ -	-	\$ -	\$ -
Richtek Technology Corp.	MediaTek Inc.	Subsidiary	\$ 1,527,630 (Note 1)	-	\$ -	-	\$ 1,527,630	\$ -
Hsu-Si Investment Corp.	Airoha Technology Corp.	Subsidiary	\$ 665,525 (Note 3)	-	\$ -	-	\$ -	\$ -

Note 1: Trade receivables and other receivables arising from technical services, sales of chips and software usage mainly.

Note 2: Loans and their interests (recorded in other receivables) mainly.

Note 3: Dividend revenues (recorded in other receivables) mainly.

MEDIATEK INC.
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEES IN MAINLAND CHINA)

As of December 31, 2020

Attachment 8

Investor Company	Investee Company	Location	Main business	Original Investment Amount			Balance as of December 31, 2020			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount				
				\$	\$			\$				
MediaTek Inc.	MStar International Technology Inc.	Note 1	Research	\$ 300,000	\$ 300,000	30,000,000	100%	\$ 83,377	\$ 237	\$ 237	Note 19	
	HFI Innovation Inc.	Note 1	Intellectual property right management	\$ 1,180,621	\$ 1,138,910	118,062,084	100%	\$ 504,571	\$ (31,603)	\$ (51,468)	Note 19	
	Hsu-Fa Investment Corp.	Note 1	General investing	\$ 6,500,166	\$ 35,264,009	737,515,603	100%	\$ 11,597,759	\$ 1,752,751	\$ 1,669,841	Note 19	
	MediaTek Investment Singapore Pte. Ltd.	Note 7	General investing	\$ 53,067,384	\$ 53,067,384	2,251,157,978	100%	\$ 184,400,781	\$ 6,110,411	\$ 6,150,633	Note 19	
	MediaTek Singapore Pte. Ltd.	Note 7	Research, manufacturing and sales	\$ 2,745,519	\$ 2,745,519	111,993,960	100%	\$ 11,244,859	\$ 14,152,825	\$ 14,199,789	Note 19	
	MStar France SAS	Note 13	Research	\$ -	\$ 868,611	-	-	\$ -	\$ -	\$ 4,833	\$ 5,257	Note 19 and Note 20
	MStar Co., Ltd.	Note 15	General investing	\$ 526,142	\$ 526,142	13,350,000	100%	\$ 117,897	\$ (342,159)	\$ (342,159)	Note 19	
	Digimove Holdings Limited	Note 3	General investing	\$ 36,603	\$ 36,603	3,805	100%	\$ 44,669	\$ (45)	\$ (45)	Note 19	
	MShining International Corporation	Note 1	Sales	\$ -	\$ 682,336	-	-	\$ -	\$ -	\$ 3,646	\$ (444)	Note 19 and Note 21
	Spidrom Technologies	Note 13	Intellectual property right management	\$ 4,722	\$ 4,722	146,200	100%	\$ 2,624	\$ (1,050)	\$ (1,050)	Note 19	
Realtek Technology Corp.	Note 1	Research, manufacturing and sales	\$ 21,221,922	\$ -	148,482,806	100%	\$ 22,351,726	\$ 6,170,678	\$ 4,367,471	Note 19 and Note 22		
Hsu-Si Investment Corp.	Note 1	General investing	\$ 7,800,486	\$ -	624,304,756	100%	\$ 8,793,354	\$ 2,153,308	\$ 519,059	Note 19 and Note 22		
Gamech Co. Limited	Note 2	General investing	USD 1,921,541,067	USD 1,921,541,067	383,813,853	100%	USD 6,367,308,450	USD 201,529,214	-	-	Note 19	
Cloud Ranger Limited	Note 5	General investing	USD 23,139,000	USD 23,139,000	23,139,000	100%	USD 41,288,058	USD 84,413	-	-	Note 19	
MediaTek Bangalore Private Limited	Note 4	Research	USD 339,847	USD 339,847	1,999,999	100%	USD 26,074,038	USD 6,598,169	-	-	Note 19	
Core Tech Resources Inc.	Note 3	General investing	\$ 3,357,608	\$ 3,357,608	102,200,000	100%	\$ 4,563,334	\$ 70,018	-	-	Note 19	
MediaTek Capital Co.	Note 1	General investing	\$ 3,955,188	\$ 3,915,188	163,603,653	100%	\$ 10,618,108	\$ 1,846	-	-	Note 19	
MediaTek Bangalore Private Limited	Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 6,598,169	-	-	Note 19	
Hsu-Si Investment Corp.	Note 1	General investing	\$ -	\$ 27,300,000	-	-	\$ -	\$ -	\$ 2,153,308	-	Note 19 and Note 22	
MediaTek India Technology Pvt. Ltd.	Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 3,578,913	-	-	Note 19	
Core Tech Resources Inc.	Note 1	Research	\$ -	\$ 140,020	-	-	\$ -	\$ -	\$ (11)	-	Note 19 and Note 23	
E-Vehicle Semiconductor Technology Co., Ltd.	Note 1	Research, manufacturing and sales	\$ 16,796	\$ 16,796	7,600,000	29%	\$ 4,899	\$ (29,303)	-	-	Note 19	
Chingis Technology Corporation	Note 1	Research	\$ 857,932	\$ 887,932	113,936,991	100%	\$ 540,555	\$ (38,618)	-	-	Note 19	
CMOS-Crystal Ltd.	Note 1	Research	\$ 18,189	\$ 18,189	25,001	20%	\$ 16,752	\$ (2,003)	-	-	Note 19	
Cyberon Corp.	Note 1	Research	\$ 250,737	\$ 250,737	3,119,748	30%	\$ 251,108	\$ 13,308	-	-	Note 19	
MediaTek Research Corp.	Note 1	Research	\$ 800	\$ 800	80,000	100%	\$ 1,815	\$ 986	-	-	Note 19	
ImaFusion Technology	Note 1	Technical services	\$ 224,539	\$ -	127,000,000	100%	\$ 1,188,419	\$ 6,487	-	-	Note 19 and Note 24	
MediaTek India Technology Pvt. Ltd.	Note 4	Research	USD 1,797,222	USD 1,797,222	5,499,999	100%	USD 20,785,990	USD 3,578,913	-	-	Note 19	
MediaTek Korea Inc.	Note 9	Research	USD 2,074,740	USD 2,074,740	200,000	100%	USD 8,446,150	USD 1,159,615	-	-	Note 19	
MediaTek China Limited	Note 11	General investing	USD 351,444,293	USD 351,444,293	2,750,102,500	100%	USD 655,904,408	USD 6,541,115	-	-	Note 19	
MediaTek Japan Inc.	Note 10	Technical services	USD 61,978	USD 61,978	7,100	100%	USD 3,247,712	USD 388,837	-	-	Note 19	
ZENA TECHNOLOGIES INTERNATIONAL, INC.	Note 3	General investing	USD 3,200,000	USD 3,200,000	600,000	33%	USD -	USD -	-	-	Note 19	
CMC CAPITAL INVESTMENTS, L.P.	Note 2	General investing	USD 7,215,598	USD 7,215,598	-	67%	USD 7,416,614	USD 2,733,550	-	-	Note 19	
Smartlead Limited	Note 15	General investing	USD 700,000	USD 700,000	700,000	100%	USD 1,563,084	USD (215,938)	-	-	Note 19	
Gold Rich International (Samoa) Limited	Note 5	General investing	USD 4,290,000	USD 4,290,000	4,290,000	100%	USD 797,561,670	USD 14,275,127	-	-	Note 19	
Ralink Technology (Samoa) Corp.	Note 5	General investing	USD 5,626,623	USD 5,626,623	7,150,000	100%	USD 31,426,784	USD 8,301,426	-	-	Note 19	
MTK Wireless Limited (UK)	Note 12	Research	USD 135,664,604	USD 111,688,604	84,394,826	100%	USD 216,345,815	USD 31,665,258	-	-	Note 19	
EyeNet (Cayman) Inc.	Note 2	General investing	USD 56,132,213	USD 55,952,726	22,870,281	76%	USD 140,699,484	USD 28,753,349	-	-	Note 19	

(To be continued)

MEDIATEK INC.
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)

As of December 31, 2020

(Continued)

Investor Company	Investee Company	Location	Main business	Original Investment Amount			Balance as of December 31, 2020			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount	Net Income (Loss) of Investee			
Gaintech Co. Limited	FONTAINE CAPITAL FUND, L.P.	Note 2	General investing	USD 17,142,857	USD 17,142,857	17,142,857	57%	USD 99,330,747	USD (7,279,555)	-	-	
	MediaTek Wireless EZ LLC	Note 14	Technical services	USD 13,753	USD 13,753	50	100%	USD 209,489	USD 56,908	-	Note 19	
	Hsi Chia (Simso) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 179,581,122	USD 4,336,220	-	Note 19	
	Hsi Fu (Simso) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 178,851,935	USD 4,115,786	-	Note 19	
	Hsi Kang (Simso) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 178,306,742	USD 3,368,391	-	Note 19	
	Nephos Pte. Ltd.	Note 7	Research	USD 74,378	USD 2,197,493	1	100%	USD 483,815	USD 42,117	-	Note 19	
	Nephos Cayman Co. Limited	Note 2	General investing	USD 113,110,426	USD 113,110,426	113,110,426	100%	USD (4,247,571)	USD (1,176,657)	-	Note 19	
	MOUNTAIN CAPITAL FUND, L.P.	Note 2	General investing	USD 27,200,000	USD 27,200,000	27,200,000	90%	USD 63,256,112	USD (3,883)	-	Note 19	
	CSVI VENTURES, L.P.	Note 2	General investing	USD 12,000,000	USD 12,000,000	12,000,000	39%	USD 8,072,982	USD (4,404,815)	-	-	
	INTELLIGO TECHNOLOGY INC.	Note 2	General investing	USD 8,000,000	USD 8,000,000	8,928,270	23%	USD 3,224,988	USD (4,334,475)	-	-	
	ISur Technology Ltd	Note 2	General investing	USD 2,977,673	USD 7,737,673	50,000	100%	USD 3,112,673	USD (37,466)	-	Note 19	
	MediaTek Research UK Limited	Note 12	Research	USD -	USD 358,340	-	-	USD -	USD 149,639	-	Note 19 and Note 25	
ILI Technology Holding Corporation	Note 2	General investing	USD -	USD 113,600,448	-	-	USD -	USD 10,706,708	-	Note 26		
Amoble Intelligent Cop. Limited	Note 11	Research, manufacturing and sales	USD 1,884,921	USD 1,884,921	1,884,921	22%	USD 1,657,979	USD (1,286,706)	-	-		
Signature Technology Inc.	Note 2	General investing	USD 522,701	USD 57,222,701	1,511,579	100%	USD 53,118,579	USD 19,069,775	-	Note 19		
Lepower (HK) Limited	Note 11	General investing	USD 26,851	USD 26,851	3,050,000	100%	USD 4,860	USD (208,239)	-	Note 19		
MediaTek Sweden AB	Note 8	Research	GBP 19,361,957	GBP 19,361,957	1,008,371	100%	GBP 12,230,137	GBP 170,578	-	Note 19		
MediaTek USA Inc.	Note 6	Research	GBP 36,696,645	GBP 36,696,645	111,815	100%	GBP 100,190,066	GBP 19,133,378	-	Note 19		
MediaTek Wireless Finland Oy	Note 17	Research	GBP 4,733,056	GBP 4,733,056	1,000	100%	GBP 10,479,087	GBP 1,253,936	-	Note 19		
Mstar Semiconductor UK Ltd.	Note 12	Research and technical services	GBP 1,759,253	GBP 1,759,253	1	100%	GBP 1,747,005	GBP (7,243)	-	Note 19		
MStar France SAS	Note 13	Research	GBP 22,405,985	GBP -	458,900	100%	GBP 22,025,850	GBP 135,771	-	Note 19 and Note 20		
Gold Rich International (HK) Limited	Note 11	General investing	USD 4,190,000	USD 4,190,000	4,190,000	100%	USD 797,477,430	USD 14,276,294	-	Note 19		
MOMAGIC TECHNOLOGIES PRIVATE LIMITED	Note 4	Software development	USD 500,000	USD 500,000	2,385,927	23%	USD 1,371,784	USD (1,227,259)	-	-		
Shadow Investment Limited	Note 5	General investing	USD 1,491,120	USD 1,491,120	15,000,000	100%	USD 2,589,156	USD 19,526	-	Note 19		
EcoNet (HK) Limited	Note 11	General investing, research, manufacturing and sales	USD 67,534,520	USD 67,534,520	67,534,520	100%	USD 179,315,647	USD 28,600,993	-	Note 19		
MediaTek Research UK Limited	Note 12	Research	USD 479,664	USD -	280,000	100%	USD 616,114	USD 149,639	-	Note 19 and Note 25		
EcoNet Limited	Note 3	General investing and sales	CNY 2,639,304	CNY 2,639,304	400,000	100%	CNY 34,101,432	CNY 7,060,161	-	Note 19		
InnoFusion Technology Corp.	Note 1	Technical services	USD -	USD 53,474,665	-	-	USD -	USD 230,479	-	Note 19 and Note 24		
ILITEK Holding Inc.	Note 3	General investing	\$ 399,927	\$ 399,927	13,050	100%	\$ 398,464	\$ 5,749	-	Note 19 and Note 26		
Li-Yu Investment Corp.	Note 1	General investing	\$ 240,000	\$ 240,000	31,275,100	100%	\$ 339,290	\$ 1,714	-	Note 19		
Roman Overseas Co., Ltd.	Note 3	General investing	\$ -	\$ 373,359	-	-	\$ -	\$ 48,502	-	Note 19 and Note 27		
Richstar Group Co., Ltd.	Note 3	General investing	\$ -	\$ 619,110	-	-	\$ -	\$ 103,085	-	Note 19 and Note 28		
Richnet Microelectronics Corp.	Note 1	Research, manufacturing and sales	\$ 278,032	\$ 278,032	26,963,153	82%	\$ 25,232	\$ 2,537	-	Note 19		
Richtek Europe Holding B.V.	Note 16	General investing	\$ 84,724	\$ 84,724	2,000,000	100%	\$ 50,176	\$ (3,249)	-	Note 19		
Richtek Holding International Limited	Note 3	General investing	\$ 292,264	\$ 292,264	30,000	100%	\$ 41,024	\$ (3,381)	-	Note 19		
Richpower Microelectronics Corp.	Note 2	General investing	\$ -	\$ 263,830	-	-	\$ -	\$ (143,274)	-	Note 19 and Note 29		
Richtek Korea LLC.	Note 9	Research and technical services	\$ 26,696	\$ 26,696	10,000	100%	\$ 13,102	\$ (11,045)	-	Note 19		
Richtek USA Inc.	Note 6	Sales and technical services	\$ 133,470	\$ -	1,000,000	100%	\$ 147,438	\$ 9,637	-	Note 19 and Note 28		

(To be continued)

MEDIA TEK INC.
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)
 As of December 31, 2020

(Continued)

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Richtek Technology Corp.	Richtek IC Design Ireland Limited	Note 18	Research	\$ -	\$ -	1	100%	\$(398)	-	Note 19 and Note 30	
Li-Yu Investment Corp.	Corporate Event Limited	Note 3	Technical services	\$ -	\$ 1,537	-	-	\$ -	-(66)	Note 19 and Note 31	
Richtek Europe Holding B.V.	Richtek Europe B.V.	Note 16	Marketing	EUR 1,500,000	EUR 1,500,000	1,500,000	100%	EUR 941,965	-	Note 19	
Richpower Microelectronics Corp.	Richpower Microelectronics Corporation	Note 1	Administrative services	USD -	USD 3,114,373	-	-	USD -	-	Note 19 and Note 29	
Richstar Group Co., Ltd.	Richtek USA Inc.	Note 6	Sales and technical services	USD -	USD 4,500,000	-	-	USD 325,728	-	Note 19 and Note 28	
Forman Overseas Co., Ltd.	Cosmic-Ray Technology Limited	Note 5	General investing	USD -	USD 5,530,000	-	-	USD (193,093)	-	Note 19 and Note 27	
Hsu-Si Investment Corp.	Richtek Technology Corp.	Note 1	Research, manufacturing and sales	\$ -	\$ 28,954,147	-	-	\$ -	6,170,678	Note 19 and Note 22	
	Airoha Technology Corp.	Note 1	Research, manufacturing and sales	\$ 6,428,827	\$ 6,428,827	61,092,208	100%	\$ 4,683,255	1,061,489	Note 19	
	Airoha (Cayman) Inc.	Note 2	General investing	\$ 59,579	\$ 59,579	4,397,346	100%	\$ 214,709	13,947	Note 19	
	Airoha Technology (Sumoa) Corp.	Note 5	General investing	\$ -	\$ 68,580	-	-	\$ -	-	Note 19 and Note 33	
ILL Technology Holding Corporation	ILL Technology Corporation	Note 1	Research, manufacturing and sales	USD 113,600,448	USD 113,600,448	345,617,000	100%	USD 141,017,623	10,706,708	Note 19 and Note 26	
MediaTek India Technology Pvt. Ltd.	MStar Semiconductor India Private Limited	Note 4	Research and technical services	INR -	INR 26,422,200	-	-	INR -	-	Note 19 and Note 32	

Note 1: Taiwan

Note 5: Western Sumoa

Note 9: Korea

Note 13: France

Note 17: Finland

Note 20: For the purpose of reorganization, the 100% ownership of MStar France SAS, which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in November 2020.

Note 21: For the purpose of reorganization, MShining International Corporation was dissolved due to merger with Hsu-Ta Investment Corp. in December 2020.

Note 22: For the purpose of reorganization, Hsu-Ta Investment Corp. reduced its capital and returned the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp. back to MediaTek Inc. in April 2020.

Moreover, Hsu-Si Investment Corp. reduced its capital and returned the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp. back to MediaTek Inc. in the next day.

Note 23: For the purpose of reorganization, RollTech Technology Co., Ltd., which was previously owned by MediaTek Capital Co., was dissolved due to merger with MediaTek Capital Co. in December 2020.

Note 24: For the purpose of reorganization, the 100% ownership of Innofusion Technology Corp. which was previously owned by Sigmastar Technology Inc., was transferred to MediaTek Capital Co. in October 2020.

Note 25: For the purpose of reorganization, the 100% ownership of MediaTek Research UK Limited, which was previously owned by Gaintech Co. Limited, was transferred to EonNet(Cyprus) in August 2020.

Note 26: Gaintech Co. Limited has completed the transfer of shareholding rights of ILL Technology Holding Corporation as of November 2020.

Note 27: For the purpose of reorganization, Forman Overseas Co., Ltd. and its subsidiary, which was previously owned by Forman Overseas Co., Ltd. have been liquidated in November 2020.

Note 28: For the purpose of reorganization, Richstar Group Co., Ltd. has been liquidated in July 2020. The 100% ownership of Richtek USA Inc., which was previously owned by Richstar Group Co., Ltd., was transferred to Richtek Technology Corp.

Note 29: For the purpose of reorganization, Richpower Microelectronics Corp. and its subsidiary, which was previously owned by Richpower Microelectronics have been liquidated in November 2020.

Note 30: Richtek Technology Corp. established Richtek IC Design Ireland Limited in November 2020.

Note 31: For the purpose of reorganization, Corporate Event Limited has been liquidated in March 2020.

Note 32: For the purpose of reorganization, the 100% ownership of MStar Semiconductor India Private Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to MediaTek India Technology Pvt. Ltd. in November 2019.

Moreover, MStar Semiconductor India Private Limited was dissolved due to merger with MediaTek India Technology Pvt. Ltd. in June 2020.

Note 33: For the purpose of reorganization, Airoha Technology (Sumoa) Corp. has been liquidated in January 2020.

Note 2: Cayman Islands

Note 6: United States

Note 10: Japan

Note 14: Dubai

Note 18: Ireland

Note 3: British Virgin Islands

Note 7: Singapore

Note 11: Hong Kong

Note 15: Seychelles

Note 19: Investee is a subsidiary in consolidated group.

Note 4: India

Note 8: Sweden

Note 12: United Kingdom

Note 16: Netherlands

MEDIA TEK INC.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
For the year ended December 31, 2020

Attachment 9

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 5, B)	Accumulated Outflow of Investment From Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2020	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 6)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
MediaTek (Shenzhen) Inc.	Note 2	\$ 2,565,720 USD 90,000,000	MediaTek China Limited	\$ 2,565,720 USD 90,000,000	-	-	\$ 2,565,720 USD 90,000,000	\$ 146,592 USD 4,954,672	100%	\$ 146,592 USD 4,954,672	\$ 4,660,054 USD 163,464,798	-
MediaTek (Hefei) Inc.	Note 2	\$ 484,636 USD 17,000,000	MediaTek China Limited	\$ 484,636 USD 17,000,000	-	-	\$ 484,636 USD 17,000,000	\$ 118,342 USD 3,999,842	100%	\$ 118,342 USD 3,999,842	\$ 1,389,066 USD 48,725,482	-
MediaTek (Beijing) Inc.	Note 2	\$ 2,850,800 USD 100,000,000	MediaTek China Limited	\$ 2,850,800 USD 100,000,000	-	-	\$ 2,850,800 USD 100,000,000	\$ 185,579 USD 6,272,391	100%	\$ 185,579 USD 6,272,391	\$ 4,940,548 USD 173,303,930	-
MediaTek (Chengde) Inc.	Note 2	\$ 1,419,698 USD 49,800,000	MediaTek China Limited	\$ 1,419,698 USD 49,800,000	-	-	\$ 1,419,698 USD 49,800,000	\$ 108,474 USD 3,666,315	100%	\$ 108,474 USD 3,666,315	\$ 2,124,219 USD 74,513,089	-
MediaTek (Wuhan) Inc.	Note 2	\$ 689,894 USD 24,200,000	MediaTek China Limited	\$ 473,428 USD 16,606,858	-	-	\$ 473,428 USD 16,606,858	\$ 60,664 USD 2,050,370	100%	\$ 60,664 USD 2,050,370	\$ 826,420 USD 28,989,059	-
Xuxin Investment (Shanghai) Inc.	Note 4	\$ 1,710,480 USD 60,000,000	MediaTek China Limited	\$ 1,043,393 USD 36,600,000	\$ 667,087 USD 23,400,000	-	\$ 1,710,480 USD 60,000,000	\$ (96,195) USD (3,251,303)	100%	\$ (96,195) USD (3,251,303)	\$ 2,055,021 USD 72,085,762	-
MediaTek (Shanghai) Inc.	Note 2	\$ 1,297,605 CNY 297,000,000	MediaTek China Limited	\$ 1,381,761 USD 48,469,221	-	-	\$ 1,381,761 USD 48,469,221	\$ 62,641 USD 2,117,200	100%	\$ 62,641 USD 2,117,200	\$ 2,833,021 USD 99,376,344	-
Nephos (Beijing) Co., Ltd.	Note 2	-	Nephos (Hefei) Co., Ltd.	\$ 69,012 USD 2,420,803	-	-	\$ 69,012 USD 2,420,803	\$ 6 CNY 1,406	-	\$ 6 CNY 1,406	-	-
MStar Software R&D (Shenzhen), Ltd.	Note 2	\$ 855,240 USD 30,000,000	MStar Co., Ltd.	\$ 855,240 USD 30,000,000	-	-	\$ 855,240 USD 30,000,000	\$ 8,889 USD 300,450	100%	\$ 8,889 USD 300,450	\$ 469,711 USD 16,476,476	-
MStar Chen Xi Software Shanghai Ltd.	Note 2	-	MStar Software R&D (Shenzhen), Ltd.	-	-	-	-	\$ 744 CNY 173,548	-	\$ 744 CNY 173,548	-	-
EcoNet (Suzhou) Limited	Note 3	\$ 285,080 USD 10,000,000	EcoNet (HK) Limited	\$ 267,448 USD 9,381,500	-	-	\$ 267,448 USD 9,381,500	\$ 973,642 USD 32,908,167	76%	\$ 734,633 USD 24,829,902	\$ 4,411,645 USD 154,751,105	-
Richpower Microelectronics Co., Ltd.	Note 2	\$ 91,226 USD 3,200,000	Richtek Technology Corp.	\$ 91,226 USD 3,200,000	-	-	\$ 91,226 USD 3,200,000	\$ (3,666)	100%	\$ (3,666)	\$ 15,911	-
Li-We Technology Corp.	Note 2	\$ 71,270 USD 2,500,000	Richtek Technology Corp.	\$ 71,270 USD 2,500,000	-	-	\$ 71,270 USD 2,500,000	\$ (11,025)	100%	\$ (11,025)	\$ 27,543	-
Yuan Ke (Pingqian) Investment Fund Limited Partnership	Note 4	\$ 4,557,751 USD 159,876,218	Gaintech Co. Limited	\$ 3,694,637 USD 129,600,000	-	-	\$ 3,694,637 USD 129,600,000	\$ 311,000 USD 10,511,523	81%	\$ 226,980 USD 7,671,707	\$ 45,856,538 USD 1,608,549,798	-
Zelus Technology (Hangzhou) Ltd.	Note 3	\$ 146,816 USD 5,150,000	Gaintech Co. Limited	\$ 146,816 USD 5,150,000	\$ 864 USD 30,299	-	\$ 147,680 USD 5,180,299	\$ 10,386 USD 351,035	91%	\$ 9,567 USD 323,347	\$ 113,003 USD 3,963,901	-
VarChip (Tianjin) Technology Co., Ltd.	Note 3	\$ 1,572,854 CNY 360,000,000	Gaintech Co. Limited	-	\$ 1,140,320 USD 40,000,000	-	\$ 1,140,320 USD 40,000,000	\$ 612,747 USD 20,710,287	30%	\$ 192,428 USD 6,503,874	\$ 1,086,946 USD 38,127,754	-

(To be continued)

MEDIATEK INC.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
For the year ended December 31, 2020

(Continued)

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 3. B)	Accumulated Outflow of Investment from January 1, 2020 as of	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 6)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
ILI Technology (SZ) LTD.	Note 2	\$ 370,604 USD 13,000,000	ILITEK Holding Inc.	\$ 370,604 USD 13,000,000	-	-	\$ 370,604 USD 13,000,000	\$ 5,866 CNY 1,367,943	-	\$ 5,866 CNY 1,367,943	-	-
Beijing ilitek Technology Co., Ltd.	Note 2	\$ 85,524 USD 3,000,000	Star Technology Ltd.	\$ 85,524 USD 3,000,000	-	-	\$ 85,524 USD 3,000,000	(2,522) CNY (588,223)	100%	(2,522) CNY (588,223)	\$ 74,617 CNY 17,078,499	-
Shen/Zhen ZhongChen Semiconductor Ltd.	Note 2	\$ 6,842 USD 240,000	Star Technology Ltd.	\$ 142,540 USD 5,000,000	-	-	\$ 142,540 USD 5,000,000	1,719 USD 58,084	100%	1,719 USD 58,084	\$ 8,215 USD 288,153	-
Nephos (Hefei) Co. Ltd.	Note 3	\$ 1,175,955 USD 41,250,000	Nephos Cayman Co. Limited	\$ 3,251,344 USD 114,050,238	-	-	\$ 3,251,344 USD 114,050,238	138,907 USD 4,694,938	100%	138,907 USD 4,694,938	\$ 1,764 USD 61,873	-
Airotek (Shenzhen) Inc.	Note 2	\$ 27,083 USD 950,000	Airoha (Cayman) Inc.	\$ 27,083 USD 950,000	-	-	\$ 27,083 USD 950,000	6,030 USD 203,816	100%	6,030 USD 203,816	\$ 37,269 USD 1,307,334	-
Airotek (Chengdu) Inc.	Note 2	\$ 27,083 USD 950,000	Airoha (Cayman) Inc.	\$ 27,083 USD 950,000	-	-	\$ 27,083 USD 950,000	8,117 USD 274,353	100%	8,117 USD 274,353	\$ 34,182 USD 1,199,027	-
Xiamen Sigmaster Technology Inc.	Note 3	\$ 212,665 CNY 48,675,371	Sigmaster Technology Inc.	\$ 57,016 USD 2,000,000	-	-	\$ 57,016 USD 2,000,000	896,724 USD 30,308,428	50%	567,939 USD 19,195,809	\$ 1,462,809 USD 51,312,223	-
Shenzhen Sing Chen Technology Inc.	Note 2	\$ 13,107 CNY 3,000,000	Xiamen Sigmaster Technology Inc.	-	-	-	-	(1,272) CNY (296,655)	50%	3,146 CNY 733,651	\$ 23,142 CNY 5,296,830	-
SigmaStar Technology Inc. (Shanghai)	Note 2	\$ 4,369 CNY 1,000,000	Xiamen Sigmaster Technology Inc.	-	-	-	-	(6,478) CNY (1,510,747)	50%	(5,183) CNY (1,208,723)	\$ 20,356 CNY 4,659,070	-
PuTian Joint Micro Technology Inc.	Note 3	\$ 436,904 CNY 100,000,000	Xuxin Investment (Shanghai) Inc.	\$ 44,187 USD 1,550,000	-	-	\$ 44,187 USD 1,550,000	(57,760) CNY (13,469,502)	-	(6,526) CNY (1,521,861)	-	-
PuTian Joint Micro Technology Inc.	Note 3	\$ 436,904 CNY 100,000,000	Xiamen Sigmaster Technology Inc.	\$ 72,401 USD 2,539,683	-	-	\$ 72,401 USD 2,539,683	(57,760) CNY (13,469,502)	-	(9,549) CNY (2,226,913)	-	-
Xuxi (Shanghai) Management consulting Co., Ltd	Note 4	\$ 1,463,847 CNY 335,050,000	Xuxin Investment (Shanghai) Inc.	\$ 698,446 USD 24,500,000	\$ 667,286 USD 23,406,985	-	\$ 1,365,732 USD 47,906,985	763 CNY 177,839	100%	763 CNY 177,839	\$ 1,474,004 CNY 337,374,783	-
Hefei Xuhui Management Consulting Co., Ltd.	Note 4	\$ 1,463,628 CNY 335,000,000	Xuxi (Shanghai) Management consulting Co., Ltd	\$ 698,446 USD 24,500,000	\$ 667,087 USD 23,400,000	-	\$ 1,365,533 USD 47,900,000	880 CNY 205,190	100%	880 CNY 205,190	\$ 1,473,701 CNY 337,305,363	-
Shanghai Celeste Technology Co., Ltd.	Note 3	-	Lepover (HK) Limited	-	\$ 408 USD 14,300	-	\$ 408 USD 14,300	-	-	-	-	-

Accumulated Investment in Mainland China as of December 31, 2020		Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment	
\$	24,032,811	\$	32,332,000	\$	223,100,293
USD	843,019,887	USD	1,134,137,771		

(To be continued)

MEDIATEK INC.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
For the year ended December 31, 2020

(Continued)

Note 1: Based on Regulations Governing the Approval of Investment or Technical Cooperation in the Mainland China promulgated by Investment Commission, MOEA.

Note 2: Development of consumer electronics products and software and related technology consulting services.

Note 3: Development, manufacture, and marketing of consumer electronics products and software.

Note 4: General investing.

Note 5: The methods for engaging in investment in Mainland China include the following:

A. Direct investment in Mainland China.

B. Indirect investment in Mainland China through companies registered in a third region.

C. Other method.

Note 6: Recognized in financial statements audited by the auditors of the parent company in Taiwan.

Note 7: Amounts are listed in New Taiwan Dollars. For foreign currency conversion, net income (loss) of investee and investment income (loss) are converted by the average exchange rate during financial statement period (1 USD=29,58663 NTD; 1 CNY=4,28818 NTD). Other amounts are converted by the exchange rate at reporting date. (1 USD=28,508 NTD; 1 CNY=4,36904 NTD)

MEDIATEK INC.
1. STATEMENT OF CASH AND CASH EQUIVALENTS
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Item	Description	Amount	Amount in Foreign Currencies	Note
Bank Deposits				1. Cash and cash equivalents were not pledged.
Foreign currency deposits		\$ 8,092,080	USD 275,986 CNY 1,882 EUR 191 KRW 1 JPY 757,083	2. USD1=NTD28.508 CNY1=NTD4.36904 EUR1=NTD34.91945 KRW1=NTD0.02623 JPY1=NTD0.27656
Savings and checking deposits		<u>2,091,537</u>		
Subtotal		<u>10,183,617</u>		
Time Deposits				
Time Deposits - NT Dollars		52,930,000		
Time Deposits - US Dollars		<u>33,804,216</u>	USD 1,185,780	
Subtotal		<u>86,734,216</u>		
Total		<u>\$ 96,917,833</u>		

MEDIATEK INC.

2. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Financial Instruments	Units	Contract Amount/ Acquisition Cost	Contract Period	Fair Value	Note
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Fund		Acquisition Cost			
KGI Fengli Fund	27,806,950	\$ 310,097		\$ 409,805	
KGI Fuli Strategic Fund	51,690,182	604,184		717,041	
Total		\$ 914,281		\$ 1,126,846	
Forward exchange contracts		Contract Amount			
Forward exchange contracts - prepurchase US dollars		USD 10,000	2020.12-2021.1	\$ 920	
Financial liabilities at fair value through profit or loss					
Held for trading financial liabilities		Contract Amount			
Forward exchange contracts - prepurchase US dollars		USD 12,009	2020.12-2021.1	\$ (520)	

MEDIA TEK INC.

3. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollar)

Financial Instruments	Shares	Acquisition Cost	Accumulated impairment	Fair Value		Note
				Unit Price	Total Amount	
Equity instrument investments measured at fair value through other comprehensive income IC PLUS Corp.	730,000	\$ <u>16,285</u>	Not applicable	22.3000	\$ <u>16,279</u>	

MEDIATEK INC.

4. STATEMENT OF TRADE RECEIVABLES AND TRADE RECEIVABLES FROM RELATED PARTIES

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Client	Description	Amount	Note
Trade receivables			
Client A		\$ 3,183,924	
Client B		1,151,229	
Client C		1,359,253	
Others	The amount of individual client in others does not exceed 5% of the account balance.	12,179,330	
Subtotal		<u>17,873,736</u>	
Less: Allowance for doubtful debts		<u>(24,678)</u>	
Net amount		<u>17,849,058</u>	
Trade receivables from related parties			
Airoha Technology Corp.		268,683	
MediaTek Singapore Pte. Ltd.		191,194	
Nephos (Hefei) Co., Ltd.		161,114	
Other	The amount of individual client in others does not exceed 5% of the account balance.	17,859	
Subtotal		<u>638,850</u>	
Total		<u>\$ 18,487,908</u>	

MEDIATEK INC.
5. STATEMENT OF OTHER RECEIVABLES AND OTHER RECEIVABLES FROM
RELATED PARTIES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Factoring receivables		\$ 3,025,695	
VAT deductibles		829,114	
Interest receivables		204,315	
		<hr/>	
Total		<u>\$ 4,059,124</u>	
Other receivables from related parties			
Nephos (Hefei) Co., Ltd.	Technical service revenue	282,454	
Others	The amount of individual item in others does not exceed 5% of the account balance.	1,129	
		<hr/>	
Total		<u>\$ 283,583</u>	

MEDIATEK INC.
6. STATEMENT OF INVENTORIES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$ 2,163,202	\$ 2,098,600	Inventories were not pledged.
Work in process		22,607,827	46,064,721	
Finished goods		<u>7,287,936</u>	<u>14,009,802</u>	
Total		32,058,965	<u>\$ 62,173,123</u>	
Less : Allowance for inventory valuation losses		<u>(11,156,074)</u>		
Net Amount		<u>\$ 20,902,891</u>		

MEDIATEK INC.

7. STATEMENT OF PREPAYMENTS AND OTHER CURRENT ASSETS

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments			
Prepaid expenses		\$ 381,070	
Prepaid insurance expenses		26,633	
Others	The amount of individual item in others does not exceed 5% of the account balance.	68,294	
Subtotal		<u>475,997</u>	
Other Current Assets			
Temporary payments of tax	Sales tax and withholding income tax	735,627	
Others	The amount of individual item in others does not exceed 5% of the account balance.	190,647	
Subtotal		<u>926,274</u>	
Total		<u>\$ 1,402,271</u>	

MEDIA TEK INC.

8. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT

For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance		Acquisition		Disposal		Adjustments	Ending Balance		Collateral	Note
	Units	Fair Value	Units	Amount	Units	Amount		Units	Fair Value		
Financial assets mandatorily measured at fair value through profit or loss											
Shin Kong Financial Holding Co., Ltd., Preferred Stock A	4,200,000	\$ 192,990	-	-	-	\$ -	\$ (9,240)	-	\$ 183,750	None	
Ennocom 3rd Credit Linked Structural Product	-	-	-	120,000	-	(120,000)	-	-	-	None	
EVA Air 4th Credit Linked Structural Product	-	-	-	150,000	-	(50,000)	601	-	100,601	None	
Total		<u>\$ 192,990</u>		<u>\$ 270,000</u>		<u>\$ (170,000)</u>	<u>\$ (8,639)</u>		<u>\$ 284,351</u>		

MEDIA TEK INC.

9. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT

For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance		Acquisition		Disposal		Adjustments	Ending Balance		Accumulated Impairment	Collateral	Note
	Units	Fair Value	Units	Amount	Units	Amount		Units	Fair Value			
Equity instrument investments measured at fair value through other comprehensive income												
Cathay No.1 Real Estate Investment Trust	81,200,000	\$ 1,437,240	-	\$ -	-	\$ -	\$ 82,012	81,200,000	\$ 1,519,252	Not applicable	None	
Cathay No.2 Real Estate Investment Trust	64,503,000	1,103,001	-	-	-	-	180,609	64,503,000	1,283,610	Not applicable	None	
Fubon No.1 Real Estate Investment Trust	16,744,000	267,904	-	-	-	-	39,683	16,744,000	307,587	Not applicable	None	
Fubon No.2 Real Estate Investment Trust	13,421,000	185,344	-	-	-	-	44,289	13,421,000	229,633	Not applicable	None	
EosTek Limited (Cayman)	640,000	5,147	-	-	-	-	(2,996)	640,000	2,151	Not applicable	None	
Chailase Finance Co., Ltd. Preferred Stock A	-	-	2,750,000	275,000	-	-	(1,100)	2,750,000	273,900	Not applicable	None	
WT Microelectronics Preferred Stock A	-	-	5,800,000	290,000	-	-	(8,410)	5,800,000	281,590	Not applicable	None	
Total		\$ 2,998,636		\$ 565,000		\$ -	\$ 334,087		\$ 3,897,723			

MEDIATEK INC.

10. STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - NONCURRENT

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)					
Item	Description	Amount	Interest Rate	Period	Note
Time deposits					
Taiwan Cooperative Bank	Science Park Administration				
	Lease execution deposits	\$ 22,867	0.1110%~1.035%	2019/05/12~2023/08/07	
	Customs clearance deposits	9,180	0.640%~1.035%	2019/05/12~2023/05/12	
Mega Bank	Science Park Administration				
	Lease execution deposits	113	0.765%	2020/09/01~2021/09/01	
	Customs clearance deposits	24,000	0.59%	2020/12/31~2021/01/31	
First Commercial Bank	Performance bond	133,244	0.410%	2020/10/26~2021/06/30	
	Subtotal	<u>189,404</u>			
Financial assets measured at amortized cost - noncurrent	Cathay Life Insurance Co., Ltd.				
	Cumulative Perpetual				
	Subordinated bond-106-1	\$ 290,000			
	China Life Insurance Company				
	Limited Cumulative Perpetual				
	Subordinated bond-109-1	290,000			
	3.875% LENOVO GROUP LTD				
	DUE 160322	64,962			
	3.5% WEIBO CORP DUE 050724	270,769			
	1.375% TENCENT MUSIC ENT				
	GRP DUE 030925	157,573			
	3.075% BAIDU INC DUE 070425	45,171			
	Subtotal	<u>1,118,475</u>			
	Total	<u>\$ 1,307,879</u>			Please refer to Note 8 of the notes to the financial statements.

MEDIATEK INC.
11. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Investee Company	Beginning Balance		Acquisition (Note 1)		Disposal (Note 2)		Investment Income (Loss)	Ending Balance		Net Assets Value/ Fair Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	%	Amount	Unit price		
Mediatek Investment Singapore Pte. Ltd.	2,251,157,978	\$ 146,880,648	-	\$ 35,571,328	-	\$ (4,141,828)	\$ 6,150,633	2,251,157,978	100%	\$ 184,460,781	\$ 81.94	\$ 184,460,781	None
Hsu-Si Investment Corp.	-	-	2,730,000,000	29,355,445	(2,105,695,244)	(21,081,150)	519,059	624,304,756	100%	8,793,354	14.09	8,793,354	None
Hsu-Ta Investment Corp.	3,398,981,889	37,014,570	214,918,062	1,823,866	(2,876,384,348)	(28,910,518)	1,669,841	737,515,603	100%	11,597,759	15.73	11,597,759	None
MStar International Technology Inc.	30,000,000	83,140	-	-	-	-	237	30,000,000	100%	83,377	2.78	83,377	None
HFI Innovation Inc.	113,890,952	440,782	4,171,132	115,257	-	-	(51,468)	118,062,084	100%	504,571	4.27	504,571	None
Mediatek Singapore Pte. Ltd.	111,993,960	6,365,067	-	-	-	(9,319,997)	14,199,789	111,993,960	100%	11,244,859	100.41	11,244,859	None
Mstar France SAS	458,900	823,679	-	15,328	(458,900)	(844,264)	5,257	-	-	-	-	-	None
Digimoc Holdings Limited	3,805	55,809	-	-	-	(11,095)	(45)	3,805	100%	44,669	11,739.55	44,669	None
Mstar Co., Ltd.	13,350,000	448,484	-	11,572	-	-	(342,159)	13,350,000	100%	117,897	8.83	117,897	None
Spitcom Technologies	14,620	3,673	-	-	-	-	(1,050)	14,620	100%	2,623	179.41	2,623	None
Richtek Technology Corp.	-	-	148,482,806	21,297,901	-	(3,313,646)	4,367,471	148,482,806	100%	22,351,726	150.53	22,351,726	None
MShining International Corporation	63,138,811	666,836	-	-	(63,138,811)	(666,392)	(444)	-	-	-	-	-	None
Total		\$ 192,782,688		\$ 88,190,697		\$ (68,288,890)	\$ 26,517,121			\$ 239,201,616			

Note 1: The increase in the current period includes changes in the net value of the equity of the invested company, unrealized gains from financial assets measured at fair value through other comprehensive income, unrealized gross profit on sales, exchange differences resulting from translating the financial statements of foreign operations, profit or loss of the defined benefit plan, income tax related to other comprehensive income components, etc.

Note 2: The decrease in the current period includes changes in the net value of the equity of the invested company, unrealized profit or loss of financial assets measured at fair value through other comprehensive income, cash dividends distribution, capital reduction and return of shares, exchange differences resulting from translating the financial statements of foreign operations, profit or loss of the defined benefit plan, income tax related to other comprehensive income, etc.

MEDIATEK INC.

12. STATEMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS
AND OTHER NONCURRENT ASSETS

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Property, plant and equipment		<u>\$ 20,388,079</u>	Please refer to Note 6(10) of the notes to the financial statements.
Intangible assets		<u>\$ 58,505,350</u>	
Other noncurrent assets			Please refer to Note 6(11) of the notes to the financial statements.
Deferred tax assets		\$ 4,274,948	
Refundable deposits		73,162	
Long-term financing lease receivable, net		<u>130,729</u>	
Total		<u>\$ 4,478,839</u>	

MEDIATEK INC.
13. RIGHT-OF-USE ASSET
As of December 31, 2020

Item	(Amounts in Thousands of New Taiwan Dollars)				Note
	Beginning Balance	Acquisition	Disposal	Ending Balance	
Cost					
Land	\$ 1,550,463	-	-	\$ 1,550,463	
Buildings and facilities	168,615	113,333	(30,963)	250,985	
Machinery equipment	27,235	-	-	27,235	
Transportation equipment	5,321	3,185	-	8,506	
Office equipment	452	-	(452)	-	
Total	<u>\$ 1,752,086</u>	<u>\$ 116,518</u>	<u>\$ (31,415)</u>	<u>\$ 1,837,189</u>	
Amortization and impairment					
Land	\$ 37,934	37,934	-	\$ 75,868	
Buildings and facilities	52,938	58,763	(27,843)	83,858	
Machinery equipment	3,026	9,078	-	12,104	
Transportation equipment	2,130	2,275	-	4,405	
Office equipment	319	133	(452)	-	
Total	<u>\$ 96,347</u>	<u>\$ 108,183</u>	<u>\$ (28,295)</u>	<u>\$ 176,235</u>	

MEDIATEK INC.
14. STATEMENT OF SHORT-TERM BORROWINGS
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Type	Description	Amount	Contract Period	Interest Rate	Loan Commitments	Collateral	Note
Unsecured loans							
Shin Kong Bank		\$ 1,425,400	2020/11/30~2021/1/5	0.42%	USD 50,000	None	
Mega Bank		2,565,720	2020/11/30~2021/1/8	0.45%	USD 150,000	None	
Standard Chartered Bank		1,710,480	2020/12/16~2021/1/15	0.40%	USD 160,000	None	
Citibank		7,127,000	2020/12/18~2021/1/15	0.46%	USD 350,000	None	
China Construction Bank		2,850,800	2020/12/23~2021/1/22	0.43%	USD 250,000	None	
JPMorgan chase bank		572,340	2020/10/28~2021/10/27	0.00%	TWD 1,400,000	None	
Total		<u>\$ 16,251,740</u>					

MEDIATEK INC.

15. STATEMENT OF TRADE PAYABLES AND TRADE PAYABLES TO RELATED PARTIES

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Supplier	Description	Amount	Note
Trade payables			
Vendor A		\$ 4,578,811	
Vendor B		2,119,008	
Vendor C		2,069,373	
Vendor D		1,822,525	
Vendor E		1,157,230	
Vendor F		1,037,839	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	7,505,644	
Subtotal		<u>20,290,430</u>	
Trade payables to related parties			
Richtek Technology Corp.		1,527,630	
King Yuan Electronics Co., Ltd.		999,997	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	128,357	
Subtotal		<u>2,655,984</u>	
Total		<u>\$ 22,946,414</u>	

MEDIATEK INC.
16. STATEMENT OF OTHER PAYABLES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other Payables			
Accrued salaries and bonuses		\$ 16,571,218	
Accrued royalties		1,187,714	
Other payables to related parties		57,482	
Others	The amount of individual item in others does not exceed 5% of the account balance.	8,200,839	
Total		<u>\$ 26,017,253</u>	

MEDIATEK INC.
 17. STATEMENT OF OTHER CURRENT LIABILITIES
 As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other current liabilities			
Refund liabilities		\$ 15,111,597	
Temporary receipts		<u>843,065</u>	
Total		<u><u>\$ 15,954,662</u></u>	

MEDIATEK INC.
18. STATEMENT OF LEASE LIABILITIES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Lease term	Discount rates (annual)	Ending Balance	Note
Land	2019/01/01~2068/04/30	1.480%	\$ 1,494,348	
Buildings and facilities	2019/01/01~2025/11/30	0.768%~0.775%	167,787	
Machinery equipment	2019/09/09~2022/09/08	0.775%	7,698	
Transportation equipment	2019/01/01~2024/6/30	0.73%~0.775%	4,111	
Office equipment	2019/01/01~2020/06/04	0.575%	-	
Total			<u>1,673,944</u>	
Less: current portion			<u>(101,898)</u>	
Noncurrent portion			<u><u>\$ 1,572,046</u></u>	

MEDIATEK INC.
 19. STATEMENT OF NONCURRENT LIABILITIES
 As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Long-term payables		\$ 2,336,031	
Net defined benefit liabilities - noncurrent		729,888	
Deposits received		313,681	
Deferred tax liabilities		2,938,088	
Lease liability - noncurrent		1,572,046	
Accrued unused vacation		526,380	
Others	The amount of individual item in others does not exceed 5% of the account balance.	16,172	
Total		<u>\$ 8,432,286</u>	

MEDIATEK INC.
 20. STATEMENT OF NET SALES
 For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Units (Die)	Amount	Note
Sales of goods - multimedia chip and mobile phone chip	3,678,285,406	\$ 162,523,119	
Services and other revenues		<u>5,814,789</u>	
Net operating revenues		<u>\$ 168,337,908</u>	

MEDIATEK INC.
21. STATEMENT OF OPERATING COSTS
For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Amount		Note
	Subtotal	Total	
Cost of Goods Sold of Self-made Product			
Direct material			
Beginning of year	\$ 867,198		
Add: Raw material purchased	64,406,676		
Less: Raw material, end of year	(2,163,203)		
Direct material used		\$ 63,110,671	
Manufacturing Expenses	26,982,360	26,982,360	
Manufacturing Costs		90,093,031	
Add: Work in process, beginning of year	18,407,915		
Work in process purchased	9,964,578		
Less: Work in process, end of year	(22,607,826)	5,764,667	
Cost of Finished Goods		95,857,698	
Add: Finished goods, beginning of year	6,658,856		
Finished goods purchased	1,172,720		
Less: Finished goods, end of year	(7,287,936)		
Transferred to operating expenses	(566,693)	(23,053)	
Subtotal		95,834,645	
Other Operating Costs			
Inventory loss reversal		(1,861,878)	
Gain on sales of scrap		(8,718)	
Others		382,465	
Total Operating Costs		\$ 94,346,514	

MEDIATEK INC.
 22. STATEMENT OF OPERATING EXPENSES
 For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Research and Development Expenses	Administrative Expenses	Selling Expenses
Payroll expenses	\$ 28,097,871	\$ 1,779,798	\$ 528,652
Depreciation	1,882,223	574,740	918
Amortization	2,967,312	47,504	-
Service fee and advertisement expenses	1,930,939	306,379	2,797,865
License fee	1,998,041	-	3,401,948
Design and experiment expenses	3,007,304	27,121	-
Consumables	3,114,498	-	-
Others	4,369,246	856,135	403,298
Total	<u>\$ 47,367,434</u>	<u>\$ 3,591,677</u>	<u>\$ 7,132,681</u>

MEDIA TEK INC.

23. STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION, AND AMORTIZATION EXPENSES

For the years ended December 31, 2020 and 2019

(Amounts in Thousands of New Taiwan Dollars)

Nature	Function	For the year ended December 31, 2020			For the year ended December 31, 2019		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expenses (Note)		\$	\$	\$	\$	\$	\$
Payroll		608,800	30,406,320	31,015,120	573,961	24,417,024	24,990,985
Labor and health		38,271	1,163,127	1,201,398	37,293	1,115,694	1,152,987
Pension		25,589	774,936	800,525	24,301	718,115	742,416
Board compensation		-	70,655	70,655	-	48,421	48,421
Others		11,694	502,424	514,118	11,653	447,544	459,197
Depreciation		9,784	2,457,881	2,467,665	8,234	2,120,817	2,129,051
Amortization		80	3,014,816	3,014,896	960	2,325,868	2,326,828

NOTE:

1. For the years end December 31, 2020 and 2019, the Company had 9,089 and 8,561 employees, respectively, which included 6 non-employee directors for both years.
2. Employee benefits expenses in average were NT\$3,691,639 dollars and NT\$3,196,445 dollars for the years ended December 31, 2020 and 2019, respectively.
3. Payroll expenses in average were NT\$3,414,634 dollars and NT\$2,921,214 dollars for the years ended December 31, 2020 and 2019, respectively.
4. The adjustment of average payroll increased by 17% for the year ended December 31, 2020.
5. The Company did not have supervisors either in 2020 or 2019. Therefore, there was no compensation to the supervisor.

6. The Company's remuneration and reward principles are as follows:

(1) Director of the Board:

The remuneration paid to directors is in compliance with MediaTek's Articles of Incorporation §14, §24 and "Rules for Distribution of Compensation to Director". The compensations are determined in accordance with the MediaTek's Articles of Incorporation with reference to the industry norm. As stated in the Articles of Incorporation §24, the Company shall allocate at a maximum of 0.5% of the profit as remuneration to Directors as compensations to directors for the year. The rules states the compensation should be based on the Company's overall operating performance with consideration of the contribution of each directors to the Company, including the level of involvement and actual time after appointment. The compensations are reviewed regularly in Remuneration Committee and the Board meetings. Related performance and the plausibility of compensations are both approved by Remuneration Committee and the Board meetings and the remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations to reach a balance between the Company's sustainable operation and risk control.

(2) Managerial Officer:

In addition to referring to the Company's overall operating performance and according to the positions of the executives, contribution to the Company's operations, individual performance, and consideration of the Company's future risks and reference to the industry norm, the remuneration of the Company's executives is evaluated by the remuneration committee for its plausibility, and submitted to the Board of Directors for resolution. It is reviewed anytime under the actual operating situation and related laws to seek for the balance of company's sustainability and risk control.

(3) Employees:

The Company regularly measures the market compensation level and formulates reasonable compensation and bonus policies based on the overall economic indicators to ensure the overall compensation and bonus are competitive. It is written in the Company's Articles of Incorporation that if the Company makes profit in the year, the Company should provide employee compensation no less than 1% of net income, to link company performance to employee compensation and bonus. Through regular performance appraisal and development operation mechanisms, a two-way communication and interaction platform is provided to achieve organizational and personal development, and corresponding rewards are given according to performance results, so as to encourage employees and the Company to grow together.

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