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# Annual Report 2021

**MEDIATEK**

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Annual Report website of MediaTek Inc. : <https://corp.mediatek.com/investor-relations/financial-information/annual-reports>

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# I. Letter to Shareholders

Dear Shareholders:

2021 was a year full of both opportunities and challenges for global semiconductor industry. The acceleration of digital transformation has driven strong demand in various markets, leading to supply pressures in the global semiconductor supply chain. With the joint efforts from all MediaTek employees around the world, we have reached a new milestone in 2021 with record high consolidated revenue and EPS. Our consolidated revenue reached NT\$493.1 billion, with EPS more than doubled to NT\$70.56. MediaTek is the 4th largest IC design company and the 7th largest semiconductor company globally, according to market research firms - Topology Research Institute and Gartner Research. Besides, MediaTek's gross margin and operating margin increased for the 4th consecutive year, with gross margin rising over 11 percentage points from 35.6% in 2017 to 46.9% in 2021, and operating margin expanding over 17 percentage points from 4.1% in 2017 to 21.9% in 2021.

MediaTek continues balanced development in various products, including smartphones, smart edge platforms and power management ICs with strong growth across the board in 2021. We believe our positive developments in financial and businesses were resulting from the successful execution of the strategy to invest early in 5G and WiFi 6, allowing us to participate in the full product cycle. And with excellent technology competitiveness, we were able to expand our markets and provided more value to the customers.

In terms of smartphone, MediaTek is ranked 1st in 2021 in global smartphone SoC market share, according to Counterpoint, a market research firm. We capture the 5G upgrade opportunity through our complete product portfolio, with exciting expansion into the flagship market. Our first 5G flagship SoC, Dimensity 9000, was highly recognized by the market with its powerful CPU and leading power consumption performance, according to major benchmark indicators, and has had design-ins with multiple brands.

As for smart edge platforms, WiFi 6, WiFi 6E, 5G and Bluetooth 5.0 are still in the beginning of technology migration. With consumers' rising demand for multimedia, MediaTek has driven technology upgrades in smart TV, router, broadband application, tablet, laptop and IoT devices, and will continue to expand markets and gain market share through our strong product portfolio, with multiple years of growth opportunities ahead. In terms of power IC, the structural demand growth driven by accelerating technology upgrades should be able to sustain. MediaTek provides power management IC solutions across computing, communication, consumer, automotive and industrial fields, with automotive and industrial together accounting for nearly 10% of power IC revenue, demonstrating rapid growth.

Looking forward, MediaTek plays a crucial and complementary role under the cloud computing trend, with enabling over 2 billion smart edge devices every year to enrich users' cloud connection experiences. MediaTek possesses key technologies and development capabilities for smart edge platforms, such as high-performance and low-power-consumption CPU, GPU and APU, as well as complete and leading-edge long/short range wireless and wired product portfolio, including 5G, WiFi 6/7, Bluetooth and GPON. Moreover, the camera, image, audio IPs developed with MediaTek's exceptional edge AI technologies have provided highly differentiated values to our customers. Power IC's broad-based applications not only create values for MediaTek's various products but bring solid revenue momentum.

We continue to relentlessly invest in the technologies that drive our future growth, extending our core development capabilities to the higher-end computing, high-performance/low-power-consumption graphic IPs, 5G modems that provide low-latency and for broader applications, and next generation WiFi. We have integrated them into the leading-edge system architecture by different platforms and ecosystems. We also work with foundry partners on advanced process nodes as well as 3D chiplets technology to support our product development.

With strong business fundamentals, we are confident in sustaining a strong cash flow going forward. Last April, we raised our cash dividend payout ratio to 80% to 85% on regular basis and launched a 4-year special cash dividend program of NT\$16 per share per year, to share our performances with shareholders.

Furthermore, MediaTek promotes sustainability developments in various aspects to fulfill stakeholders' expectation as a sustainable company. We started with “global reach, local presence” and for many years has propelled talent cultivation programs in schools, promoted society innovation, held “Genius for Home - MediaTek Digital Social Innovation Campaign”, and devoted to the dissemination of technology education and innovation. MediaTek also responds to the carbon reduction target of the Government and COP26, with devotion to promote green innovation with front-end technology development, to conform to the power saving, carbon reduction and environmental protection trend. Furthermore, we hold Supplier Forums every year to execute various greenhouse gas reduction campaigns to exercise our influence at the top of the supply chain.

MediaTek is well recognized in the role of corporate citizen to fulfill corporate social responsibilities and was awarded Excellence in Corporate Social Responsibility - Corporate Citizen Award and the Most Prestigious Sustainability Awards - Top Ten Domestic Corporates, the best performance we had achieved. We were selected for the 7th consecutive year as part of “Taiwan Top 10 Global Brands” and was the only Taiwanese semiconductor company selected. Also, for the 18th consecutive year, we were the only Taiwanese company with papers selected and published by ISSCC, the Olympic of IC design industry.

To conclude, MediaTek will continue to invest in key technologies and thrive to become a trustworthy as well as reliable partners to our customers as we become more relevant in the industry. MediaTek will uphold the strong execution as always, continue to create product value and recruit global talent. We will also deeply collaborate with global semiconductor supply chain and customers in all products, 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, India, United States, Japan, Korea, England, Finland, Sweden, Germany, Holland and Dubai.

With continuous investments in advanced processes and technologies, MediaTek possesses leading display, compute, connectivity and multimedia capabilities. Chips developed by the Company are equipped with high performance, high speed, low latency and low power consumption features to provide chipset solutions across platforms including smart home, connectivity, IoT, ASIC and smart mobile devices. With first-mover advantages in AI and 5G, MediaTek enables global customers to innovate and provide higher value products and services with its leading global position and competitive edge.

By building technologies that help connect individuals to the world around them, the Company is enabling people to expand their horizons and 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
2022	<ul style="list-style-type: none"> <li>Published 2 papers in ISSCC and is the only Taiwanese company with papers selected by ISSCC for 19 consecutive years, totaling 85 papers – “2.5 A 5nm 3.4GHz Tri-Gear ARMv9 CPU subsystem in a fully integrated 5G flagship mobile SoC”, “31.1 A -117dBc THD (-132dBc HD3) and 126dB DR Audio Decoder with Code-change Insensitive RT-DEM and Circuit Technique for Relaxing Velocity Saturation Effect of Poly Resistors”</li> </ul>
2021	<ul style="list-style-type: none"> <li>Received “Best Mobile SoC Brand of 2021” award from Indian Gadget Awards 2021</li> <li>Received “Marketing Campaign of the Year” award from Stars of The Industry Awards 2021</li> <li>Received “Outstanding Asia-Pacific Semiconductor Company Award” from Global Semiconductor Alliance (GSA)</li> <li>Received “Leading Global Fabless Semiconductor Company of 2021” award; Dimensity 1200 5G Open Resource also received “Best Mobile 5G Chip of 2021” award at the 8th Mobility Conclave &amp; Excellence Awards 2021</li> <li>Ranked 6<sup>th</sup> for “Best Taiwan Global Brands”, highest ranking ever and received the award for seven years straight</li> <li>Won TCSA “The Most Prestigious Sustainability Award - Top 10 Domestic Corporates” and “Corporate Sustainability Reports – Platinum Award”; also received “Leader of People Development Award”, “Leader of Growth through Innovation Award”, “Leader of Supply Chain Management Award”, “Leader of Social Inclusion Award” and “Leader of Information Security Award”</li> <li>Received CommonWealth Magazine's “Excellence in Corporate Social Responsibility Award” for seven years straight (originally “Corporate Citizen Award”)</li> <li>Received “IoT Semiconductor Company of the Year” award; MT9638 also received “Artificial Intelligence: Chipset” award at the 9<sup>th</sup> Annual Compass Intelligence Awards in IoT, Mobile, and Emerging Tech</li> <li>Recognized as one of India’s Best Tech Brands 2020-21 by the Economic Times</li> <li>Published 4 papers in ISSCC and is the only Taiwanese company with papers selected by ISSCC for 18 consecutive years, 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”</li> </ul>
2020	<ul style="list-style-type: none"> <li>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</li> <li>Received the Excellence Reward in promoting gender equality at work from Hsinchu Science Park, Ministry of Science and Technology.</li> <li>MediaTek Dimensity Series won “5G Chipmaker” by Device Next</li> <li>Won the “Outstanding Asia-Pacific Semiconductor Company Award” for the 2020 Global Semiconductor Alliance Awards</li> </ul>

Year	Milestones
	<ul style="list-style-type: none"> <li>■ Listed for the “Best IoT Connectivity Solution Award” for the IoT World Awards 2020</li> <li>■ Received Interbrand's “Top 20 Best Taiwan Global Brands” for six years straight</li> <li>■ Published 11 papers in ISSCC and is the only Taiwanese company with papers selected by ISSCC for 17 consecutive years, – “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”</li> <li>■ 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”</li> <li>■ Received CommonWealth Magazine's “Corporate Citizen Award” for six years straight</li> <li>■ MediaTek Dimensity 1000 honored as “Digital Semiconductor Product of the Year” award by 2020 Elektra Awards</li> <li>■ Received Editor’s Choice award for “Best Gaming Phone Chipset Maker of 2020”; Dimensity 1200 also received “Best Mobile 5G Chip of 2020” award at the 7th Mobility Conclave and Excellence Awards Night</li> </ul>
2019	<ul style="list-style-type: none"> <li>■ Selected as “Taiwan Top 10 Global Brands”, hosted by Ministry of Economic Affairs and Interbrand for the fifth consecutive year</li> <li>■ Won “Outstanding Asia-Pacific Semiconductor Company” at GSA Awards</li> <li>■ 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</li> <li>■ MediaTek 5G SoC honored as “Best Mobile Chipset” at Computex given by GadgetMatch</li> <li>■ Published 8 papers in ISSCC and is the only Taiwanese company with papers selected by ISSCC for 16 consecutive years – “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”</li> <li>■ MediaTek Helio P90 won the “Best Mobile Chipset” award at the 5th EM Best of Industry Awards 2019</li> <li>■ MediaTek Helio G90T won “The Best Gaming Chip” by The Mobility India</li> <li>■ MediaTek Helio P90 honored as Winner of “Compass Intelligence Tech Awards” given by Compass Intelligence</li> <li>■ MediaTek Helio P60 honored as Gold Winner of “Golden Mousetrap Award” given by Design News</li> <li>■ MediaTek Helio P60 won IoT Breakthrough “IoT Semiconductor Company of the Year” Award</li> <li>■ MediaTek Helio P60 chosen as the Finalist of “Electronic Products Product of the Year Award” given by Digital ICs</li> <li>■ MediaTek NB-IoT chipset MT2625 chosen as the Finalist of “Best IoT Connectivity Solution Award” given by IoT World</li> </ul>
2018	<ul style="list-style-type: none"> <li>■ Received “Outstanding Asia-Pacific Semiconductor Company” Award from Global Semiconductor Alliance (GSA)</li> <li>■ Selected as “Taiwan Top 10 Global Brands”, hosted by Ministry of Economic Affairs and Interbrand for the fourth consecutive year</li> <li>■ 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</li> <li>■ Ming-Kai Tsai, MediaTek Chairman, chosen as one of Harvard Business Review's “Top 50 the Best CEOs in Taiwan</li> <li>■ MediaTek Helio P60, awarded by Android Authority, as the best of MWC 2018</li> <li>■ Published 4 papers in ISSCC and is the only Taiwanese company with papers selected by ISSCC for 15 consecutive years – “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% (-10BdB) 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”</li> <li>■ 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”</li> </ul>



Year	Milestones
2017	<ul style="list-style-type: none"> <li>■ Selected as “Taiwan Top 10 Global Brands”, hosted by Ministry of Economic Affairs and Interbrand for the third consecutive year</li> <li>■ 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”</li> <li>■ Rated by Forbes as one of “Top Multinational Performers” and “Growth Champions” as well as “Asia’s Fab 50 Companies”</li> <li>■ Awarded “Top 100 Applicants” by European Patent Office (EPO) for the third consecutive year.</li> <li>■ Received award of “Foreign Direct Investment Company of the Year 2017” from City of Oulu, Finland</li> <li>■ Listed in PwC’s “The 2017 Global Innovation 1000 Study” as one of the world’s top corporate R&amp;D investors</li> <li>■ Selected as FTSE4Good Index component</li> <li>■ MediaTek HEVC codec won 2017 Primetime Emmy Engineering Award</li> <li>■ MediaTek Helio X30 honored as “Innovation Product Award and R&amp;D Accomplishment Award (Integrated Circuit)” by Hsinchu Science Park Bureau</li> <li>■ 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 0.1531Jm bulk CMOS for WCDMA/LTE applications”, “A 0.46mW 5MHzBW79.7dB SNDR Noise-Shaping SAR ADC with Dynamic FIR-IIR Filter”, “A 10nm 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 &amp; 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”</li> <li>■ Acquired Airoha Technology Corp.</li> </ul>
2016	<ul style="list-style-type: none"> <li>■ Awarded “Top 100 Global Innovators 2016” by Clarivate Analytics (formerly Thomson Reuters) for the third consecutive year</li> <li>■ Received “Outstanding Asia-Pacific Semiconductor Company Award” from Global Semiconductor Alliance (GSA) for the fifth consecutive year</li> <li>■ Selected as “Taiwan Top 10 Global Brands 2016”, hosted by Ministry of Economic Affairs and Interbrand for the second consecutive year</li> <li>■ Mr. Ming-Kai Tsai, MediaTek Chairman and CEO, was honored by Harvard Business Review as one of “100 Best-Performing CEOs in the World”</li> <li>■ 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</li> <li>■ 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”</li> <li>■ 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”</li> <li>■ Acquired ILI Technology Corp.</li> <li>■ MediaTek MT7615, MU-MIMO 4x4 802.11ac Wave 2 enterprise-class SoC for Wi-Fi connectivity, honored as “Innovation Product Award and R&amp;D Accomplishment Award (Integrated Circuit)” given by Hsinchu Science Park Bureau</li> </ul>
2015	<ul style="list-style-type: none"> <li>■ Once again selected by “Thomson Reuters’ Top 100 Global Innovators 2015” (the only Greater China company won the prize for second consecutive year)</li> <li>■ Awarded “Outstanding Asia Pacific Semiconductor Company Award” by the GSA for the fourth consecutive year</li> <li>■ Mr. Ming-Kai Tsai, MediaTek Chairman and CEO, winner of “Dr. Morris Chang Exemplary Leadership Award” awarded by GSA</li> <li>■ Selected as “Taiwan Top 10 Global Brands 2015”, hosted by Ministry of Economic Affairs and Interbrand for the first time</li> <li>■ MediaTek MT6795 (MediaTek Helio X10), Highly-integrated 64-bit True Octa-Core SoC, honored as “Innovation Product Award and R&amp;D Accomplishment Award (Integrated Circuit)” given by Hsinchu Science Park Bureau</li> <li>■ MediaTek Helio Chinese naming campaign received Bronze prize in “MAwards - Best Use of Social Media Promotion &amp; Innovation Awards”</li> <li>■ MediaTek Helio Chinese naming campaign won Bronze prize in “GOLDEN AWARDS - Best Use of Social Media Promotion &amp; Innovation Awards”</li> </ul>

Year	Milestones
	<ul style="list-style-type: none"> <li>■ Won “Taiwan Corporate Sustainability Awards 2015 – Electronics Industry” Silver Medal by TAISE</li> <li>■ Ranked sixth in “Top 20 Most Innovative Taiwanese Companies 2015” by Ministry of Economic Affairs, China Productivity Center and Boston Consulting Group (BCG)</li> <li>■ 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”</li> <li>■ Acquired Alpha Imaging Technology Corp.</li> <li>■ Acquired Chingis Technology Corp.</li> <li>■ Acquired Richtek Technology Corp.</li> </ul>
2014	<ul style="list-style-type: none"> <li>■ Named “Outstanding Asia Pacific Semiconductor Company Award” by the GSA for the third consecutive year</li> <li>■ MediaTek MT6592, High Performance and Low Power True Octa-Core Heterogeneous Computing SoC, honored as “Innovation Product Award and R&amp;D Accomplishment Award (Integrated Circuit)” given by Hsinchu Science Park Bureau</li> <li>■ Selected by Thomson Reuters in “The World’s 100 Most Innovative Companies in 2014”</li> <li>■ 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</li> <li>■ Awarded “2014 Most Admired Company in Taiwan Top 3” by Commonwealth Magazine</li> <li>■ Awarded seventh place in the “2014 Top 20 Taiwan Innovative Corporations” by the Ministry of Economic Affairs, China Productivity Center and BCG</li> <li>■ 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 0.29mm<sup>2</sup> Frequency Synthesizer in 40nm CMOS with 0.19ps RMS Jitter and &lt;-100dBc Reference Spur for 802.11ac”, and “Cloud 2.0 Clients and Connectivity 40nm CMOS with 0.19ps RMges”</li> <li>■ Acquired MStar Semiconductor, Inc. (Cayman)</li> </ul>
2013	<ul style="list-style-type: none"> <li>■ Once again won “Outstanding Asia-Pacific Semiconductor Company Award” selected by GSA</li> <li>■ Selected by Forbes Magazine in “The World’s 100 Most Innovative Companies”, and the only company in Taiwan in this list</li> <li>■ Mr. Ming-Kai Tsai, Chairman &amp; CEO of MediaTek Inc., was named in “The Best-Performing CEOs in the World” by Harvard Business Review</li> <li>■ Selected as a test bed for the Wi-Fi Alliance’s Wi-Fi CERTIFIED™ ac certification program</li> <li>■ Awarded “2013 Most Admired Company in Taiwan Top 3” by Commonwealth Magazine</li> <li>■ 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 0.27mm<sup>2</sup>, 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 0.25mm<sup>2</sup> Radio in 40nm CMOS”</li> </ul>
2012	<ul style="list-style-type: none"> <li>■ MediaTek Android smartphone platform included in the Wi-Fi CERTIFIED Passpoint™ test bed as the first and only mobile benchmark platform</li> <li>■ 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</li> <li>■ MT6620, highly Integrated WiFi/BT/FM/GPS 4-in-1 SoC, honored as “2012 Innovative Product Award” by Science-based Industrial Park Administration (SIPA)</li> <li>■ The winner of “Outstanding Asia-Pacific Semiconductor Company Award” selected by GSA</li> <li>■ Awarded “2012 Top 10 Taiwan Innovative Corporations” by Ministry of Economic Affairs, China Productivity Center and BCG</li> <li>■ Won “2012 Thomson Reuters Taiwan Innovation Awards - Top 5 Corporate Innovators in Taiwan”</li> <li>■ Awarded “2012 Most Admired Company in Taiwan Top 3” by Commonwealth Magazine</li> <li>■ Awarded “2012 INFO TECH TOP 100 in Asia” by Business Next magazine</li> <li>■ Awarded 6th National Telecom Award 2012 – “Best Innovation in Mobile Video Technology” by CMAI Association of India</li> <li>■ Mr. Ming-Kai Tsai, Chairman &amp; CEO of MediaTek Inc., awarded as “Academician of Industrial Technology Research Institute (ITRI), R.O.C.”</li> <li>■ Mr. Ming-Kai Tsai, Chairman &amp; CEO of MediaTek Inc., awarded as “The Best-Performing CEOs in the World” by Harvard Business</li> </ul>

Year	Milestones
	<p>Review</p> <ul style="list-style-type: none"> <li>■ 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</li> <li>■ 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/mm<sup>2</sup> in 65 nm CMOS”</li> </ul>
2011	<ul style="list-style-type: none"> <li>■ MT5395, highly-integrated 3D/Internet TV SoC, honored as “2011 The Most Innovative Product” by SIPA</li> <li>■ Awarded “2011 The Best Telecommunication Technology” by CMAI Association of India</li> <li>■ Awarded “The Boldness in Business” by UK Financial Times</li> <li>■ Awarded Top 10 Most Admired Companies in Taiwan” by Commonwealth Magazine for ninth continuous years</li> <li>■ 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”</li> <li>■ Acquired Ralink Technology Corp.</li> </ul>
2010	<ul style="list-style-type: none"> <li>■ MediaTek’s “WiMAX 802.16e device chipset project” awarded “Outstanding Contribution Award” by Ministry of Economic Affairs</li> <li>■ Awarded “Top 50 Corporate Citizens” by Commonwealth Magazine for four continuous years</li> <li>■ Awarded “Top 10 Most Admired Companies in Taiwan” by Commonwealth Magazine for 8 continuous years</li> <li>■ Ranked Top 10 of “2010 Asia’s 200 most-admired companies” by The Wall Street Journal</li> <li>■ Awarded #12 of “Global Top 100 High-Tech Companies” by Bloomberg Business Week</li> <li>■ Awarded “2010 Corporate Social Responsibility Top 65” by Global Views Monthly</li> <li>■ Awarded “Best Annual Report in Taiwan” and “Best One-on-One Meetings in Taiwan” by IR Magazine</li> <li>■ Published research papers in the ISSCC – “23.6 A 1V 17.9dBm 60GHz Power Amplifier”</li> </ul>
2009	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s High Sensitivity GPS SoC by SIPA</li> <li>■ Awarded “Asia Pacific Leadership Council Award” by GSA</li> <li>■ Awarded “Best Investor Relations by a CEO Award” and “Best Investor Relations for a Corporate Transaction” by IR Magazine</li> <li>■ Awarded “Best Corporate Governance in Taiwan and in Asia” by Asiamoney Magazine</li> <li>■ Awarded the third annual “Top 50 Corporate Citizens” by Commonwealth Magazine</li> <li>■ 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 0.084mm<sup>2</sup> CT <math>\Delta\Sigma</math> 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”</li> </ul>
2008	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s Full-HD ATSC DTV SoC, by SIPA</li> <li>■ Launched Blu-ray DVD player chipset, GSM/GPRS/EDGE handset baseband chip, and next-generation ATSC and DVB-T digital TV single-chip</li> <li>■ Awarded “Best Financially Managed Company” by Fabless Semiconductor Association (FSA) for the third consecutive year</li> <li>■ Awarded “Corporate Social Responsibility Award” by Global View Magazine</li> <li>■ Awarded the second annual “Top 50 Corporate Citizens” by Commonwealth Magazine</li> <li>■ 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”</li> </ul>
2007	<ul style="list-style-type: none"> <li>■ Awarded “Distinguished Innovation Accomplishment” at the 15th ITA Award by the Ministry of Economic Affairs</li> <li>■ Launched high-performance GPS signal receiver single-chip, first generation Bluetooth chip, and next-generation 120Hz video processing chip</li> <li>■ Awarded “Best Financially Managed Company” by FSA for the second consecutive years</li> <li>■ Awarded “The Asian Top 50” by Forbes Asia</li> <li>■ Awarded “Corporate Social Responsibility Award” by Global View Magazine</li> <li>■ Awarded the 12th annual “Most Admired Company in Taiwan” by Commonwealth Magazine</li> <li>■ Awarded “Top 50 Corporate Citizens” by Commonwealth Magazine</li> <li>■ Published research paper in the ISSCC – “RTL-based Clock recovery architecture with all-digital duty-cycle correction”</li> <li>■ Published research paper in the IEEE IRPS (International Reliability Physics Symposium) “A New Device Reliability Evaluation Method for Overdrive Voltage Circuit Application”</li> </ul>

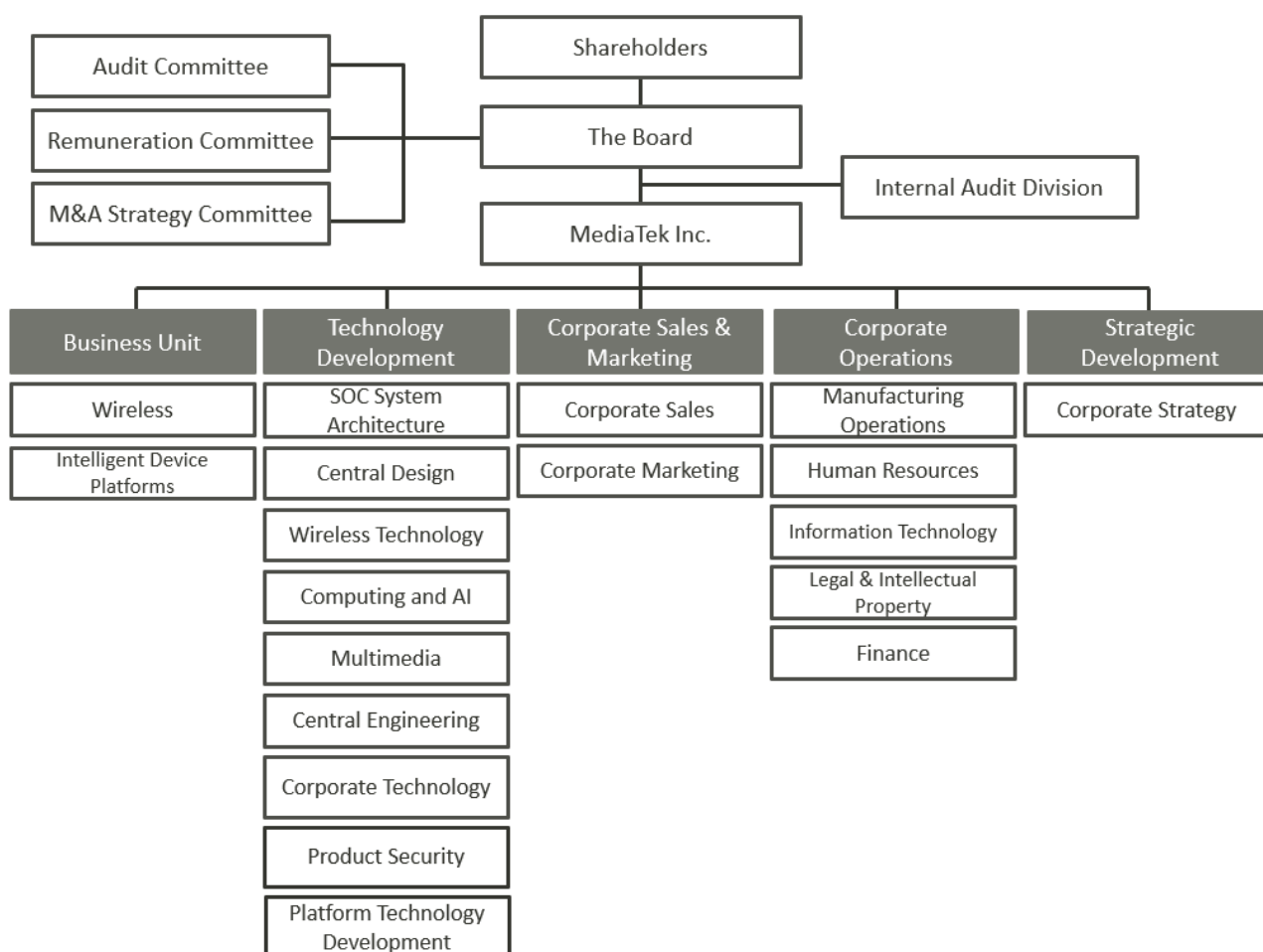
Year	Milestones
2006	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s Blu-ray DVD player chipset, by SIPA</li> <li>■ Launched GSM/GPRS/EDGE high-resolution camcorder chipset for mobile phones</li> <li>■ Awarded “The Asian Top 50” by Forbes Asia</li> <li>■ Published research paper in the ISSCC – “Fully Integrated CMOS SoC for 56/18/16 CD/DVD-dual/RAM Applications”</li> <li>■ Awarded “Best Financially Managed Company” by FSA</li> </ul>
2005	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s multimedia GSM/GPRS mobile phone chipset, by SIPA</li> <li>■ Launched ATSC and DVB-T high-resolution LCD TV chipset</li> <li>■ Awarded “The Asian Top 50” by Forbes Asia</li> <li>■ Awarded the 10th annual “Most Admired Company in Taiwan” by CommonWealth Magazine</li> <li>■ 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”</li> </ul>
2004	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s DVD-Recorder Backend single-chip, by SIPA</li> <li>■ Launched GSM/GPRS baseband handset chips</li> <li>■ Ranked no.3 in the high-tech industry in Taiwan as part of Euromoney’s “Best Corporate Governance” survey in 2004</li> <li>■ Awarded the ninth annual “Most Admired Company in Taiwan” by CommonWealth Magazine</li> <li>■ Published one paper at the International Solid-State Circuits Conference “A CMOS SoC for 56/32/56/16 COMBO driver applications”</li> </ul>
2003	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s 8x DVD-read/write (DVD-R/W) optical storage chipset, by SIPA</li> <li>■ Awarded “National Quality Award” by the Executive Yuan of Taiwan R.O.C.</li> <li>■ Launched DVD-Dual chipset</li> <li>■ Awarded Top High-Tech Company in Taiwan by “Business Next Magazine”</li> </ul>
2002	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the company’s high-speed COMBI optical storage chipset by SIPA</li> <li>■ Launched 48x CD-R/W chipset</li> <li>■ Launched CD/DVD COMBI chipset</li> </ul>
2001	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s high-integration DVD-Player chipset by SIPA</li> <li>■ Awarded the ninth annual MOEA Award for Industrial Technology Advancement</li> <li>■ Listed on the Taiwan Stock Exchange (TSE) under the ticker of “2454”</li> </ul>
2000	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s high-speed CD-R/RW chipset by SIPA</li> <li>■ Launched 12x DVD-ROM chipset</li> </ul>
1999	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s 12x DVD-ROM chipset by SIPA</li> <li>■ Launched 12-x DVD-ROM chipset</li> </ul>
1998	<ul style="list-style-type: none"> <li>■ Awarded “Innovative Product Award” for the Company’s CD-ROM digital data/servo processor by SIPA</li> <li>■ Launched the highest performance 48x CD-ROM chipset in the world</li> </ul>
1997	<ul style="list-style-type: none"> <li>■ Founded on May 28<sup>th</sup></li> </ul>

# III. Corporate Governance

## 1. Organization

### 1.1. Organization Chart

As of February 28, 2022





## 1.2. Major Corporate Functions

Department	Functions
<b>Wireless</b>	Research, design and promote mobile communication chips
<b>Intelligent Device Platforms</b>	Research, design and promote cloud and computing, intelligent connectivity, smart home, augmented/virtual reality, and intelligent automotive chips
<b>SOC System Architecture</b>	Construct and plan competitive and technology-leading chips
<b>Central Design</b>	Integrate and implement technologies into chips, including wireless communication, computing and artificial intelligence, multimedia, analog, circuit and RF
<b>Wireless Technology</b>	Develop and design wireless communication core technologies, system, software, wireless communication technologies and communication system
<b>Computing and AI</b>	Research and develop high-efficiency computing platforms and artificial intelligence technologies
<b>Multimedia</b>	Research and develop video and image multimedia technologies
<b>Central Engineering</b>	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
<b>Corporate Technology</b>	Research and develop advanced technologies and manage industry-academia collaboration
<b>Product Security</b>	Product safety framework planning and introduction, industry standard, protocol setting, training, threat risk model, protocol testing, vulnerability management and audit to enhance.
<b>Platform Technology Development</b>	Develop technologies for advanced process and packaging, establish design platform, and introduce advanced technology products
<b>Corporate Sales</b>	Sell products, develop customers, maintain customer relationship and manage sales operation
<b>Corporate Marketing</b>	Manage corporate image and promote market position
<b>Manufacturing Operations</b>	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
<b>Human Resources</b>	Manage human resource, organization development, general affairs, plant administration, and labor safety
<b>Information Technology</b>	Manage information system architecture, e-commerce strategy, information system development and operation and information security
<b>Legal &amp; Intellectual Property</b>	Manage corporate legal affairs, contracts, patents, and other intellectual property
<b>Finance</b>	Manage finance and accounting, tax, treasury and asset, strategic investments and investor relations
<b>Corporate Strategy</b>	Analyze, plan and execute corporate strategies
<b>Internal Audit Division</b>	Manage internal audit, operational procedure and information security

## 2. Directors

### 2.1. Information Regarding Board Members

As of February 28, 2022; Unit: shares

Title/Name	Nationality or Registry	Gender Age	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	%		
<b>Chairman Ming-Kai Tsai</b>	R.O.C	Male 71-75	July 5, 2021	3	May 21, 1997	41,342,481	2.60%	41,468,498	2.59%	40,399,145	2.53%	-	-	- Master, Electrical Engineering, University of Cincinnati, USA - President of the 2nd Business Group, UMC	- Chairman and Director, MediaTek affiliates.
<b>Vice Chairman and CEO Lih-Shyng Tsai</b>	R.O.C	Male 66-70	July 5, 2021	3	June 15, 2017	397,183	0.02%	543,200	0.03%	-	-	-	-	- 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.
<b>Director and President Joe Chen</b>	R.O.C	Male 51-55	July 5, 2021	3	July 5, 2021	425,562	0.03%	526,376	0.03%	30,414	0.00%	-	-	- Master, Electronics Engineering, National Chiao Tung University - Engineer, SiS Corp.	- President, MediaTek Inc.
<b>Director Cheng-Yaw Sun</b>	R.O.C	Male 61-65	July 5, 2021	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.
<b>Director Kenneth Kin</b>	R.O.C	Male 71-75	July 5, 2021	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. - Professor, Department of Economics, National Tsing Hua University.
<b>Independent Director Chung-Yu Wu</b>	R.O.C	Male 71-75	July 5, 2021	3	June 13, 2012	236,000	0.01%	236,000	0.01%	412,118	0.03%	-	-	- Ph.D., Electronics Engineering, National Chiao Tung University - President, National Chiao Tung University	- Chairman/CTO, A-Neuron Electronic Corp. - Honorary Retired Professor, National Yang Ming Chiao Tung University - Independent Director, Global Unichip Corp. - Independent Director, Leadtrend Technology Corp.

Title/Name	Nationality or Registry	Gender Age	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	%		
															<ul style="list-style-type: none"> <li>- Independent Director, Powerchip Semiconductor Manufacturing Co., Ltd.</li> <li>- Representative of juristic person director, AMAZING Microelectronic Corp.</li> </ul>
<b>Independent Director Peng-Heng Chang</b>	R.O.C / U.S.A	Male 66-70	July 5, 2021	3	June 13, 2012	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>- Ph.D., Materials Engineering, Purdue University</li> <li>- VP, Human Resources, TSMC</li> <li>- Chairman, Motech Industries, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>- Representative of juristic person director, Big Sun Technology Inc.</li> <li>- Chairman, Chi-Kuang Solar Energy Corp.</li> <li>- Chairman, Ruei-Yang Solar Corp.</li> <li>- Chairman, Ruei-Rih Solar Corp.</li> <li>- Independent Director, VisEra Technology Co., Ltd.</li> </ul>
<b>Independent Director Ming-Je Tang</b>	R.O.C	Male 66-70	July 5, 2021	3	June 15, 2017	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>- Ph.D., Business Management, MIT, USA</li> <li>- Associate Professor with tenure, University of Illinois at Urbana-Champaign</li> <li>- Professor and Chair of Industrial and Business Management Department, Chang Gung University</li> <li>- Visiting Associate Professor, Hong Kong University of Science and Technology</li> <li>- President, National Taiwan University</li> </ul>	<ul style="list-style-type: none"> <li>- President, Chang Gung University</li> <li>- Independent Director, Fubon Financial Holding Co., Ltd.</li> <li>- Director, VSense Co., Ltd.</li> <li>- Director, Smart-Core Holdings Limited</li> <li>- Director, VSense Medical Inc.</li> <li>- Professor, National Taiwan University</li> </ul>

## 2.2. Professional Qualifications and Independence Analysis of Directors

	Professional Qualifications and Experiences	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Ming-Kai Tsai		Not applicable.	None
Lih-Shyng Tsai			None
Joe Chen			None
Cheng-Yaw Sun			None
Kenneth Kin			3
Chung-Yu Wu	- Please refer to “2.1 Information Regarding Board Members” in the annual report for professional qualifications and experiences of the Board members.	As Independent Director in accordance with Article 14-2 of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note), including but not limited to: 1. None of the Director, the Director’s spouse, or the Director’s relative within the second degree of kinship is a director or a supervisor of the Company or any of its affiliates; 2. The number of shares of the Company held under the name of the Director and the Director’s spouse (or under the names of any other persons) was 648,118 (0.04%), lower than 1%, in accordance with the independence requirement of Independent Director; 3. No remuneration was earned in exchange of providing the commerce, law, finance, and accounting or related services to the Company or its affiliates in the past two years.	3
Peng-Heng Chang	- None of the Board members is under any of the circumstances in Article 30 of the Company Act.	As Independent Director in accordance with Article 14-2 of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note), including but not limited to: 1. None of the Director, the Director’s spouse, or the Director’s relative within the second degree of kinship is a director or a supervisor of the Company or any of its affiliates; 2. No shares of the Company held under the name of the Director and the Director’s spouse (or under the names of any other persons); 3. No remuneration was earned in exchange of providing the commerce, law, finance, and accounting or related services to the Company or its affiliates in the past two years.	1
Ming-Tze Tang		As Independent Director in accordance with Article 14-2 of the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies (Note), including but not limited to: 1. None of the Director, the Director’s spouse, or the Director’s relative within the second degree of kinship is a director or a supervisor of the Company or any of its affiliates; 2. No shares of the Company held under the name of the Director and the Director’s spouse (or under the names of any other persons); 3. No remuneration was earned in exchange of providing the commerce, law, finance, and accounting or related services to the Company or its affiliates in the past two years.	2

Note:

1. Not a government agency or a juristic person or its representative regulated in Article 27 of the Company Act.
2. Not concurrently serve as an independent director of more than three other public companies.
3. During the two years before being elected or during the term of office, not have been or be any of the following:
  - (1) An employee of the company or any of its affiliates.
  - (2) A director or supervisor of the company or any of its affiliates.
  - (3) 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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
  - (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
  - (5) A director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
  - (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
  - (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
  - (8) A director, supervisor, officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
  - (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NTS\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

## 2.3. Diversity and Independence of the Board of Directors

### 2.3.1. Diversity of the Board of Directors

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.

The current board of directors of the Company consists of eight directors, including three independent directors (38%) and three directors employed by the Company (38%). All directors' nationality is ROC. Regarding the age of directors, there is one director aged between 51 and 55, one aged between 61 and 65, three aged between 66 and 70, and three aged between 71 and 75. Members of the board of directors have relevant professional backgrounds in science and technology, finance and economics. Their industry experiences cover various fields in the semiconductor industry, including upstream wafer foundry (including Director Lih-Shyng Tsai, Director Kenneth Kin and Independent Director Peng-Heng Chang), IC design engaged by the Company (including Director Ming-Kai Tsai, Director Joe Chen, and Independent Director Chung-Yu Wu), downstream end product applications (Director Cheng-Yaw Sun), and financial (Independent Director Ming-Tze Tang).

In addition, in order to achieve diversity in the background, experience and expertise of the board of directors for diverse perspectives, the board of directors of the Company should include at least one director with academic background, at least one director with accounting or finance expertise, and at least one director with business management experience. Currently, three of the eight directors have been working in the academic community for a long time (including Professor Chung-Yu Wu of NYCU, Professor Ming-Je Tang of CGU and Professor Kenneth Kin of NTHU), five directors have finance experience (including Director Ming-Kai Tsai, Director Lih-Shyng Tsai, Director Joe Chen, Independent Director Peng-Heng Chang and Independent Director Ming-Tze Tang), and six directors have business management experience (including Director Ming-Kai Tsai, Director Lih-Shyng Tsai, Director Joe Chen, Director Cheng-Yaw Sun, Director Kenneth Kin and Independent Director Peng-Heng Chang). The Company has reached the goal of constructing a board of diversity. The industry experience and diversity performance of the Company are as following:

Name	Employed by the Company	Aged between	Experience in industry/academia					Professional Competency					
			Semiconductor	End Consumer Products	Biomedicine	Others (Finance/Solar)	Academia	Global Business Management Experience	Technology	Accounting/Finance	Human Resource	Risk Management	Business Development
Ming-Kai Tsai	V	71-75	V					V	V	V	V	V	
Lih-Shyng Tsai	V	66-70	V			V		V	V	V	V	V	V
Joe Chen	V	51-55	V					V	V	V	V	V	V
Cheng-Yaw Sun		61-65	V	V				V				V	V
Kenneth Kin		71-75	V	V		V	V	V			V	V	V
Chung-Yu Wu		71-75	V		V		V		V			V	
Peng-Heng Chang		66-70	V			V		V		V	V	V	
Ming-Tze Tang		66-70	V		V	V	V			V		V	



### 2.3.2. Independence of the Board of Directors

The Company's current Board of Directors consists of 8 directors, including three independent directors, the ratio reaches 38%, 5% higher than 33% from the last term. None of the board members is under any of the circumstances in Article 26-3, paragraph 3 & 4 of the Securities and Exchange Act (listed below). The independent directors attended all the board meetings during this term (attendance rate for independent directors was 100%). On the meetings, all directors continued to raise structural questions to the management and other directors with distinctive perspectives. The Company deemed the board of directors of this term as independent given aforementioned contention.

- (1) Directors are spouses of or are relatives within the second degree of kinship: None;
- (2) The chairman and the president or person of an equivalent post (the highest-level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship: None.

## 2.4. Remunerations Paid to Directors

### 2.4.1. 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			
													Cash	Stock	Cash	Stock					
Chairman Ming-Kai Tsai	-	-	-	-	18,025	18,025	-	-	172,149 0.15%	172,149 0.15%	725,768	725,768	275	275	-	-	-	-	898,192 0.80%	898,192 0.80%	
Vice Chairman & CEO Lih-Shyng Tsai	-	-	-	-	18,025	18,025	-	-													
Vice Chairman (former) Ching-Jiang Hsieh	-	-	-	-	9,013	9,013	-	-													
Director & President Joe Chen	-	-	-	-	9,013	9,013	-	-													
Director Cheng-Yaw Sun	3,000	3,000	-	-	18,025	18,025	15	15													
Director Kenneth Kin	3,000	3,000	-	-	18,025	18,025	90	90													
Director (former) Gon-Wei Liang	-	-	-	-	9,013	9,013	-	-													
Independent Director Chung-Yu Wu	4,000	4,000	-	-	18,025	18,025	120	120													
Independent Director Peng-Heng Chang	4,500	4,500	-	-	18,025	18,025	105	105													
Independent Director Ming-Tze Tang	4,000	4,000	-	-	18,025	18,025	105	105													
Other than disclosure in the above table, Directors remunerations earned by providing services (i.e. non-employee consulting services to MediaTek/all companies listed in the financial reports/invested companies): Kenneth Kin earned NT\$3,000 thousand during 2021 for consulting service.																					

Note1: The remunerations 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 rule 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 its consolidated entities paid to Directors and a not full-time employees in 2020, including their employee compensation, totaled NT\$416,100 thousand and NT\$419,882 thousand, which was 1.01% and 1.02% of 2020 net profit.

Note4: Mr. Ching-Jiang Hsieh and Mr. Gon-Wei Liang stepped down on July 5, 2021; the new appointment of Mr. Joe Chen took effect on July 5, 2021.

## 2.4.2. 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	Ching-Jiang Hsieh, Joe Chen, Gon-Wei Liang		Gon-Wei Liang	
NT\$10 million ~ \$15 million	-	-	-	-
NT\$15 million ~ \$30 million	Ming-Kai Tsai, Lih-Shyng Tsai, Cheng-Yaw Sun, Kenneth Kin, Chung-Yu Wu, Peng-Heng Chang, Ming-Tze Tang		Cheng-Yaw Sun, Kenneth Kin, Chung-Yu Wu, Peng-Heng Chang, Ming-Tze Tang	
NT\$30 million ~ \$50 million	-	-	-	-
NT\$50 million ~ \$100 million	-	-	Ching-Jiang Hsieh	
Above NT\$100 million	-	-	Ming-Kai Tsai, Lih-Shyng Tsai, Joe Chen	
<b>Total</b>	10		10	

## 3. Management Team

### 3.1. Profiles of Key Managers

As of February 28, 2022; 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
<b>Chairman Ming-Kai Tsai</b>	R.O.C.	Male	May 21, 1997	41,468,498	2.59%	40,399,145	2.53%	-	-	- Master, Electrical Engineering, University of Cincinnati, USA - President of the 2nd Business Group, UMC	- Chairman & Director, MediaTek's affiliates	None		
<b>Vice Chairman &amp; CEO Lih-Shyng Tsai</b>	R.O.C.	Male	Jun. 1, 2017	543,200	0.03%	-	-	-	-	- 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		
<b>President Joe Chen</b>	R.O.C.	Male	Jul. 1, 2012	526,376	0.03%	30,414	0.00%	-	-	- Master, Electronics Engineering, National Chiao Tung University - Engineer, SiS Corp.	None	None		
<b>Executive Vice President &amp; CFO &amp; Spokesman David Ku</b>	R.O.C.	Male	Jan. 1, 2011	314,788	0.02%	-	-	-	-	- MBA, University of Illinois at Urbana Champaign - Vice President of JPMorgan Investment bank	- Chairman / Director, MediaTek's affiliates and invested companies	None		
<b>Executive Vice President Cheng-Te Chuang</b>	R.O.C.	Male	Apr. 7, 2009	874,698	0.05%	201,077	0.01%	-	-	- Master, Electronics Engineering, National Chiao Tung University - Engineer, UMC	- Director, MediaTek's affiliates	None		
<b>Executive Vice President &amp; CTO Kevin Jou</b>	R.O.C.	Male	May 30, 2011	-	-	-	-	-	-	- Ph.D, Electrical Engineering, University of Southern California - Vice President, Qualcomm Inc.	- Director, MediaTek's affiliates	None		
<b>Senior Vice President Kou-Hung Loh</b>	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		
<b>Senior Vice President Jerry Yu</b>	R.O.C.	Male	Feb. 16, 2015	199,752	0.01%	-	-	-	-	- Master, Electrical Engineering, National Taiwan University - Technical Director, Afreedy Inc.	- Director, MediaTek's affiliates	None		
<b>Senior Vice President Jasper Yang</b>	R.O.C.	Male	Jun. 1, 2016	152,018	0.01%	-	-	-	-	- Bachelor, Electrical Engineering, National Tsing Hua University - Shanghai Chief Representative, UMC	None	None		
<b>Senior Vice President SR Tsai</b>	R.O.C.	Male	Dec. 1, 2017	454,634	0.03%	13,910	0.00%	-	-	- Master, Mechanical Engineering, National Taiwan University - Section Chief, KTC	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
<b>Vice President Rolly Chang</b>	R.O.C.	Male	Aug. 1, 2015	164,137	0.01%	-	-	-	-	- Master, Communications Engineering, National Chiao Tung University - Technical Specialist, NCSIST	None	None		
<b>Vice President JC Hsu</b>	R.O.C.	Male	Aug. 1, 2015	173,499	0.01%	-	-	-	-	- Ph.D., Power Mechanical Engineering, National Tsing Hua University	- Director, MediaTek's invested companies	None		
<b>Vice President &amp; CHRO Sherry Lin</b>	R.O.C.	Female	Jun. 1, 2016	174,798	0.01%	-	-	-	-	- Master, Industrial Relations and HRM, Rutgers University - HR Director, TSMC	None	None		
<b>Vice President &amp; General Counsel David Su</b>	R.O.C.	Male	Nov. 1, 2016	144,293	0.01%	-	-	-	-	- SJD, University of Wisconsin Law School - Senior Program Director, TSMC	None	None		
<b>Vice President HW Kao</b>	R.O.C.	Male	Dec. 1, 2017	142,626	0.01%	-	-	-	-	- Master, Electronics Engineering, National Chiao Tung University - Section Manager, ITRI	None	None		
<b>Vice President Mike Chang</b>	R.O.C.	Male	Jan. 1, 2019	133,104	0.01%	-	-	-	-	- Ph.D., Electrical Engineering, National Tsing Hua University - Executive Vice President of MStar Semiconductor, Inc.	None	None		
<b>Vice President Vincent Yung Mien Hu</b>	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		
<b>Vice President Ching San Wu</b>	R.O.C.	Male	Nov 1, 2020	438,003	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		
<b>Vice President Alan Hsu</b>	R.O.C.	Male	Nov 1, 2020	70,927	0.00%	2,022	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: NTS 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		Consolidated Entities		The Company	Consolidated Entities	
							Cash	Stock	Cash	Stock			
Chairman – Ming-Kai Tsai													
Vice Chairman & CEO – Lih-Shyng Tsai													
Vice Chairman (former) – Ching-Jiang Hsieh													
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													
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													
	80,850	87,972	2,697	3,130	2,115,993	2,254,945	-	-	-	-	2,199,540 1.97%	2,346,047 2.10%	-

Note1: According to MediaTek's Articles of Incorporation §24, if the company makes a profit during the year, no less than 1% shall be allocated for employee remuneration. 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. The system, standard, and structure of the remuneration are 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 2020 were NT\$1,313,588 thousand and NT\$1,476,646 thousand respectively which were 3.21% and 3.61% of 2020 net income, respectively.

Note4: Mr. Ching-Jiang Hsieh stepped down on July 5, 2021.

### 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	Ching-Jiang Hsieh	
NT\$50 million ~ \$100 million	Kuo-Hung Loh, Rolly Chang, JC Hsu, Sherry Lin, David Su, HW Kao, Mike Chang, Ching-San Wu, Alan Hsu	
Above NT\$100 million	Ming-Kai Tsai, Lih-Shyng Tsai, Joe Chen, David Ku, Cheng-Te Chuang, Kevin Jou, Jerry Yu, Jasper Yang, SR Tsai, Vincent Yung Mien Hu	
<b>Total</b>	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 July 5, 2021). The 8th Board of Directors held 4 sessions in 2021. 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	4	0	100%	None
Vice Chairman: Ching-Jiang Hsieh	4	0	100%	None
Director & CEO: Lih-Shyng Tsai	4	0	100%	None
Director: Cheng-Yaw Sun	4	0	100%	None
Director: Kenneth Kin	4	0	100%	None
Director: Gon-Wei Liang	4	0	100%	None
Independent Director: Chung-Yu Wu	4	0	100%	None
Independent Director: Peng-Heng Chang	4	0	100%	None
Independent Director: Ming-Tze Tang	4	0	100%	None

The Company's shareholders elected the 9th Board of Directors in Annual General Meeting on July 5, 2021, effective immediately (from July 5, 2021 to July 4, 2024). The 9th Board of Directors held 5 sessions in 2021. 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	5	0	100%	None
Vice Chairman & CEO: Lih-Shyng Tsai	5	0	100%	None
Director & President: Joe Chen	5	0	100%	None
Director: Cheng-Yaw Sun	5	0	100%	None
Director: Kenneth Kin	4	1	80%	None
Independent Director: Chung-Yu Wu	5	0	100%	None
Independent Director: Peng-Heng Chang	5	0	100%	None
Independent Director: Ming-Tze Tang	5	0	100%	None

#### 4.1.2 Other Required Notes for the Board Meetings:

- A. Items listed in Article 14-3 of the 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:
- Items listed in Article 14-3: The Company has established an audit committee, and the provisions of Article 14-3 shall not be applied. Please refer to "Operation of Audit Committee" in the Annual Report for related information.
  - 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:
- 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”, “Sustainable Development 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 passed the amendment of “Board of Directors Self-Assessment of Performance” and added external performance evaluation mechanism on October 26, 2021.

#### 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 annual performance evaluation of the board of directors, individual directors and functional committees	Jan 1, 2021 to Dec 31, 2021	Performance evaluation of the board of directors, individual directors and functional committees	Use internal questionnaires to conduct self-evaluation of the board of directors and self-evaluation of directors.	<p>The company's performance measures for the board of directors, individual directors and functional committees include at least the following items:</p> <ol style="list-style-type: none"> <li>1. Performance evaluation of the board of directors: participation in the company's operations, increase of 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.</li> <li>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.</li> <li>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.</li> </ol>

## 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 2021 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 7 sessions in 2021. 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)	7	0	100%	Re-elected in the Annual General Meeting on July 5, 2021
Independent Director: Peng-Heng Chang	7	0	100%	As above
Independent Director: Ming-Tze Tang	7	0	100%	As above



#### 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
Jan 26, 2021	The 16 <sup>th</sup> meeting of the 2 <sup>nd</sup> Committee	Lifting non-competition restriction on managers Appointment of consultant	Members in the Audit Committee passed all resolutions unanimously. The Board of Directors approved all resolutions in accordance with the suggestion of the Audit Committee.
Mar 18, 2021	The 17 <sup>th</sup> meeting of the 2 <sup>nd</sup> Committee	Issuance of restricted stock award Matter of the Company's 2020 business operating report Matter of the Company's 2020 financial statements Capital increase of subsidiary MediaTek Investment Singapore Pte. Ltd. Matter of the Company's 2020 internal control statement and self-assessment report	
Apr 27, 2021	The 18 <sup>th</sup> meeting of the 2 <sup>nd</sup> Committee	Acquisition of property Matter of the Company's 2020 profit distribution	
Jun 18, 2021	The 19 <sup>th</sup> meeting of the 2 <sup>nd</sup> Committee	Acquisition of major information equipment	
Jul 26, 2021	The 1 <sup>st</sup> meeting of the 3 <sup>rd</sup> Committee	Matter of organization adjustment	
Oct 25, 2021	The 2 <sup>nd</sup> meeting of the 3 <sup>rd</sup> Committee	Matter of the Company's 2021 CPA compensation Capital increase of subsidiaries Disposal of assets and capital increase of subsidiaries	
Dec 24, 2021	The 3 <sup>rd</sup> meeting of the 3 <sup>rd</sup> Committee	Acquisition of property of Chang Yih Science and Industrial Park Participation in tender for the development of THSR Hsinchu station special district (2)	

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. Internal auditors present the execution and improvement of audit plan to independent directors at least 4 times per annum in the Audit Committee meetings. Internal auditors also report important audit business to independent directors individually in the quarterly meetings, and communicated and exchanged ideas to assess the internal control effectiveness.
- b. The CPAs report at least twice per annum in the Audit Committee meetings and at least once per annum to independent directors individually on the audit of the Company's financial reports 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		Summary Description	Reason for Non-implementation
	Yes	No		
<b>1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/ Listed Companies”?</b>	✓		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
<b>2. Equity structure and shareholders’ equity</b>				
<b>(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?</b>	✓		The Company has designated relevant departments, such as Investor Relations, Public Relations, Legal, etc. to handle shareholders’ suggestions or disputes.	None
<b>(2) Does the company keep track of the list of its major shareholders as well as the ultimate owners of those shares?</b>	✓		The Company tracks the shareholdings of directors, officers and shareholders’ holding more than 10% of the Company’s outstanding shares.	None
<b>(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?</b>	✓		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
<b>(4) Does the company establish internal rules against insiders trading with undisclosed information?</b>	✓		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
<b>3. Composition and Responsibilities of the Board of Directors</b>				
<b>(1). Does the Board develop and implement a diversification policy for the composition of its members?</b>	✓		<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.</p> <p>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 eight directors, including three independent directors (38%). All directors’ nationality is ROC. Regarding the age of directors, there is one director aged between 51 and 55, one aged between 61 and 65, three aged between 66 and 70, and three aged between 71 and 75. Members of the board of directors have relevant professional backgrounds in science and technology, finance and economics. Their industry experiences cover various fields in the semiconductor industry, including upstream (including Director Lih-Shyng Tsai, Director Kenneth Kin and Independent Director Peng-Heng Chang), IC design engaged by the Company (including Director Ming-Kai Tsai, Director Joe Chen, and Independent Director Chung-Yu Wu), downstream end product applications (Director Cheng-Yaw Sun), and financial (Independent Director Ming-Tze Tang).</p> <p>In addition, in order to achieve diversity in the background, experience and expertise of the board of directors for diverse perspectives, the board of directors of the Company should include at least one director with academic background, at least one director with accounting or finance expertise, and at least one director with business management experience. Currently, three of the eight directors have been working in the academic community for a long time (including Professor Chung-Yu Wu of NYCU, Professor Ming-Je Tang of CGU and Professor Kenneth Kin of NTHU), five directors have finance experience (including Director</p>	None

Assessment Item	Implementation Status		Reason for Non-implementation
	Yes	No	
			Ming-Kai Tsai, Director Lih-Shyng Tsai, Director Joe Chen, Independent Director Peng-Heng Chang and Independent Director Ming-Tze Tang), and six directors have business management experience (including Director Ming-Kai Tsai, Director Lih-Shyng Tsai, Director Joe Chen, Director Cheng-Yaw Sun, Director Kenneth Kin and Independent Director Peng-Heng Chang). The Company has reached the goal of constructing a board of diversity.
<b>(2). Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</b>	✓		The Company's executives formed Corporate Sustainability Committee (formerly known as Corporate Social Responsibility Committee), which holds committee meetings semiannually to ensure that the process and direction of execution plan can meet the expectation of the Board and society. In 2020, the board of directors of the Company resolved to establish an M&A Strategy Committee, which is responsible for strategic evaluation of the Company's M&A projects. The committee consists of three directors. Currently the directors are Ming-Kai Tsai (with expertise in management and strategic planning), Ming-Tze Tang (with expertise in business/finance and strategic planning), and Peng-Heng Chang (with expertise in business management and organization planning). The committee has held a meeting in 2021, in accordance with the organizational articles. All members of the committee attended the meeting with attendance rate of 100%.
<b>(3). Does the company establish a standard to measure the performance of the Board, and implement it annually?</b>	✓		<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. The Board passed the amendment of "Board of Directors Self-Assessment of Performance" on October 26, 2021, and added external performance evaluation mechanism, including conducting external performance evaluation on the Board of Directors at least once per annum, and the criteria for external evaluation units.</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"> <li>1. Performance measures of the board of directors: participation in the company's operations, increase of 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.</li> <li>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.</li> <li>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.</li> </ol> <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. The result of the Board's annual performance evaluation is presented on the Board Meeting in the first quarter of the next year. The result is used as the reference basis for determining the individual salary and remuneration of directors and members of functional committees. Improvements can be made in areas that should be strengthened.</p> <p>According to the most recent (2021) Board performance evaluation (including the evaluation on the overall Board of Directors, respective functional committees, and individual directors):</p> <p>The performance evaluation this year used internal questionnaires to conduct self-evaluation of the Board of Directors and self-evaluation of directors. The Board's performance was graded as excellent (the average score of the evaluation result &gt;4.3 points is excellent; &gt;4 and &lt;4.3 is good; &gt;3 and &lt;4 is acceptable; &lt;3 is improvement required).</p> <p>Detailed information regarding the above evaluation were reported to the Board at the Board Meeting of January 27th, 2022. The Company will continue to review the relevant performance measures to improve its performance.</p>
<b>(4). Does the company regularly evaluate the independence of CPAs?</b>	✓		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

Assessment Item	Implementation Status		Reason for Non-implementation	
	Yes	No		Summary Description
			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. 19, 2021 and Feb. 25, 2022.	
<b>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.)?</b>	✓		<p>The Company's board of directors resolved to appoint General Counsel David Su as the supervisor for corporate governance and the Legal &amp; 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 publicly 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 (page 45).</p> <p>Implementation in 2021:</p> <ol style="list-style-type: none"> <li>1. Conducted matters relating to Board Meetings and Shareholder Meetings</li> <li>2. Recorded minutes of Board Meetings and Shareholder Meetings</li> <li>3. Assisted in the matters of director appointment and profession enhancement</li> <li>4. Provided directors with related information required in conducting business</li> <li>5. Assist directors in compliance with laws</li> <li>6. Handle matters relating to company registration and change of company registration</li> <li>7. Regularly conduct performance evaluation pursuant to the rules for "Board of Directors Self-Assessment of Performance"</li> </ol>	None
<b>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?</b>	✓		The Company has established a Corporate Sustainability 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
<b>6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?</b>	✓		The Company has engaged CTBC Bank's agency department to handle matters relating to Shareholder Meetings.	None
<b>7. Information Disclosure</b>				
<b>(1). Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</b>	✓		The Company discloses financial information and corporate governance items on its company website: <a href="http://www.mediatek.com">http://www.mediatek.com</a>	None
<b>(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)?</b>	✓		<ol style="list-style-type: none"> <li>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</li> <li>2. The Company has established a Spokesperson policy. Spokesman: David Ku; Acting Spokesperson: Jessie Wang.</li> <li>3. The Company provides investor conferences webcasts and presentation materials on its website in a timely manner.</li> <li>4. The Company discloses real-time information to shareholders and stakeholders on both Company website and MOPS website.</li> </ol>	None
<b>(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?</b>		✓	The company announced and reported the annual financial statements within two months after the end of the fiscal year, and announced and reported quarterly financial statements as well as the operating status of each month before the prescribed deadline.	As explained in summary description.

Assessment Item	Implementation Status		Reason for Non-implementation	
	Yes	No		Summary Description
<p><b>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)?</b></p>	✓		<p>1. The Company discloses its financial statements and corporate governance information on its Chinese and English websites (<a href="http://www.mediatek.com">http://www.mediatek.com</a>). The Company aims to provide free access to transparent information for employees, investors, suppliers and stakeholders.</p> <p>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.</p> <p>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.</p> <p>4. All Directors of the Company avoid issues when there are conflicts of interests.</p> <p>5. The Company maintains D&amp;O insurance for its Directors and key officers.</p> <p>6. In the succession planning of important management, MediaTek emphasizes that successors should have excellent corporate strategy planning and operational capabilities, and 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.</p>	None
<p><b>9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange</b></p> <p>- To strengthen corporate governance and increase shareholder's equity, the Company formulated specific and clear dividend policy, and relevant information is disclosed in the Annual Report.</p> <p>- To strengthen the functionality of the Board, the Company amended "Board of Directors Self-Assessment of Performance" in 2021 and added external performance evaluation mechanism.</p> <p>In addition, to fortify intellectual property management, besides establishing intellectual property management plans linked to operation objectives and regularly report to the Board, the Company passed "Level A Inspection of Taiwan Intellectual Property Management System (TIPS) of Industrial Development Bureau, Ministry of Economic Affairs" in November 2021.</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:

	Professional Qualifications and Experiences	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
<b>Independent Director (Convener)</b> <b>Peng-Heng Chang</b>	- Please refer to "2.1 Information Regarding Board Members" in the annual report for professional qualifications and experiences of the Board members. - None of the Board members is under any of the circumstances in Article 30 of the Company Act.	In accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, including but not limited to: 1. None of the Director, the Director's spouse, or the Director's relative within the second degree of kinship is a director or a supervisor of the Company or any of its affiliates; 2. No shares of the Company held under the name of the Director and the Director's spouse (or under the names of any other persons); 3. No remuneration was earned in exchange of providing the commerce, law, finance, and accounting or related services to the Company or its affiliates in the past two years.	1
<b>Independent Director</b> <b>Chung-Yu Wu</b>		In accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, including but not limited to: 1. None of the Director, the Director's spouse, or the Director's relative within the second degree of kinship is a director or a supervisor of the Company or any of its affiliates; 2. The number of shares of the Company held under the name of the Director and the Director's spouse (or under the names of any other persons) was 648,118 (0.04%), lower than 1%, in accordance with the independence requirement of Independent Director; 3. No remuneration was earned in exchange of providing the commerce, law, finance, and accounting or related services to the Company or its affiliates in the past two years.	3
<b>Other</b> <b>Ji-Ren Lee</b>	- Possessing corporate management experience and having been working in the academic community for a long time. Currently retired and as an honorary professor of NTU and the Vice chairman of Cheng Zhi Foundation - Previous positions including Assistant Dean of College of Management and CEO of EMBA in NTU, Assistant Dean of Teaching and Resource Development of College of Management in NTU, Professor of Department of International Business in NTU and Director of Taidah Entrepreneurship Center - Not under any of the circumstances in Article 30 of the Company Act.	In accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, including but not limited to: 1. None of the Director, the Director's spouse, or the Director's relative within the second degree of kinship is a director or a supervisor of the Company or any of its affiliates; 2. The number of shares of the Company held under the name of the Director and the Director's spouse (or under the names of any other persons) was 5,000 (0.0003%), lower than 1%, in accordance with the independence requirement of Independent Director; 3. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation of NT\$310,000, not exceeding NT\$500,000, in accordance with the independence requirement, or a spouse thereof.	3

Note: During the two years before being elected or during the term of office, not have been or be any of the following:

- (1) An employee of the company or any of its affiliates.
- (2) A director or supervisor of the company or any of its affiliates.
- (3) 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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

- (5) A director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
- (8) A director, supervisor, officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

#### 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 2021 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 tenure of the Company's 5th remuneration committee is from July 27, 2021 to July 4, 2024. The convener, Mr. Peng-Heng Chang held 1 session in 2021 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	1	100%	None
Member	Chung-Yu Wu	1	100%	None
Member	Ji-Ren Lee	1	100%	None

The Company's remuneration committee's resolutions in 2021 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
Jan 26, 2021	The 6 <sup>th</sup> meeting of the 4 <sup>th</sup> Committee	Managers' remuneration	Approved by all attending members of the committee	Approved by all attending directors in the board of director meetings
Mar 18, 2021	The 7 <sup>th</sup> meeting of the 4 <sup>th</sup> Committee	Directors' remuneration and issuance of restricted stock award		
Aug 13, 2021	The 1 <sup>st</sup> meeting of the 5 <sup>th</sup> Committee	Managers' stock 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 Sustainable Development and Differences and Causes of Sustainable Development Best Practice Principles

Assessment Item	Implementation Status			Reason for Non-implementation									
	Yes	No	Summary Description										
<p><b>1. Does the Company establish the governance structure to propel sustainable development and a dedicated sustainable development unit (or acting in concurrent positions) with first-line management authorized by the Board and reporting to the Board?</b></p>	✓		<p>The Company established Sustainable Development Committee in 2014. It is the highest-ranking sustainable development decision-making unit in the Company and is chaired by Vice Chairman &amp; CEO, Mr. Lih-Shyng Tsai. The Company takes sustainable development as its highest guiding principle. The Committee consists of top managers who are responsible for marketing, research and development, sales, human resources, supply chain management, legal, finance, audit and MediaTek Foundation, and supervise the operation of six working teams, Global Presence, Innovation, Talent, Corporate Governance, Environmental Management, and Community Engagement.</p> <p>The Sustainable Development Committee holds meetings semiannually to discuss and review the implementation of the year and in the past 6 months. Two meetings were held in 2021 with proposals including (1) working progress of the six working teams; (2) revisions of corporate sustainability related targets and policies; (3) external sustainability trend analysis. Meanwhile, the Board supervises strategy and implementation of sustainable development, and the representative of the Committee reports the annual implementation priorities and performances, communication results of stakeholders to the Board at least once per annum. The Board evaluates related strategies, and the effectiveness of implementation plans and urge management to make adjustments when required.</p>	None									
<p><b>2. 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?</b></p>	✓		<p>The Company based on the principle of materiality, conducts risk assessments and planning on environmental, social and corporate governance issues related to the company's operations and formulates relevant risk management policies including risk identification, risk analysis and evaluation, risk response and risk monitoring, etc.</p> <p>Consideration of various potential business risks and hazards are a prerequisite to pursuing sustainable operation, providing corporations with response procedures and recovery mechanisms in the event of crises and minimizing unexpected business impacts. MediaTek uses the Business Continuity Plan (BCP) to respond to various risks and crises, making preparation and conducting drills for potential risks and disasters through a range of components ranging from damage identification to risk control. We have also established backup measures at all major sites around critical global locations so that normal operation of business functions can be resumed in the shortest possible time in an organized and planned manner in the event of a disaster. Additionally, we also have relevant programs and responses in place to ensure that our clients can continue their operations even when disasters and crises impact on client interests, and reviews are conducted after the fact to avoid repeated damage to client interests.</p> <p>According to risks after evaluation, related risk management policies are as following:</p> <table border="1"> <thead> <tr> <th>Key topics</th> <th>Risk evaluation items</th> <th>Explanation</th> </tr> </thead> <tbody> <tr> <td>Environmental</td> <td>Climate change: Whether global companies conform to various environmental protection trends and standards to slow down the event of extreme climate</td> <td>Conduct annual reviews of international environmental protection trends and formulate environmental protection measures according to operational needs; we also conduct internal training and promotion to help our employees understand the impacts on climate change and the Company's environmental protection themes for the year so that they can adhere to various environmental protection policies when carrying out their job duties.</td> </tr> <tr> <td>Social</td> <td>Risks to human rights: Conduct evaluation on</td> <td>In legal aspect, assure conformance of labor policy to the legal requirements of domestic and international human-rights conventions.</td> </tr> </tbody> </table>	Key topics	Risk evaluation items	Explanation	Environmental	Climate change: Whether global companies conform to various environmental protection trends and standards to slow down the event of extreme climate	Conduct annual reviews of international environmental protection trends and formulate environmental protection measures according to operational needs; we also conduct internal training and promotion to help our employees understand the impacts on climate change and the Company's environmental protection themes for the year so that they can adhere to various environmental protection policies when carrying out their job duties.	Social	Risks to human rights: Conduct evaluation on	In legal aspect, assure conformance of labor policy to the legal requirements of domestic and international human-rights conventions.	None
Key topics	Risk evaluation items	Explanation											
Environmental	Climate change: Whether global companies conform to various environmental protection trends and standards to slow down the event of extreme climate	Conduct annual reviews of international environmental protection trends and formulate environmental protection measures according to operational needs; we also conduct internal training and promotion to help our employees understand the impacts on climate change and the Company's environmental protection themes for the year so that they can adhere to various environmental protection policies when carrying out their job duties.											
Social	Risks to human rights: Conduct evaluation on	In legal aspect, assure conformance of labor policy to the legal requirements of domestic and international human-rights conventions.											

Assessment Item	Implementation Status			Reason for Non-implementation	
	Yes	No	Summary Description		
			<p>risks to human rights to prevent breach of law and damage to labor-management relationship</p> <p>Governance Legal compliance; the Board function; stakeholder engagement</p>	<p>Hold labor-management meeting regularly, discussing implementation of human-rights policy, labor environment and conditions, policy and compensations/fringe benefits for attaining consensus, to assure information transparency and smooth communication between the two parties.</p> <p>Plan trainings on related topics for the directors and provide corporate governance related information depending on the Company's needs and change of regulation. Ensure all employees and operations in the Company conform to related regulation and internal standards. Construct various communication channels to engage with stakeholders.</p>	
<b>3. Sustainable Environment Development</b>					
<b>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</b>	✓		<p>The Company established the environmental management system according to ISO-14001 and continues to pass third-party certification. Annual greenhouse gas emission verification is conducted annually in accordance with ISO 14064-1. The Company tracks the results and disclose related information in the Sustainability Report on the Company's website. The Company also passed ISO 14064-1 and ISO 50001 third-party energy management system certification. (<a href="https://corp.mediatek.tw/about/corporate-social-responsibility">https://corp.mediatek.tw/about/corporate-social-responsibility</a>)</p>	None	
<b>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</b>	✓		<p>The Company proactively promotes various energy reduction measures and selects high energy efficiency and equipment with energy-saving design to lower corporate energy consumption and optimize energy effectiveness.</p> <p>Through continuous efforts on energy reduction in 2021, the average power saving rate reached 14.8% (21,500 MWh), above the original target of 14.2%. Going forward, the Company will continue to plan for green power purchase and evaluate the feasibility of renewable power generation equipment to gradually increase the usage rate of renewable power. The process to optimize utilization of raw materials of the Company is as follows: In terms of 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.</p>	None	
<b>(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</b>	✓		<p>The Sustainable Development Committee is the highest-ranking organization for climate change management, chaired by Vice Chairman &amp; CEO, Mr. Lih-Shyng Tsai. With regard to climate change, the Committee reviews related strategy and target and manages risks and opportunities annually, and reviews status of implementation as well as discusses future plans.</p> <p>According to the framework outlined by the Task Force on Climate-related Financial Disclosure (TCFD), the Company evaluates and updates the risk and opportunity related to climate change annually. To lower the risk, the Company identifies feasible opportunities and drafts counter measures simultaneously. The assessment of transformation risks mainly applies to energy management for business operation in the five major aspects including power, water consumption, waste management, transportation, and greenhouse gas. The assessment of physical risks mainly applies to disasters including water rationing, power rationing, power outage, typhoon, and flood, and related counter measures will be taken.</p> <p>The Company's risk and opportunity analysis on climate change is explained in detail and disclose in the Company's Sustainability Report. (<a href="https://corp.mediatek.tw/about/corporate-social-responsibility">https://corp.mediatek.tw/about/corporate-social-responsibility</a>)</p>	None	

Assessment Item	Implementation Status		Reason for Non-implementation																																																									
	Yes	No																																																										
(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 greenhouse gas reduction, water use reduction or other waste management?	✓		<p>A. The Company conducts greenhouse gas emission verification annually in accordance with ISO 14064-1, greenhouse gas emission in the past two years: (Scope 1&amp;2 including all the office buildings in Taiwan)</p> <p style="text-align: right;">Unit: ton CO2e</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>4,518</td> <td>52,071</td> <td>56,589</td> </tr> <tr> <td>2021</td> <td>5,326</td> <td>61,678</td> <td>67,004</td> </tr> </tbody> </table> <p>In 2020, the greenhouse gas emission under scope 1 &amp; 2 was 56,589 tons of CO2e in total. The electricity emission under scope 2 accounted for 92.02% of total emission; the emission of petroleum gas for daily usage and diesel fuel for emergency usage under scope 1 accounted for 7.98%.</p> <p>In 2021, the greenhouse gas emission under scope 1 &amp; 2 was 67,004 tons of CO2e in total. The electricity emission under scope 2 accounted for 92.05% of total emission; the emission of petroleum gas for daily usage and diesel fuel for emergency usage under scope 1 accounted for 7.95%.</p> <p>B. The Company has long been paying attention to water resource environmental protection issues. In terms of water saving, by implementing daily water conservation, the effectiveness of water resource can be maximized. Water consumption in the past two years:</p> <p style="text-align: right;">Unit: million liters</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total water consumption</th> <th>Wafter saving</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>407</td> <td>16.5</td> </tr> <tr> <td>2021</td> <td>382</td> <td>19.6</td> </tr> </tbody> </table> <p>The Company invested in various improvement measures, such as using water-saving apparatuses (including inductive water-saving faucet, water-saving toilet, and water-saving faucet for cleaning water in recycling area) and constructing recycle air-conditioning condenses water/RO water systems. Under the implementation of water resource management and water saving techniques, water saving was 16.5 million liters in 2020 with saving rate of 3.9%, and was 19.6 million liters with saving rate of 4.9% in 2021, reaching the target of 4%, which was set in 2020.</p> <p>C. For the purpose of achieving the maximum benefits of effective waste management and recycling, MediaTek focuses on the reduction of waste. The Company effectively sorts out, recycles, re-uses, and properly disposes waste, and continues to limit the impact from storage, transportation, and processing of waste have on the environment. In order to effectively control the flow of waste, we have carefully selected qualified waste disposal and recycling suppliers, as well as audited the legitimacy of the waste disposal process randomly to take responsibility for supervising waste management.</p> <p>2020 (Unit: ton)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Waste category</th> <th>Disposal method</th> <th>Disposal amount</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td rowspan="5">General waste</td> <td>Domestic waste</td> <td>Incineration</td> <td>37.05</td> <td>45.28%</td> </tr> <tr> <td>Waste paper</td> <td>Recycle</td> <td>13.29</td> <td>16.25%</td> </tr> <tr> <td>Metal containers</td> <td>Recycle</td> <td>0.20</td> <td>0.24%</td> </tr> <tr> <td>Aluminum containers</td> <td>Recycle</td> <td>0.20</td> <td>0.24%</td> </tr> <tr> <td>Lighting products</td> <td>Recycle</td> <td>1.25</td> <td>1.53%</td> </tr> <tr> <td>Hazardous waste</td> <td>Electronic components, scrap materials, and defective products</td> <td>Outsourced processing</td> <td>29.83</td> <td>36.46%</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>81.82</td> <td>100%</td> </tr> </tbody> </table>	Year	Scope 1	Scope 2	Total	2020	4,518	52,071	56,589	2021	5,326	61,678	67,004	Year	Total water consumption	Wafter saving	2020	407	16.5	2021	382	19.6	Category	Waste category	Disposal method	Disposal amount	Percentage	General waste	Domestic waste	Incineration	37.05	45.28%	Waste paper	Recycle	13.29	16.25%	Metal containers	Recycle	0.20	0.24%	Aluminum containers	Recycle	0.20	0.24%	Lighting products	Recycle	1.25	1.53%	Hazardous waste	Electronic components, scrap materials, and defective products	Outsourced processing	29.83	36.46%	Total			81.82	100%
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<b>4. Social Topics</b>																																								
<b>(1). Does the company establish management policies and procedures according to related regulations and International Bill of Human Rights?</b>	✓		<p>The Company strictly adheres to local laws and regulations and complies with the International Bill of Human Rights (such as Universal Declaration of Human Rights from the United Nations), maintaining employee freedom of association and endeavoring to eradicate violation of human rights.</p> <p>The Company's human-rights policy specifically including:</p> <ul style="list-style-type: none"> <li>- Ban on any form of discrimination in employment, giving people equal treatment and respect.</li> <li>- Help employees to maintain mental and physical health and balance work and life.</li> <li>- Ban on employment of child labor.</li> <li>- Ban on forced labor and human trafficking.</li> <li>- Offer of a safe and healthy working environment.</li> </ul> <p>Please refer to "Section VI. Corporate Sustainability – 1. Corporate Promise – 1.1 Employee Experiences" for more details.</p>	None																																				
<b>(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?</b>	✓		<p><b>Employee compensation</b></p> <p>The company regularly measures the market compensation level, links company performance to employee compensation and bonus, and refers to overall economic indicators to formulate reasonable compensation, and ensures the overall compensation and bonus are competitive. Meanwhile, 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.</p> <p><b>Employee welfare measures</b></p> <p>The Company provides benefits that exceed legal compliance requirements, including addition flexible days off to increase the flexibility for employees to arranging their time off. The Company also provides one day of paid volunteer leave each year to encourage employees to give back to the society, and for employees with pregnant spouses, provides paternity leave (including miscarriage during pregnancy) that exceed legal requirements for proper care required.</p>	None																																				

Assessment Item	Implementation Status			Reason for Non-implementation																			
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			<p>In addition, the Company established Employee Welfare Committee and allocates more than NT\$200 million of welfare to the Committee every year, in order to offer benefits with more variety. A flexible welfare policy was implemented in 2019 where employees can apply the subsidies with more flexibility on one or more than five projects, including travel, entertainment, shopping, health examination and group insurance. The company also provides marriage subsidy, maternity subsidy, funeral grant and emergency allowance. Each employee has annual health examination, parking space and meal allowance, etc.</p> <p><b>Diversity and equality in the workplace</b> The Company is committed to creating a friendly and fair workplace, providing equal compensations and promotion opportunities to global talents. The proportion of female employees at was 20% on December 31, 2021, details as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Male</th> <th colspan="2">Female</th> </tr> <tr> <th>Number of people</th> <th>Proportion of all employees</th> <th>Number of people</th> <th>Proportion of all employees</th> </tr> </thead> <tbody> <tr> <td>Top managers</td> <td>63</td> <td>95%</td> <td>3</td> <td>5%</td> </tr> <tr> <td>All employees</td> <td>14,422</td> <td>80%</td> <td>3,615</td> <td>20%</td> </tr> </tbody> </table> <p>(The above information includes regular employees, contractors, and temporary workers, but not includes employees at independently operating subsidiaries)</p> <p>The Company established Women in Tek (WIT), a community centered on female employees, providing mutual support for them to learn and grow together. Two lectures were held at headquarter in Taiwan in 2021 in the form of both physical and online to continue to connect female employees from offices around the world.</p> <p>In addition, the Company value employee welfare, providing physical and mental healthcare for various employee groups to maintain a good working environment, including (1) maternal healthcare, such as setting up breastfeeding rooms, providing pregnancy protection and assessment by on-site doctors; (2) in-house preschool, providing a nurturing teaching environment to assist employees to take care of both family and work; (3) external employee assist program (EAP), providing professional consultation service in areas of work, family, mental health and legal counseling.</p> <p><b>Business performance reflecting on employee compensation</b> According to MediaTek's Articles of Incorporation §24, if the company makes a profit during the year, no less than 1% shall be allocated for employee remuneration. However, when there are accumulated losses, the compensation amount shall be reserved in advance. Employees of the company meeting certain specific requirements are entitled to receive employee remuneration in shares or cash. The requirements are authorized to be determined by the Board.</p> <p>The Company provides sustainable, reasonable, and competitive compensation to attract top-tier talent and strengthen retention of existing employees. Every year the company reviews current compensation levels against market rates, taking macroeconomic indices into consideration, to ensure its competitiveness within the industry. Our overall compensation policies adhere to the Company's short-term and mid- to long-term operational goals. They have been established in accordance with the job duties and roles of our employees; employee knowledge, skills, and capabilities; individual performance and level of engagement. The Company makes appropriate annual adjustments to base salary in accordance with local macroeconomic indicators, overall market compensation standards, and other relevant guidelines, in order to realize the spirit of labor-management profit sharing.</p>		Male		Female		Number of people	Proportion of all employees	Number of people	Proportion of all employees	Top managers	63	95%	3	5%	All employees	14,422	80%	3,615	20%	
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Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
			<p>The Company's operating performance also reflects on employees' compensation, and employees' welfare expenses this year significantly increased from last year. The increase in employees' base salary and bonus expenses reflected from the link to the Company's operating performance demonstrates the spirit of profit sharing with employees and encourages all employees to make effort for the Company's target.</p> <p>According to statistics of the Taiwan Stock Exchange (TWSE), the Company's employees continued to receive pays among the leading group of the local semiconductor industry, in terms of average cost of employee remuneration, average salary and median salary of full-time non-managerial employees. The Company provides sustainable, reasonable, and competitive compensation to attract global top-tier talent and strengthen retention of existing employees.</p>	
<b>(3). Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?</b>	✓		<p>With high regard for employees' safety, the company conducted hazard identification and risk evaluation for critical operation or events with higher potential hazard, in quest for zero disaster at workplace. Since 2015, the Company has been holding comprehensive evacuation drills regularly, outperforming peers, to familiarize all the employees with the evacuation routes, assembly sites, and participant count. Fire extinguishing and aid for the injured were also included in the drills that took place at office buildings in Hsinchu, Chupei, and Taipei, with attendance totaling 5,173 and attendance rate of 90.9% as of December 9, 2021. To assure environmental safety without any blind spot, the company provides irregular safety reminders to employees and visitors and conducts regular inspection of office, public area, meeting rooms, laboratories, customer offices, and equipment areas for environmental and operational safety. More details as follows:</p> <ul style="list-style-type: none"> <li>- Environment safety management</li> <li>- Monitor the operation and safety of the Company's fire extinguisher/suppression system, water/electricity system and air conditioning system around the clock.</li> <li>- Check the safety of the Company's working environment and equipment/machinery rooms on a daily basis.</li> <li>- Conduct labor safety and sanitation training for new employees on a monthly basis.</li> <li>- Conduct disaster prevention and evacuation drill for all employees to continuously strengthen employees' emergency management capabilities on a yearly basis.</li> <li>- Authorize SGS to audit the Company's ISO 14001&amp; ISO 45001 system on a yearly basis (valid from July 30, 2019 to July 30, 2022 for ISO 45001).</li> <li>- Promote traffic and working safety-related concepts and items on an ad-hoc basis.</li> </ul> <p>The Company has a wellness center with on-site doctors from the Hsinchu Branch of NTU Hospital to provide professional consultation and services. AEDs are located in all office areas, and trainings for AED and CPR are conducted annually to provide a safe and healthy working environment to employees.</p>	None
<b>(4). Does the company provide its employees with career development and training sessions?</b>	✓		<p>The Company offers a comprehensive career training blueprints to managers and employees, including orientation blueprint, professional training blueprint, and management training blueprint, to assist them in learning and growing through structural programs and diverse learnings methods. The Company also introduced corporate ethics development related programs to cultivate key capabilities.</p> <p>Every year in performance reviews, employees and their managers collaboratively plan of future work, goals, and development plans, assisting employees in building their best development plans through regular reviews and feedback.</p>	None
<b>(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?</b>	✓		<p>The marketing and labeling of the Company's products and services comply with relevant regulations and international standards. The Company also formulated personal data protection policy and Propriety Information Management (PIM) to manage and protect customers' privacy, being a gatekeeper through internal audit, external verification, crisis prevention and training programs. Meanwhile, customers communication and policies on customers' rights are also established to protect customers' interests.</p>	None

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
<b>(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?</b>	✓		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
<b>5. Does the company make reference to internationally-used report preparation standards or guidelines to prepare sustainability reports and other reports that disclose the company's non-financial information? Did the pre-report report obtain the confidence or assurance opinion of the third-party verification unit?</b>	✓		The 2020 MediaTek CSR Report was prepared in accordance with GRI Standards, and moderate-level assurance was conducted according to the AA1000 AccountAbility Principles Standards v3's (2018) Inclusivity, Materiality, Responsiveness, and Impact, and GRI Standards, by the British Standards Institution (BSI) Pacific Branch, which was disclosed on the Company's website. ( <a href="https://www.mediatek.tw/corporate-social-responsibility">https://www.mediatek.tw/corporate-social-responsibility</a> )	None
<b>6. If the Company has established the sustainable development policies based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the Principles and their implementation:</b>	The Company has set up a sustainable development policy in written form and the practices are in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies". The policy shall be implemented after passed by the Audit Committee and the Board of Directors and is also applied to when being amended.			
<b>7. Other important information to facilitate better understanding of the company's sustainable development practices:</b>	Please refer to the Company's website at <a href="http://www.mediatek.com/corporate-social-responsibility">http://www.mediatek.com/corporate-social-responsibility</a> .			



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

Assessment Item	Implementation Status		Reason for Non-implementation
	Yes	No	
<b>1. Establishment of ethical corporate management policies and programs</b>			
<b>(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?</b>	✓		The Company upholds the six core values: integrity, conviction inspired by deep thinking, customer focus, constant renewal, innovation, and inclusiveness as the guidance of business operation, and requires everyone in the Company to strictly follow. The Company has formulated an ethical corporate management policy passed by the Board of Directors and set up various internal guidelines to ensure ethical corporate management and compliance.
<b>(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?</b>	✓		The Company abides by the operational philosophies of honesty, transparency and responsibility, bases policies on the principle of good faith, analyzes and assesses on a regular basis the business activities within their business scope which are at a higher risk of being involved in unethical conduct, and formulates measures to prevent offering and acceptance of bribes. The Company further established Code of Business Conduct and Whistleblowing System to reinforce the implementation.
<b>(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?</b>	✓		The Code of Business Conduct and Whistleblowing System established in accordance with Ethical Corporate Management Best Practice Principles set preventive measures against involvement in unethical conduct, including standard operating procedures, conduct guidelines, and the disciplinary and appeal system, and should be regularly reviewed and improved.
<b>2. Fulfill operations integrity policy</b>			
<b>(1). Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</b>	✓		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.
<b>(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?</b>	✓		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 26 <sup>th</sup> , 2021) reports the implementation status to 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 secrete infringement prevention, internal and customer communication principles, etc. In 2021, 24,956 personnel received such training for an aggregate total of 15,222 hours.
<b>(3). Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</b>	✓		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.

Assessment Item	Implementation Status			Reason for Non-implementation
	Yes	No	Summary Description	
<b>(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?</b>	✓		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 evaluate the risk according to the results and conduct related internal control in compliance regularly or irregularly.	None
<b>(5). Does the company regularly hold internal and external educational trainings on operational integrity?</b>	✓		Operating with integrity is the Company's core value and is regularly promoted throughout the Company.	None
<b>3. Operation of the integrity channel</b>				
<b>(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?</b>	✓		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
<b>(2). Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</b>	✓		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
<b>(3). Does the company provide proper whistleblower protection?</b>	✓		The Company established precautions in order to protect whistleblowers.	None
<b>4. Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</b>	✓		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
<b>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.</b> 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.				
<b>6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies).</b> Please refer to the "Corporate Governance" section for more details.				

## 4.7. Corporate Governance Guidelines and Regulations

The company has corporate governance guidelines and regulations in place. For more detailed information please visit the Company's website (<http://www.mediatek.com>) via Homepage > Investor Relations > Corporate Governance > Major Internal Policies (<https://corp.mediatek.tw/investor-relations/corporate-governance>).

## 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
<b>Chairman Ming-Kai Tsai</b>	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	3
<b>Vice Chairman &amp; CEO Lih-Shyng Tsai</b>	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	3
<b>Director &amp; President Joe Chen</b>	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	3
	Nov 5, 2021	Taiwan Corporate Governance Association	Evaluation and execution of merger & acquisition from a legal point of view (I)	3
	Nov 5, 2021	Taiwan Corporate Governance Association	Evaluation and execution of merger & acquisition from a legal perspective (II)	3
<b>Director Cheng-Yaw Sun</b>	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	3
<b>Director Kenneth Kin</b>	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	3
	Dec 10, 2021	Taiwan Corporate Governance Association	How to differentiate under the ESG trend	3
<b>Independent Director Chung-Yu Wu</b>	Jul 2, 2021	Securities and Features Institute	Corporate governance and security regulations	3
	Jul 29, 2021	Securities and Features Institute	The Board's practice of information technology security governance	3
	Aug 3, 2021	Taiwan Corporate Governance Association	Corporate sustainability from a risk perspective – From corporate governance to ESG	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	3
	Nov 2, 2021	Securities and Features Institute	Sharing of merger and acquisition - Hostile takeover	3
	Nov 9, 2021	Taiwan Corporate Governance Association	Merger and acquisition and responsibilities of directors and supervisors	3
<b>Independent Director Peng-Hen Chang</b>	Mar 4, 2021	Taiwan Corporate Governance Association	Corporate governance and security regulations	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	
<b>Independent Director Ming-Tze Tang</b>	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	3

#### 4.8.2 Key Management Profession Enhancement Status

Title/Name	Date	Host by	Training / Speech title	Hours
<b>Executive Vice President &amp; CFO &amp; Spokesman David Ku</b>	Feb 26, 2021	Accounting Research and Development Foundation	Legal responsibilities of The Taxpayer Rights Protection Act applicable to enterprises - Practice and case analysis	3
	Feb 26, 2021	Accounting Research and Development Foundation	The latest international financial supervision trend and financial crime/financial reporting fraud case analysis	3
	Apr 16, 2021	Accounting Research and Development Foundation	The latest IFRS Q&A and common mistakes in financial reports	3
	Apr 16, 2021	Accounting Research and Development Foundation	The latest developments and counter measures for Profit-seeking Enterprise Income Tax	3
<b>Associate General Manager, Internal Audit Kirin Liu</b>	Apr 8, 2021	The Institute of Internal Auditors – Chinese Taiwan	How to detect financial reporting fraud as an audit	6
	Apr 9, 2021	The Institute of Internal Auditors – Chinese Taiwan	1. The change in practice and identification of directors and supervisors' responsibilities of financial reporting fraud 2. Legal responsibilities and investigation procedures of a corporate fraud	6

#### 4.8.3 Supervisor for Corporate Governance Profession Enhancement Status

Title/Name	Date	Host by	Training / Speech title	Hours
<b>Vice President &amp; General Counsel David Su</b>	Feb 26, 2021	Securities and Futures Institute Education Center	Practice and case analysis on Breach of Trust and Special Breach of Trust of directors and supervisors	3
	Apr 24, 2021	Taipei Bar Association	Legal responsibilities of directors and supervisors of public companies (I)	3
	May 8, 2021	Taipei Bar Association	Legal responsibilities of directors and supervisors of public companies (II)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (I)	3
	Oct 26, 2021	Taiwan Corporate Governance Association	Corporate internal fraud prevention and investigation with AI and Big Data (II)	3
	Nov 5, 2021	Taiwan Corporate Governance Association	Evaluation and execution of merger & acquisition from a legal point of view (I)	3
	Nov 5, 2021	Taiwan Corporate Governance Association	Evaluation and execution of merger & acquisition from a legal perspective (II)	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: February 25<sup>th</sup>, 2022

MediaTek Inc. has conducted internal audits in accordance with its Internal Control Regulations for the period ended December 31, 2021, 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 February 25, 2022 with all directors present under unanimous consent.

MediaTek Inc.

Chairman: Ming-Kai Tsai

Vice Chairman & CEO: Lih-Shyng 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 2021 Annual General Meeting on July 5, 2021 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
<b>Acknowledgement Items:</b>	
1. Adoption of the 2020 business report and financial statements	Approved.
2. Adoption of the proposal for distribution of 2020 profits	Approved a cash dividend per share of NT\$21, and distribution record date was set at July 12, 2021. Cash dividend distribution was completed by July 29, 2021.
<b>Discussion Items:</b>	
1. Discussion of cash distribution from additional paid-in capital	Resolution passed – July 12, 2021 designated as distribution record date, and payments completed by July 29, 2021 (NT\$16 per share).
2. Issuance of restrict stock award	Resolution passed – completed first issuance on Aug 31, 2021.
3. Re-election of directors (including independent directors) of the 9 <sup>th</sup> Board	Elected list: Ming-Kai Tsai, Lih-Shyng Tsai, Joe Chen, Cheng-Yaw Sun, Kenneth Kin, Chung-Yu Wu (Independent Director), Peng-Hen Chang (Independent Director), Ming-Tze Tang (Independent Director)
4. Suspension of the non-competition restrictions on directors of the 9 <sup>th</sup> Board of the Company	Approved.

##### 4.11.2 Major Resolutions of Board Meetings

During the 2021 calendar year and as of the printing date of this annual report, 11 Board meetings were convened.

Major resolutions approved at these meetings are summarized below:

Date	Meeting	Major Approvals
Jan 27, 2021	The 17 <sup>th</sup> meeting of the 8 <sup>th</sup> board	<ul style="list-style-type: none"> <li>- 2021 first quarter financial outlook</li> <li>- 2021 operating plans and operating budget and intangible asset budget</li> <li>- Cancellation of 2020 fourth quarter restricted stock award</li> <li>- Matter of 2020 fourth quarter new common stock issuance for employee stock option</li> <li>- Lifting non-competition restriction on directors</li> <li>- Donation to MediaTek Education Foundation</li> <li>- Matter of management compensation</li> </ul>
Mar 19, 2021	The 18 <sup>th</sup> meeting of the 8 <sup>th</sup> board	<ul style="list-style-type: none"> <li>- Matter of Director performance and compensation</li> <li>- Matter of issuance of restricted stock for employees</li> <li>- 2021 general shareholder meeting date, location, and agenda</li> <li>- Matter of electing the 9<sup>th</sup> Board (including independent directors)</li> <li>- Matter of handling timing and nomination of director candidates for the 9<sup>th</sup> Board</li> <li>- Matter of nominating directors</li> <li>- Lifting non-competition restriction on directors</li> <li>- 2020 business operating report</li> <li>- Matter of 2020 employee compensation</li> <li>- 2020 financial statement</li> <li>- Matter of capital increase of MediaTek Investment Singapore Pte. Ltd.</li> <li>- Assess CPA's independence</li> <li>- 2020 internal control statement and internal control self-assessment report</li> <li>- Amend Board of Directors Self-Assessment of Performance</li> </ul>
Apr 28, 2021	The 19 <sup>th</sup> meeting of the 8 <sup>th</sup> board	<ul style="list-style-type: none"> <li>- 2021 second quarter financial outlook</li> <li>- Cancellation of 2021 first quarter restricted stock award</li> <li>- Matter of 2021 first quarter new common stock issuance for employee stock option</li> <li>- Acquisition of real estate</li> <li>- Matter of 2020 profit distribution</li> <li>- Matter of cash distribution from additional paid-in capital</li> <li>- Matter of dividend policy</li> </ul>
Jun 18, 2021	The 20 <sup>th</sup> meeting of the 8 <sup>th</sup> board	<ul style="list-style-type: none"> <li>- The general shareholder meeting date and location</li> <li>- Matter of acquisition of material information equipment</li> </ul>

Date	Meeting	Major Approvals
<b>Jul 5, 2021</b>	The 1 <sup>st</sup> meeting of the 9 <sup>th</sup> board	- Matter of election of Chairman and Vice Chairman
<b>Jul 27, 2021</b>	The 2 <sup>nd</sup> meeting of the 9 <sup>th</sup> board	- 2021 third quarter financial outlook - Matter of organization structure adjustment - Matter of bank's line of credit - Cancellation of 2021 second quarter restricted stock award - Matter of 2021 second quarter new common stock issuance for employee stock option - Appointment of Manage of Taipei Branch - Appointment of members in Remuneration Committee
<b>Aug 13, 2021</b>	The 3 <sup>rd</sup> meeting of the 9 <sup>th</sup> board	- First issuance according to "Issuance policy of 2021 first restricted stock award"
<b>Oct 26, 2021</b>	The 4 <sup>th</sup> meeting of the 9 <sup>th</sup> board	- 2021 fourth quarter financial forecasts - 2021 CPA compensation - Increase in intangible asset budget - Capital increase of subsidiaries - 2022 audit plan - Disposal of assets and capital increase of subsidiaries - Amend of The Evaluation of Board of Directors' Performance - Cancellation of 2021 third quarter restricted stock award - Matter of 2021 third quarter new common stock issuance for employee stock option
<b>Dec 24, 2021</b>	The 5 <sup>th</sup> meeting of the 9 <sup>th</sup> board	- Acquisition of property of Chang Yih Science and Industrial Park - Participation in tender for the development of THSR Hsinchu station special district (2)
<b>Jan 27, 2022</b>	The 6 <sup>th</sup> meeting of the 9 <sup>th</sup> board	- 2022 first quarter financial forecasts - 2022 operating plans and operating budget - Intangible asset budget - Matter of organization structure adjustment - Cancellation of 2021 fourth quarter restricted stock award - Matter of 2021 fourth quarter new common stock issuance for employee stock option - Matter of management compensation - Second issuance according to "Issuance policy of 2021 first restricted stock award"
<b>Feb 25, 2022</b>	The 7 <sup>th</sup> meeting of the 9 <sup>th</sup> board	- 2021 financial statement - Assessment result of CPA's independence - 2021 internal control statement and internal control self-assessment report - Capital increase of subsidiaries

#### 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 2021 and as of the Date of this Annual Report

None.



## 5. Information Regarding the Company's Independent Auditors

### 5.1. Auditor Information

#### 5.1.1 Auditor Fee Information

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Ernst & Young	Shau-Pin Kuo	2021	13,811	Business registration 768	18,625	
	Wen-Fun Fuh			Tax Compliance Audit 950 Finance and Taxation Consulting 2,246 Corporate consultancy fee 850		

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

None.

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

Not applicable.

**5.1.4 Audit fee reduced more than 10% year over year:**

None.

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

None.

**5.3. The Company's Chairman, President or managers in charge of finance or accounting has been under current audit firm or its affiliates' employment in 2021:**

None.

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

Unit: Shares

Title/Name	2021		Jan. 1 to Feb. 28, 2022	
	Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman Ming-Kai Tsai	126,017	-	-	-
Vice Chairman & CEO Lih-Shyng Tsai	146,017	-	-	-
Director & President Joe Chen	100,814	-	-	-
Director Cheng-Yaw Sun	-	-	-	-
Director Kenneth Kin	-	-	-	-
Independent Director Chung-Yu Wu	-	-	-	-
Independent Director Peng-Heng Chang	-	-	-	-
Independent Director Ming-Tze Tang	-	-	-	-
Executive Vice President & CFO & Spokesman David Ku	80,651	-	-	80,000
Executive Vice President Cheng-Te Chuang	57,569	-	-	-
Executive Vice President & CTO Kevin Jou	-	-	-	-
Senior Vice President Kou-Hung Loh	-	-	-	-
Senior Vice President Jerry Yu	60,569	-	(6,000)	-
Senior Vice President Jasper Yang	47,046	-	-	-
Senior Vice President SR Tsai	50,406	-	-	-
Vice President Rolly Chang	47,046	-	-	-
Vice President JC Hsu	42,005	-	-	-
Vice President & CHRO Sherry Lin	50,406	-	-	-
Vice President & General Counsel David Su	40,325	-	-	-
Vice President HW Kao	40,325	-	-	-
Vice President Mike Chang	50,406	-	-	-
Vice President Vincent Yung Mien Hu	-	-	-	-
Vice President Ching San Wu	21,843	-	-	-
Vice President Alan Hsu	21,843	-	-	-

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 July 12, 2021. Unit: Share / %

Top 10 Shareholders	Shareholding		Shareholding under Spouse and Minor		Shareholding under 3 <sup>rd</sup> Party		Top 10 Shareholders Who are Related Parties to Each Other	
	Shares	Proportion	Shares	Proportion	Shares	Proportion	Name	Relationship
Government of Singapore	46,703,015	2.94%	-	-	-	-	-	-
Ming-Kai Tsai	41,342,481	2.60%	40,833,145	2.57%	-	-	Chui-Hsing Lee	Spouse
Chui-Hsing Lee	40,833,145	2.57%	41,342,481	2.60%	-	-	Ming-Kai Tsai	Spouse
Saudi Arabian Monetary Authority	29,228,833	1.84%	-	-	-	-	-	-
Jyh-Jer Cho	29,064,222	1.83%	10,558,414	0.66%	-	-	-	-
Cathay Life Insurance Co., Ltd. (Chairman: Tiao-Kuei Huang)	26,365,084	1.66%	-	-	-	-	-	-
Fubon Life Assurance Co., LTD (Chairman: Richard M. Tsai)	24,748,000	1.56%	-	-	-	-	-	-
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	20,245,630	1.27%	-	-	-	-	-	-
Tin-Ren Liu	19,236,763	1.21%	1,634,879	0.10%	-	-	-	-
New Labor Pension Fund Management Committee	18,608,719	1.17%	-	-	-	-	-	-

## 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.	2,932,854,882	100%	-	-	2,932,854,882	100%
Hsu-Ta Investment Corp.	399,380,103	100%	-	-	399,380,103	100%
MediaTek Singapore Pte. Ltd.	326,907,879	100%	-	-	326,907,879	100%
MStar Co., Ltd.	13,350,000	100%	-	-	13,350,000	100%
HFI Innovation	174,691,821	100%	-	-	174,691,821	100%
Spidcom Technologies	146,200	100%	-	-	146,200	100%
Richtek Technology Corp.	148,482,806	100%	-	-	148,482,806	100%
MediaTek Capital Co.	29,000,000	100%	-	-	29,000,000	100%
Airoha Technology (Cayman) Inc.	61,092,908	66%	22,886,194	25%	83,979,102	91%
Airoha Technology Corp.	3,473,292	5%	61,092,908	81% (Note)	64,566,200	86%
IC PLUS Corp.	13,025,454	19%	650,000	1%	13,675,454	20%
Intellectual Property Innovation Corporation	3,000,000	30%	-	-	3,000,000	30%

Note: Through holding 91% of Airoha Technology (Cayman) Inc., which owns 89% of Airoha Technology Corp., the Company indirectly owns 81% of Airoha Technology Corp.

## IV. Capital and Shares

### 1. Capital and Shares

#### 1.1. Capitalization

As of February 28, 2022; Unit: shares / NT\$

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.
Jan 2021	10	2,000,000,000	20,000,000,000	1,590,250,608	15,902,506,080	Restricted stock award cancellation: 24,840 Employee stock options exercised: 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 Employee stock options exercised: 147,053	-	May 17, 2021 Yuan-Shang-Tze No. 1100013953
Jul 2021	10	2,000,000,000	20,000,000,000	1,590,379,117	15,903,791,170	Restricted stock award cancellation: 29,595 Employee stock options exercised: 72,924	-	Aug 12, 2021 Yuan-Shang-Tze No. 1100022931
Aug 2021	10	2,000,000,000	20,000,000,000	1,598,760,298	15,987,602,980	Restricted stock award issuance: 8,381,181	-	Sep 17, 2021 Yuan-Shang-Tze No. 1100027114
Oct 2021	10	2,000,000,000	20,000,000,000	1,598,841,998	15,988,419,980	Restricted stock award cancellation: 9,514 Employee stock options exercised: 91,214	-	Nov 11, 2021 Yuan-Shang-Tze No. 1100033289
Jan 2022	10	2,000,000,000	20,000,000,000	1,598,872,559	15,988,725,590	Restricted stock award cancellation: 17,699 Employee stock options exercised: 48,260	-	Feb 21, 2022 Yuan-Shang-Tze No. 1110005519
Jan 2022	10	2,000,000,000	20,000,000,000	1,599,029,833	15,990,298,330	Restricted stock award issuance: 157,274		Currently under amendment registration

As of February 28, 2022; Unit: shares

Type of Stock	Authorized Capital			Remark
	Outstanding	Un-Issued	Total	
Common Stock	1,599,029,833	400,970,167	2,000,000,000	Listed on TSE

Shelf Registration: None.

#### 1.2. Composition of Shareholders

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

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Persons	Individuals	Total
Number of Shareholders	1	75	789	2,731	111,238	114,834
Shareholding	2	102,232,148	116,222,332	1,037,479,951	334,474,279	1,590,408,712
Holding Percentage	0.00%	6.43%	7.31%	65.23%	21.03%	100.00%

## 1.3. Distribution of Shareholding

### 1.3.1 Distribution of Common Stock

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

Common Share Shareholder Ownership	Number of Shareholders	Number of Shares held	Ownership
1 ~ 999	72,136	6,891,357	0.43%
1,000 ~ 5,000	35,597	60,640,680	3.81%
5,001 ~ 10,000	2,771	20,586,078	1.29%
10,001 ~ 15,000	927	11,540,570	0.73%
15,001 ~ 20,000	511	9,138,355	0.57%
20,001 ~ 30,000	537	13,176,431	0.83%
30,001 ~ 40,000	297	10,486,577	0.66%
40,001 ~ 50,000	206	9,284,519	0.58%
50,001 ~ 100,000	574	40,679,637	2.56%
100,001 ~ 200,000	431	62,658,063	3.94%
200,001 ~ 400,000	309	88,640,727	5.57%
400,001 ~ 600,000	154	75,180,654	4.73%
600,001 ~ 800,000	80	55,600,434	3.50%
800,001 ~ 1,000,000	51	45,771,733	2.88%
Over 1,000,001	253	1,080,132,897	67.92%
<b>Total</b>	<b>114,834</b>	<b>1,590,408,712</b>	<b>100.00%</b>

### 1.3.2 Distribution of Preferred Stock: Not Applicable.

## 1.4. Major Shareholders

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

Top 10 Shareholders	Number of Shares held	Ownership (%)
Government of Singapore	46,703,015	2.94%
Ming-Kai Tsai	41,342,481	2.60%
Chui-Hsing Lee	40,833,145	2.57%
Saudi Arabian Monetary Authority	29,228,833	1.84%
Jyh-Jer Cho	29,064,222	1.83%
Cathay Life Insurance Co., Ltd. (Chairman: Tiao-Kuei Huang)	26,365,084	1.66%
Fubon Life Assurance Co., LTD (Chairman: Richard M. Tsai)	24,748,000	1.56%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Fund	20,245,630	1.27%
Tin-Ren Liu	19,236,763	1.21%
New Labor Pension Fund Management Committee	18,608,719	1.17%

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

Unit: NT\$ / Shares

Item		2020 (Distributed in 2021)	2021 (Distributed in 2022)
<b>Market Price Per Share</b> (Note1)	Highest	763.0	1,200
	Lowest	273.0	752
	Average	542.5	951.6
<b>Book Value Per Share</b>	Before Distribution	235	271.53
	After Distribution	197.81	*
<b>Earnings Per Share</b>	Weighted Average Shares		1,573,329,335
	EPS	Not-Adjusted	26.01
		Adjusted	26.01
<b>Dividends Per Share</b>	Cash Dividends		37
	Stock Dividend	Earning Distribution	-
		Capital Distribution	-
	Accumulated Undistributed Dividend		-
<b>Return on Investment</b>	Price/Earnings Ratio (Note2)		20.86
	Price/Dividend Ratio (Note3)		14.66
	Cash Dividend Yield (Note4)		6.82%

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

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 year's net income.

### 1.6.2 Proposal to Distribute 2021 Profits (Approved by the Board and subject to Shareholders' approval)

The Board adopted a proposal for 2021 profit distribution as follows:

Cash dividends to common shareholders from retained earnings is NT\$91,147,046 thousand and cash distributed from additional paid-in capital in capital surplus to common shareholders is NT\$25,585,136 thousand, which totals NT\$116,732,182 thousand, or NT\$73 per share of cash to common shareholders. 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 2021 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. Employees of the company meeting certain specific requirements are entitled to receive employee remuneration in shares or cash. The requirements are authorized to be determined by the Board. Directors' remuneration is in cash.

### 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 16, 2022 to distribute employees' compensation and remuneration to directors. The details of discrepancy between the aforementioned approved amounts and the estimated amounts in 2021 are as follows.

Unit: NT\$ thousands

Items	Board resolution	Estimate	Difference	Reason of difference
Employee Compensation – Cash	1,513,219	1,513,219	-	-
Remuneration to Directors	153,213	153,213	-	-

Note: Other than the aforementioned employees' compensation in the amount of NT\$1,513,219 thousand, the Company also expects to distribute employee bonus of NT\$28,751,169thousand.

### 1.8.3 Earnings Retained in Previous Period (2020) Allocated as Employee Compensation and Directors Remuneration

Unit: NT\$ thousands

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

## 1.9. Repurchase of Company Shares:

Not applicable.

## 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 February 28, 2022; Unit: shares / NT\$ thousands

Employee Stock Options Granted	6 <sup>th</sup> Grant	15 <sup>th</sup> Grant	16 <sup>th</sup> Grant
Approval Date by the Securities & Futures Bureau	Aug. 9, 2011	Aug 9, 2012	Aug. 9, 2013
Issue (Grant) Date	Aug. 24, 2011	Aug. 14, 2012	Aug. 22, 2013
Number of Options Granted	2,109,871	1,346,795	1,436,343
Percentage of Shares Exercisable to Outstanding Common Shares	0.13%	0.08%	0.09%
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	1,300,140	683,983	648,945
Value of Shares Exercised	356,172	193,103	238,812
Shares Unexercised (Note)	-	158,460	266,444
Adjusted Exercise Price Per Share (NT\$)	-	280.4	368.0
Percentage of Shares Unexercised to Outstanding Common Shares	-	0.0099%	0.0167%
Impact to Shareholders' Equity	Dilution to shareholder's equity is limited		

Note: The number of invalid shares due to resignation was deducted. The sixth issuances are terminated in August, 2021.

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

As of February 28, 2022; Unit: shares / 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	Number of Option / Number of Option Issued (Note2)
Manager and employee	Jonathan Strange	391,774	0.025%	357,563	295.1	105,535	0.022%	34,211	332.7	11,383	0.002%
	Bernard Tenbroek										
	John Finbarr Moynihan										
	James K Farley										
	Douglas P Remington										
	Vincent Del Vecchio										
	Russell Mestechkin										
	Stacy Ho										
	Henry Vickers										
	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 21, 2022.

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 February 28, 2022

Type of New Restricted Employee Shares	2018 New Restricted Employee Shares															
<b>Date of Effective Registration</b>	Aug. 13, 2018															
<b>Issue date</b>	Sep. 6, 2018	Feb. 27, 2019	Apr. 12, 2019	Jul. 15, 2019												
<b>Number of New Restricted Employee Shares Issued</b>	12,259,550	2,205,888	17,818	2,182,958												
<b>Issued Price (NT\$)</b>	None															
<b>New Restricted Employee Shares as a Percentage of Shares Issued</b>	0.77%	0.14%	0.001%	0.14%												
<b>Vesting Conditions of New Restricted Employee Shares</b>	<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 <math>\geq</math> 5% YoY</td> <td rowspan="4">Higher than the average of previous three years</td> </tr> <tr> <td>Gross Margin (%)</td> <td>Increase <math>\geq</math> 1.5ppt YoY</td> </tr> <tr> <td>Operating Margin (dollar)</td> <td>Increase <math>\geq</math> 20% YoY in 2018; Increase <math>\geq</math> 15% YoY in 2019/2020</td> </tr> <tr> <td>Operating Margin (%)</td> <td>Increase <math>\geq</math> 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															
<b>Restricted Rights of New Restricted Employee Shares</b>	<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>															
<b>Custody Status of New Restricted Employee Shares</b>	<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>															
<b>Measures to be Taken When Vesting Conditions are not Met</b>	<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 New Restricted Employee Shares			
	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.			
<b>Number of New Restricted Employee Shares that have been Redeemed or Bought Back</b>	2,028,321	403,066	2,389	372,354
<b>Number of Released New Restricted Employee Shares</b>	10,231,229	1,802,822	15,429	1,810,604
<b>Number of Unreleased New Restricted Shares</b>	0	0	0	0
<b>Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)</b>	0%	0%	0%	0%
<b>Impact on possible dilution of shareholdings</b>	Dilution of original shareholders' holding is limited			

Type of New Restricted Employee Shares	2021 1 <sup>st</sup> New Restricted Employee Shares																
Date of Effective Registration	Jul. 29, 2021																
Issue date	Aug. 31, 2021	Feb. 23, 2022															
Number of New Restricted Employee Shares Issued	8,381,181	157,274															
Issued Price (NT\$)	None																
New Restricted Employee Shares as a Percentage of Shares Issued	0.52%	0.01%															
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% for 2022, 67% for 2022 and 2023 combined, and 100% for 2022, 2023 and 2024 combined. The actual portions of the vesting shares shall be determined by achievement of both the personal performance and the Company's operation objectives. There are six evaluation periods: the individual years from 2021 to 2023, the period from 2021 to 2022, the period from 2022 to 2023, and the period from 2021 to 2023. The objectives should be evaluated respectively within the six periods to receive vested shares. Upon duplication of evaluation periods, vested shares shall be based on whichever number that is higher. 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 Total Shareholder Return Ranking of Top 50 Listed Companies in Taiwan, Revenue Growth, Gross Margin, and Operating Margin. Thresholds and targets are set for the four objectives respectively. Based on rounded down numbers, 0%/50%/100% of vested shares shall be received when the Company doesn't reach threshold/reaches threshold/reaches target. The vested shares shall be calculated by interpolation and rounded to the percentile if result falls between threshold and target. The objectives and according target ranges are shown in below table, and the actual targets are set within the target ranges by the Company and employees respectively. The level of achievement is evaluated based on the audited financial statements of each period.</p> <table border="1" data-bbox="491 1016 1385 1207"> <thead> <tr> <th>Company's Operation Objectives</th> <th>Total Shareholder Return Ranking of Top 50 Listed Companies in Taiwan</th> <th>Revenue Growth %</th> <th>Gross Margin %</th> <th>Operating Growth %</th> </tr> </thead> <tbody> <tr> <td>Operation Objective Weighting</td> <td>20%</td> <td>25%</td> <td>25%</td> <td>30%</td> </tr> <tr> <td>Operating Target Range</td> <td>P25~P50</td> <td>+10%~+23%</td> <td>44%~46%</td> <td>15%~18%</td> </tr> </tbody> </table>		Company's Operation Objectives	Total Shareholder Return Ranking of Top 50 Listed Companies in Taiwan	Revenue Growth %	Gross Margin %	Operating Growth %	Operation Objective Weighting	20%	25%	25%	30%	Operating Target Range	P25~P50	+10%~+23%	44%~46%	15%~18%
Company's Operation Objectives	Total Shareholder Return Ranking of Top 50 Listed Companies in Taiwan	Revenue Growth %	Gross Margin %	Operating Growth %													
Operation Objective Weighting	20%	25%	25%	30%													
Operating Target Range	P25~P50	+10%~+23%	44%~46%	15%~18%													
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> <p>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.</p>																
Number of New Restricted Employee Shares that have been Redeemed or Bought Back	17,699	0															

Type of New Restricted Employee Shares	2021 1 <sup>st</sup> New Restricted Employee Shares	
<b>Number of Released New Restricted Employee Shares</b>	0	0
<b>Number of Unreleased New Restricted Shares</b>	8,363,482	157,274
<b>Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)</b>	0.52%	0.01%
<b>Impact on possible dilution of shareholdings</b>	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 February 28, 2022; 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	6,786,725	0.42%	3,971,457	0	0	0.25%	2,815,268	0	0	0.18%
	Vice Chairman & 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										
	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										
	Employee	CK Wang										
	Employee	CH Wang										
	Employee	Yi-Ching Lee										
	Employee	Martin Lin										
Employee	Miles Sun											
Employee	Ryan Chen											
Employee	Alex Chen											
Employee	DW Tseng											
Employee	PC Tseng											
Employee	SA Hwang											
Employee	HC Hwang											

Employee	JS Pan											
Employee	Alan Cheng											
Employee	Harrison Hsieh											
Employee	Leo Shieh											
Employee	Evan Su											

Note 1: The number of unrestricted shares and the number of unrestricted totaled 6,786,725 shares, including 532,198 shares that have been recovered.

Note 2: The share issued is calculated based on the amended number of total shares issued approved by Ministry of Economic Affairs on February 21, 2022.

## 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 (2021)

Product Category	Multimedia Chipsets	Others (Note)
Revenue Mix	99.09%	0.91%

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 and Chromebook 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 and Chromebook 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. Next 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. Major international semiconductor companies usually operate vertically across the value chain, from IC design and manufacturing to packaging, testing, and to systems integration. However, as the rapidly-evolving industry environment requires higher capital expenditures, horizontal model is able to focus resources on specific field more efficiently to meet industry trends, which has proven to be an outperforming model compared to the integrated one.

The major business of an IC design company is to design and sell semiconductor products, or to design products based on customers' requirements. And before shipping them, IC design, on the upstream of the value chain, requires other processes such as photo mask, wafer fabrication, packaging and testing, etc. In general, IC design companies outsource almost 100% of photo mask, wafer fabrication, and IC packaging to specialized manufacturing partners. Most companies also outsource their IC testing to specialized testing houses, while some IC design companies keep a certain portion of testing in-house.

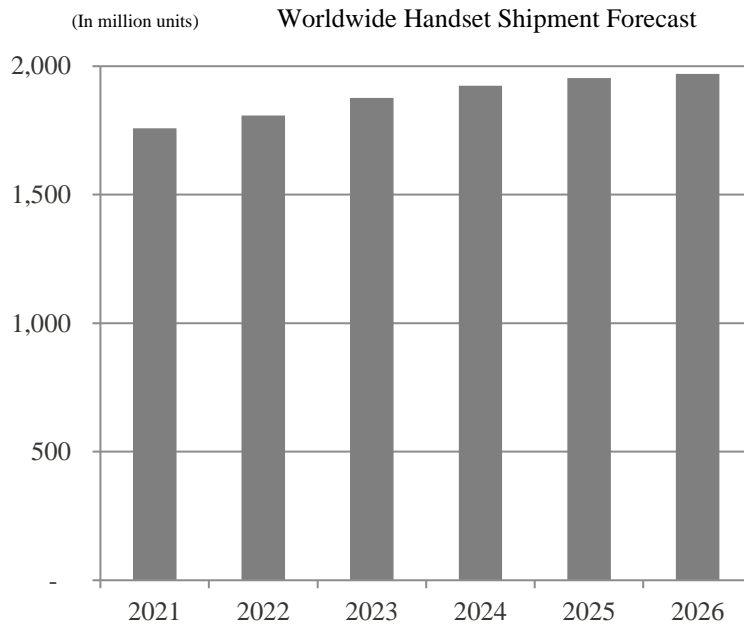
In the semiconductor supply chain, IC design is a knowledge-intensive industry with a relatively high return on investment, and coupled with the complete semiconductor industry ecosystem and ample talents in Taiwan, IC design attracts interests from many suppliers as well as investors.

### 1.2.2 Industry Outlook, Trends and Competition

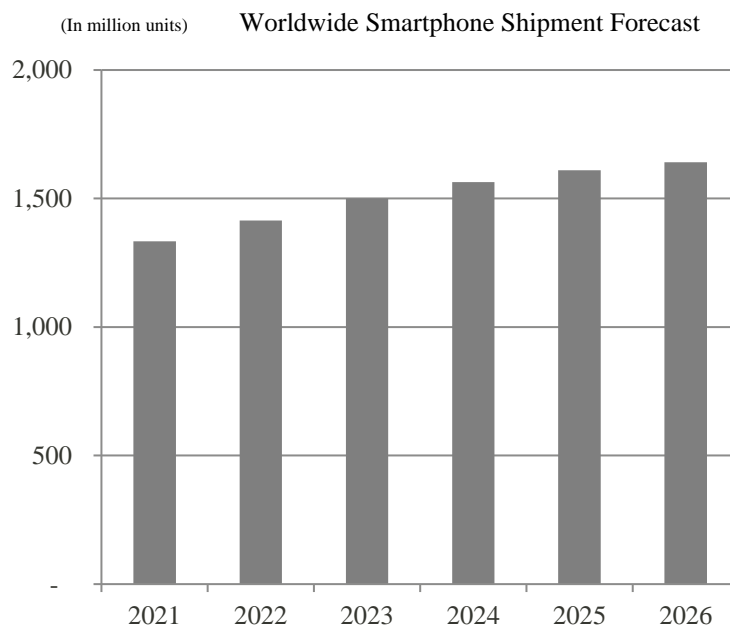
#### A. Wireless Communication Products

##### a. Smartphone

Wireless technologies have driven the developments in mobile communication platforms, with handset the most scalable. According to Strategy Analytics, worldwide handset shipment reached 1.7 billion units in 2021, and is expected to grow steadily to nearly 2.0 billion units in 2026, with smartphone estimated to grow to over 1.7 billion units from 1.4 billion units during the same period. On the other hand, according to Counterpoint, MediaTek ranked 1st in global handset SoC shipment in 2021, with a market share of 38%.



Source: Strategy Analytics, December 2021



Source: Strategy Analytics, December 2021

Global communication technologies continue to evolve and upgrade. As 5G migrates toward large-scale commercialization, its features such as enhanced mobile broadband (eMBB), massive machine type communication (mMTC), and ultra-reliable low latency communication (URLLC) are contributing to the long-term application development of cloud computing, internet of vehicles and IoT. These applications lifted the hardware and performance requirements of mobile devices and brought up the prices of end products, which further pushed the evolution of the whole industry. As the penetration rate of 5G increases, 5G smartphones have gradually replaced 4G smartphones to become the mainstream generation in developed countries, and replaced 4G smartphone in the high-end market of developing countries.

In addition to mobile communication, consumers also focus on advanced camera applications and higher performance of multimedia, such as multi-lens photography, on-line gaming, video streaming, social networking,

augmented/virtual reality, etc. In order to meet consumers' need and support more applications, the specifications and features of mobile computing products continue to upgrade, such as integrating and enhancing network connections, optimizing gaming control, picture quality and some adjustments to enhance the overall gaming experience. And the higher performance AI accelerator not only improves photo quality but also provides stronger computing power with lower power consumption.

The rapid growth of the wireless communication market comes with intensifying competition, primarily from semiconductor companies in the US, Europe, Mainland China and Taiwan. Not only will the semiconductor companies have to compete for new technology specifications and launch more advanced products but also need to take cost management and technical support into account to offer comprehensive total solutions and product development services to customers.

In terms of smartphone, MediaTek establishes partnerships with worldwide operators and distribution channels to proactively expand global market. MediaTek, being in the leading group, participated in the first wave of large-scale 5G commercialization by launching 5G multimode SoC, and accelerated 5G migration by working closely with customers and global ecosystem. In addition, MediaTek continued to expand product lines by entering 5G flagship market to further strengthen the comprehensiveness of product portfolio. The Company also launched 5G Open Resource Architecture to reinforce customer cooperation and build differentiated flagship and high-end products to provide excellent customer experiences. MediaTek will also continue to cultivate 4G market to maintain leading market share.

#### **b. Internet of Things (IoT)**

In addition to smartphones, internet of things, various connectivity device and Internet of Vehicles are all important applications in wireless communication. The recent acceleration of digital transformation has increased consumer demand for higher bandwidth, leading to the rise of number of devices connected to the internet, the upgrade of remote multimedia applications, and the growth of advanced computing applications. Examples included expanding 5G technologies into more platforms such as laptop, rising WiFi 6 penetration in high-end routers, PON, and laptop, as well as consistent WiFi 5 demand at high level in mainstream market. The IoT products integrated with 5G, WiFi, GPS and Bluetooth features are also boosting the market demand for wireless communications, including AI voice assistant devices, smart home appliances and Bluetooth ear buds. Moreover, software streaming and augmented/virtual reality applications have raised the requirement for connectivity and specifications of consumer electronics including game console and TV. Internet of Vehicles and Industrial IoT are also becoming important platforms in 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 develop new generation ICs for wireless communication in cellular and WiFi, and SoCs for ARM architecture with integrated connectivity, to grasp future trends and opportunities by applying them to various computing platforms, TV, router, broadband, IoT devices, game devices and automotive.

#### **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, with 8K Ultra HD gaining traction. 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 pursue better picture quality, the need for higher resolution is growing. 8K technology continue to develop, enabling more refined picture and audio quality to satisfy consumer demand. In addition, the adoption of AI more flexibly elevates user experiences. For instance, through AI scene detection, content with low resolution can be transformed to high resolution for detail enhancement. Meanwhile, new applications are triggered by the impact of Covid-19, such as video conferencing or home gym when cameras are added to TVs.

MediaTek leads the industry by launching multi-core smart TV SoCs and adding AI to enhance picture quality through automatic scene detection. Our products also support coding and decoding specifications for 8K UHD TVs. MediaTek now 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 been dedicated to developing high-speed transmission IPs for many years and the IPs are now recognized by many first-tier customers. MediaTek will continue to establish cross-platform and 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 IC is in charge of data and signal transmission between users and machines, and therefore have very extensive applications, for example, computers and their peripheral applications, communications, automotive electronics, consumer electronics and new applications such as smart home, IoT, etc. Traces of analog IC can be found in almost 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 2021, there were over 1 billion of broadband users globally, growing steadily at 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 the next key driver. 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 2021 was NT\$96,080,761 thousand, and from January 1st 2022 to the printing date of this annual report, the R&D spending was NT\$17,599,214 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 and telematics.

## 1.4. Long- and Short-Term Business Development Plans

### 1.4.1 Short-Term Business Development Plans

- L. 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 mainstream products to stimulate market demand.
- M. Combine newly-acquired companies' product offerings with existing platform advantages to provide customers with complete total solutions. Understand and serve customers, and facilitate customers time-to-market to seize market opportunities.
- N. Enhance existing long-term partnerships with customers and expand customer base as well as market share by implementing efficient marketing strategies. Meanwhile, work closely with related partners in various industries such as operators to expand business opportunities.
- O. Maintain close relationship with supply chain partners including foundries, packaging companies and testing houses. Ensure real-time communications with customers and manufacturing partners to effectively respond to market changes, secure sufficient capacity, and ensure smooth delivery as well as AR/inventory management.
- P. Maintain systematic and flexible financial systems to support various R&D and sales activities.

### 1.4.2 Long-Term Business Development Plans

- Q. Participate actively in global standard committees and strengthen long-term relationship with world-class customers and partners to develop various business opportunities.
- R. Continue to develop innovative products and maintain market-leading positions in different markets. Enhance product competitiveness and profitability through new product developments, product design optimization, cost control, etc.
- S. Continue to work closely with supply chain partners and co-develop more cost-effective solutions.
- T. Recruit and retain global talents with different expertise for future products and market development. Establish comprehensive internal training systems to share knowledge and experiences.
- U. Establish comprehensive global management systems to ensure internal operation efficiency and effective 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	2021	
	Sales (NT\$ thousands)	Percentage
Export sales	457,220,510	92.66%
Domestic sales	36,194,072	7.34%
Total	493,414,582	100%

#### 2.1.2 Market Share

According to Topology Research Institute and Gartner, worldwide semiconductor market revenue was US\$583.5 billion in 2021, and MediaTek's market share was 3.0%, ranking No.7 worldwide and No.4 in global fabless semiconductor industry.

#### 2.1.3 Major Markets

##### A. Wireless Communications Products

The replacement trend brought by technology migration to 5G and WiFi 6 following the deployment of base stations and related infrastructures, are driving the market demand for wireless communication, especially for smartphone. The trend is expected to expand to consumer electronics and IoT related applications such as laptop, tablet and CPE, with more to come in the future. Covid-19 increased the demand for remote communication such as video conferencing and accelerated digital transformation. The requirement for higher bandwidth usage further drives the upgrade trend of new generation Internet devices and equipment hardware. Users become more focused on the functionality of consumer electronic products with more advanced technologies and upgrades from applications and connectivity. The higher bandwidth requirement driven by connection speed and AI functions will stimulate more demand for wireless communication chips, and smart IoT, smart city as well as augmented/virtual reality demand will also broaden the application of wireless communication products. In addition, with the automotive digitalization trend, new cars will gradually be equipped with wireless communication capabilities as the foundation for Internet of Vehicles (IoV) and 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 provide product differentiation with AI processor integration to further enhance picture and audio quality. With smart TV functions, users can surf the Internet, watch video on demand, install applications or games to enhance user experience.

##### C. ASIC Products

Technology advances rapidly, and with massive data, rapid growth in cloud and AI, and demand for metaverse applications, high-speed transmission and data center related demand are also rising. MediaTek has diverse product lines and comprehensive products across platforms. 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 IC Insights, analog IC market grew 25% in 2021 with shipment growth of 20%, mainly driven by automotive, whose shipment grew 30%. Analog IC market continues to grow steadily. MediaTek, with high

potential in global analog IC market, will continue to work with Taiwan foundries and leverage our advantages from accumulated experiences.

### **E. Broadband Networking Products**

Customers increasingly value the quality of network drives 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 of 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, 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, MediaTek 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 maintain platform competitiveness**

Mobile devices and IoT have become indispensable products in consumers' lives. Consumers' requirement for user experience stimulates technology upgrades and drives 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 IPs in the industry, including 4G/5G mobile communications, WiFi 5/6/6E, new generation of Bluetooth communications and audio technology, and participates in setting international standards. The Company continues to invest in the next generation 5G and WiFi technologies, and is the world's first company to do live demo of WiFi 7. MediaTek's strategy to invest early in 5G and WiFi 6/6E allows it to fully participate in the life cycle of many products, providing customers industry-leading technologies, convenient and stable total solutions for prompt design-ins among different consumer electronics platforms.

In addition, with the rising importance of computing and power performance capabilities in smart platforms, as well as the broadening ARM-based computing applications, MediaTek also continuously invests in advanced processes and packaging technologies, hoping to expand and penetrate into the high-end and flagship segments of various applications through a more complete product line.

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

MediaTek possesses key technologies in smart devices with extensive capabilities in wired and wireless connectivity, low power consumption processors, AI, multimedia and augmented/virtual reality. And many of these technologies have been successfully integrated to smartphone, TV chip, tablet, game console, smart IoT, etc. The ecosystem built by various smart connected devices is coming to completion, which will enable



customers to co-develop innovative products through MediaTek's outstanding technologies to further lead industry trends as well as enhance user experiences.

### **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 in advanced process and large-size packaging experience, the Company provides highly-recognized superior product development services to first-tier 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 drive MediaTek sales and developments.

### **E. xPON and VDSL to become growth drivers for the broadband market**

xPON has been replacing xDSL for years, accounting for more than 80% of market share. Overall wired broadband market continues to grow steadily. MediaTek has complete product portfolio of xPON across high/mid/low-end segments, and is able to provide customers with the most comprehensive and competitive products. 10 GPON will become another new trend of the year, increasing the broadband demand in households and enterprises.

With rise of remote communication such as video conferencing, the demand for bandwidth has greatly increased in households and enterprises, where higher bandwidth, security and stability are becoming essential to broadband. The mobile communication developments in 5G and even 6G, as well as WiFi upgrades are sure to accelerate the demand and growth for broadband communication, as 5G backhaul, deployment of microcell base stations, connection between router and switch all rely on the development of broadband network.

### Unfavorable Factors and Countermeasures

The IT industry moves at a fast pace and new technology may emerge at any time. The intense end-product competition has brought inevitable pricing pressures given the relatively short product life cycle.

In the extremely competitive technology industry, the Company is always prepared and has been intensively developing new products, enhancing competitiveness, and providing better products with its outstanding employees. In addition to continuing to market the existing products, the Company also works proactively on next generation products, aiming to increase competitiveness by bringing high-quality products to the market ahead of 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, which are applied to mobile phones, digital TVs, PCs, digital appliances, 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, mid/high-end and flagship 5G/4G/3G smartphones, tablets, Chromebook and feature phones. Peripheral chips such as Bluetooth, WLAN, GPS, NFC and wireless charging are not only used in mobile phones, but also 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 videos, 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, etc.

## C. ASIC Products

ASIC chips are mainly used in consumer and enterprise electronics.

## D. Analog Products

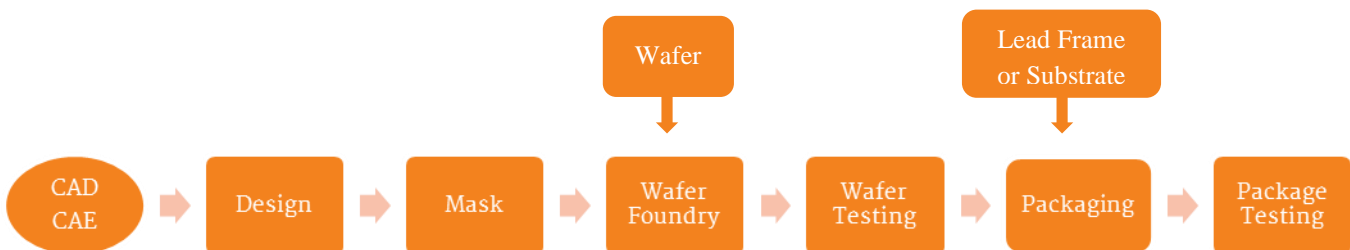
Power management chipsets are core components to provide stable electric current and voltage to electronics. The required functions of power management differ from devices to devices, including voltage detection systems for current protection, power transition for different voltages or AC/DC, power management that integrates multi-set of power transition circuits on a single chip, and driver chipsets for systems and other electronic components.

## E. Broadband Networking Products

xDSL chipsets are mainly used in digital modems which can be further categorized into the following 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, which also 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 are defined, IC design engineers, whose job is to do a blueprint that can be placed into production, will start the circuit design with computer-aided design (CAD) tools.



#### 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

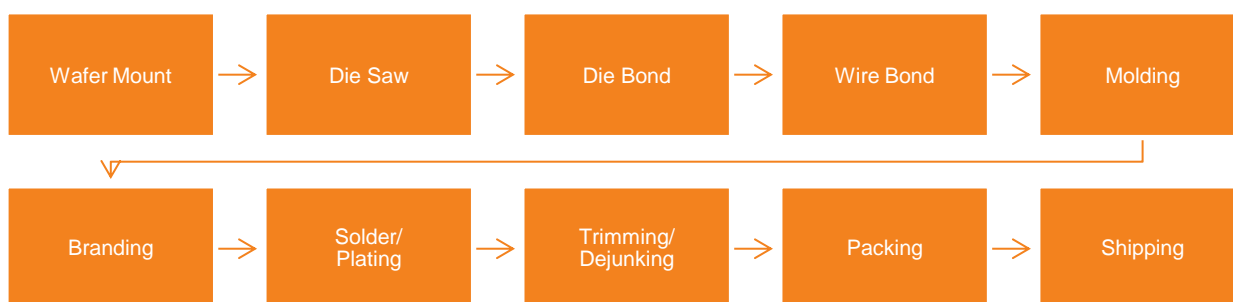
Wafer fabrication is outsourced to foundries. The wafer manufacturing process begins by entering a module and then going through etching, photo, thin film and diffusion with masks. The finished wafers must be tested before shipping to the next stage.

### 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 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 engages with other potential suppliers to ensure the supply, quality, and cost of 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

2020				2021			
Supplier	Amount Purchased	% of Total Purchase	Relation	Supplier	Amount Purchased	% of Total Purchase	Relation
Supplier A	79,000,104	55.48%	Not Related Party	Supplier A	142,693,691	63.34%	Not Related Party
Supplier C	13,528,677	9.50%	Not Related Party	Supplier B	15,241,080	6.77%	Not Related Party
Supplier B	10,582,154	7.43%	Not Related Party	Supplier C	12,245,257	5.44%	Not Related Party
Others	39,290,552	27.59%		Others	55,097,678	24.45%	
<b>Total</b>	<b>142,401,487</b>	<b>100.00%</b>		<b>Total</b>	<b>225,277,706</b>	<b>100.00%</b>	

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 / %

2020				2021			
Customer	Sales	% of Total Revenue	Relation	Customer	Sales	% of Total Revenue	Relation
Customer A	3,622,661	1.12%	Not Related Party	Customer A	70,405,724	14.27%	Not Related Party
Customer B	1,921,222	0.60%	Not Related Party	Customer B	54,477,584	11.04%	Not Related Party
Customer C	20,053,059	6.22%	Not Related Party	Customer C	51,255,548	10.39%	Not Related Party
Others	296,549,046	92.06%		Others	317,275,726	64.30%	
<b>Total</b>	<b>322,145,988</b>	<b>100.00%</b>		<b>Total</b>	<b>493,414,582</b>	<b>100.00%</b>	

## 2.5. Production Volume and Value in the Past Two Years

Unit: thousand pieces / NT\$ thousands

	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
<b>Multimedia and Handset Chipsets</b>	Not applicable	11,314,897	187,691,980	Not applicable (Note)	13,064,661	275,233,428

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

	2020				2021			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
<b>Multimedia and handset Chipsets</b>	3,584,996	27,577,685	8,927,803	289,916,036	2,981,339	35,857,367	9,668,927	453,043,153
<b>Others</b>	Not applicable	271,481	Not applicable	4,380,786	Not applicable	336,705	Not applicable	4,177,357
<b>Total</b>	<b>3,584,996</b>	<b>27,849,166</b>	<b>8,927,803</b>	<b>294,296,822</b>	<b>2,981,339</b>	<b>36,194,072</b>	<b>9,668,927</b>	<b>457,220,510</b>

### 3. Employees

		2020	2021	2022 (As of Feb 28)
Number of Employees	Management	954	1,009	1,024
	R&D	15,610	17,202	17,655
	Sales & Marketing	656	709	720
	Manufacturing	593	666	682
	Total	17,813	19,586	20,081
Average Age		36	36	36
Average Years of Service		5.4	5.4	5.6
Education	Doctoral	4.69%	4.76%	4.72%
	Master	70.75%	72.43%	72.15%
	University & College	24.15%	22.40%	22.59%
	High School	0.41%	0.41%	0.54%
	Total	100.00%	100.00%	100.00%

### 4. Material Contracts

As of February 28, 2022

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 to 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., announced to build a new office building on rented land.	None
Patent licensing	ATI Technologies ULC	From Sep. 16, 2019	Both 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 a new office building.	None

Note: For the Company's other related contractual commitments, please refer to Financial Statements and Independent Auditors' Report on page F1~page F149.

### 5. Information Security Management

#### 5.1. Information Security Management Strategy and Structure

##### 5.1.1 Information Security Risk Management Structure

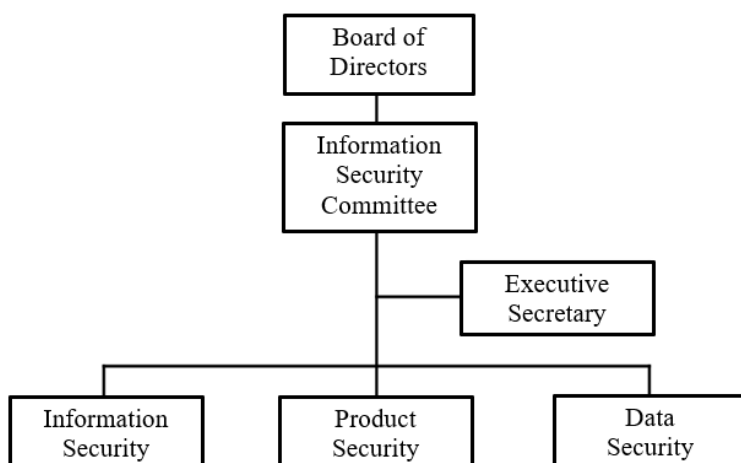
###### A. Corporate Information Security Governance organization

For managing information security risks, the Company established the Information Security Committee, chaired by Executive Director, to review the implementation of information security, product security and data security, and periodically report the inspection result to the Board of Directors. The Information Security Committee holds a meeting at least every 6 months or anytime dependent on information security requirement. The chairman of the Committee represents Information Security Committee and reports to the Board of Directors every year.

- a. Information Security: Including the management, planning, supervision and implementation of information security.
- b. Product Security: Including product safety framework planning and introduction, industry standard compliance, protocol formulation, training, threat risk modeling, testing procedure and vulnerability management.

- c. Data Security: Including the planning, implementation and discussion of intellectual property information management standards.

**B. MediaTek’s Organizational Structure for Information Security**



**5.1.2 Policy for Information Security**

**A. Corporate Information Security Management Strategy and Structure**

1. To strengthen information security management, MediaTek refers to international cybersecurity standards (such as the NIST Cybersecurity Framework) and complies with both international and domestic regulations to establish information security standards.
2. To ensure the confidentiality, integrity and availability of information, MediaTek adopts the strategy of layered cybersecurity detection and defense to proactively set preventive protection and lower the risks of unauthorized use, damage or leak of information.
3. To uphold customers’ confidence in product security, MediaTek establishes efficient control and management measures to ensure the product safety and privacy, including but not limiting to security requirement, framework analysis, threat analysis, code screening, security incidents response and leak management.
4. The cybersecurity response team should swiftly react and take necessary measures upon occurrence of cybersecurity incidents, and shorten the time required for operation resumption to lower potential damages. The team should also follow standard procedures to report and investigate the incident.
5. MediaTek enhance employees’ information security awareness through trainings to establish the concept that the responsibility of information security falls on everyone.

**B. Corporate Information Security Management and Continuous Improvement Structure**

To strengthen information security, MediaTek monitors internal information security conditions and refers to the National Institute of Standards and Technology Cybersecurity Framework of the United States to formulate information security protection and control measures.

**C. Managerial Plans**

a. Information Security Protection and Control Measures

<b>Identity</b>	Examine business environment, key resources and services to develop a risk management system that conforms to daily operations, including formulating information security standards and establishing asset management systems.
<b>Protect</b>	Formulate and implement corresponding defense measures to strengthen key resources and services, including Identity Access Management (IAM), antivirus software, endpoint protection and system repairment and management.
<b>Detect</b>	Establish real-time cybersecurity detection and warning mechanisms, including email protection, intrusion detection, Security Operations Center (SOC) and periodically examine

	information system framework.
<b>Respond</b>	Establish the Cyber Security Incident Response Team (CSIRT) to take charge of the management of cybersecurity incidents, including investigation, identification and providing plans for improvement. The reporting and handling of cybersecurity incidents should follow the standard procedures.
<b>Recover</b>	Formulate data back-up plans to shorten the time required for operation resumption upon occurrence of cybersecurity incidents.

b. Review of cybersecurity results

<b>Governance of information security</b>	<ul style="list-style-type: none"> <li>■ MediaTek was awarded the Information Security Leadership Award at the 14th TCSA in 2021</li> </ul>
<b>Assessment of information security</b>	<ul style="list-style-type: none"> <li>■ Periodically conduct red team drills and review computer information security</li> <li>■ Integrate threat information from third party to determine and manage external risks</li> <li>■ MediaTek's information security level of maturity was ranked "A" by SecurityScorecard, a third-party information security assessment tool</li> </ul>
<b>Result of product security</b>	<ul style="list-style-type: none"> <li>■ MediaTek was the first company in Taiwan to complete BSIMM assessment</li> <li>■ MediaTek is a member of CNA to keep up with security issues at all times</li> <li>■ MediaTek established Product Security Leak Detection Incentive Plan</li> <li>■ MediaTek announces product security leakage status on its website monthly to deal with product security issues under full visibility</li> </ul>

**D. The number of employees participating in the management of information security was 188 in 2021, and the related expenses was NT\$243mn.**

## 5.2. Information Security Risks and Countermeasures

With respect to information technology security risks and management measures, MediaTek, as a fabless semiconductor company, possesses many computers, instruments and information systems related to IC design business, which must be defended with an 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 is able to completely avoid any aggressive hacker attacks. Due to the rapid changes in hackers' attack techniques and malware technology, and the continued existence of unique and advanced attack activities, hackers may further affect the operation of the Company with the loss of important data. On the other hand, the Company's information system, including upstream and downstream partners and customer data 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 privilege account management, penetration testing, malware detection and interference, two-factor verification mechanism, social engineering drill, etc., and is equipped with intrusion detection systems at important information systems and network monitoring. MediaTek operates a security monitoring center and a team to unify the recording and continuously monitor and analyze the aforementioned important security incidents, and to ensure the detection effectiveness of security incidents by establishing a professional dedicated security team.

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 of such incidents, MediaTek has conducted system vulnerability tests since 2014, simulating important hackers' attacks to confirm whether there are system vulnerabilities. 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 team / blue team drills to discover and fix vulnerabilities in the information system as many as possible.

Certain hacker groups continue to attack IT companies that master key technologies. Once the system is infiltrated, backdoor programs will be implanted in the internal information system. To detect whether the information system has been implanted with backdoor programs or malicious programs, MediaTek has been implementing internal automated and large-scale malware detections periodically in 2015 to ensure the safety of information system. This type of hacking method often penetrates the Company's information system through social engineering malicious mail or any method of deceiving employees. In addition to repairing the loopholes of the information system, MediaTek implemented social engineering drills and performed security training on employees based on the results in 2015, to strengthen the information protection awareness of employees and the Company.

In light of the fact that some 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 that may impact company operations. MediaTek continues to build a trusted corporate environment through the aforementioned security control measures. However, even if a trusted environment is constructed, there are still chances for malicious attempts to try to login with the company's employee IDs. Therefore, MediaTek has strengthened the employee password policy and introduced a two-factor authentication mechanism to reinforce the identity authentication of the information system in 2019.

### 5.3. Major Information Security Incidents

No material findings were found in the information security audit in 2021, nor was there any violation of information security that may cause leaks of customer information or fines.



## VI. Corporate Sustainability

### 1. Corporate Promise

#### 1.1. Employee experiences

MediaTek has long been devoted to pursuing to build a healthy relationship with its employees and provided employees with challenging tasks and excellent experiences that meet with requirements. The Company has instituted responsible units specialized in compensation and benefits, training and development, global recruitment, as well as employee experiences, to propel and implement various policies at the company level. In addition, MediaTek cooperates with managers through HR Business Partner (HRBP), a specialized human resource strategic partner, at the business level to prosper the developments within units. Positive and active employee experience and relation are keys to MediaTek's consistent delivery of solid performance. The Company also devotes to the following aspects to continue to provide employees with the most complete working experience:

##### A. Employment

With an aim of building up a diverse and inclusive workplace, MediaTek strictly adheres to local laws and regulations and complies with the International Bill of Human Rights (such as Universal Declaration of Human Rights from the United Nations), maintaining employee freedom of association and endeavoring to eradicate violation of human rights. In terms of hiring, the Company prohibits all discriminatory behaviors during employment, and does not discriminate against employees based on race, age, gender, sexual orientation, disability, pregnancy, political affiliation, or religion. MediaTek also requires all employees to complete the Sexual Harassment Prevention training, aiming to build up a diverse and inclusive workplace. All employees must sign written labor contracts according to law. Work Rules clearly stipulate that there should be no incidence of forced labor, and employee work hours are set in accordance with labor laws.

##### B. Employee Communication

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. Communication platforms that are available around the clock were set up to respond to employees' questions in a timely manner. For example, AI Chatbot was introduced at the end of 2020, firstly to respond questions regarding human resources and services. 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 various events such as corporate events (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.

Take club promotion as an example, there were 63 employee clubs in total at the end of 2021 with over 25% of employees participating in at least one club. Due to Covid-19, the enrollment scheduled in July 2021 was

suspended, but is expected to restart in 2022. MediaTek offers employees reimbursements and allowances to effectively expand and extend the reach of clubs, which are highly valued as keys to employee cohesion and a sense of community.

Besides these events, HRBPs also continue to strengthen the bond between employees and supervisors at the business unit levels. Not only do the customized workshops, lectures and projects make business operations more effective, but they also smoothen the communication between employees and supervisors.

#### **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 ISO 45001 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.

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 16 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, MediaTek built onsite fitness centers at different office buildings to cultivate the habit of regular exercise. An annual wellbeing enhancement event was held in 2021 and MediaTek designed different programs targeting different employees who regularly, rarely or never exercised. This event aims at helping the staff to develop regular exercise routines through exciting programs and teamwork. Although all sports events were suspended in mid-May due to Covid-19, MediaTek continued to take care of employees' physical and mental wellbeing in various ways, such as holding an online sleep quality lecture, based on the annual health analysis. 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) reached 100% after the ease of Covid-19 impact. MediaTek offers additional service hours at noon and on holidays to provide more exercise opportunities for employees. The Company also hires 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. MediaTek also signed contracts with professional Employee Assistance Program to allow employees access to professional mental and legal consulting and assistance without pressure while their privacies are protected.

#### **E. Employee Services**

MediaTek provides employees with friendly and enjoyable working environment through overall policies and software/hardware facilities, as well as considerate services focusing on details in employees' perspective to lessen worries and meet personal needs. The Company continues to offer a working environment that is safer and with higher quality, such as optimizing space and replacing old chairs. In addition, the indoor smoking area was removed and relocate to outdoor in 2021.

The Company provides healthy, hygienic, and diversified food choices to maintain employees' balanced diet. There were over 20 eateries across headquarter buildings in 2021. Moreover, MediaTek continues to operate in accordance with policies from the epidemic prevention team and adopts multiple measures to assure a safe dining environment for employees.

## F. Care for the Employees and Their Families

MediaTek not only established employee-friendly relationship policies and environment but also provides 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 and HR Business Partner closely observe departments and conduct "Department Morale Survey", focus group interviews, and random interviews on abnormal results, to identify the reasons and improvement actions to 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. Not only that the Health and Lifestyle Center were open to employees' families on holidays, but a preschool was also announced to set up in 2018. The first enrollment of the preschool took place in 2019 and has now entered the third year. There are currently 135 students enrolled in the preschool.

## G. Employee Welfare Committee

MediaTek has founded Employee Welfare Committee whose members represent and are nominated by each department in accordance with 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 been allocating higher percentage of revenue than what is stipulated by law to sponsor Employee Welfare Committee, allowing the Committee to offer benefits with more variety. At the same time, MediaTek takes cohesiveness of each department and the flexibility of personal benefits into account, and set up departmental allowances for interaction activities, birthday celebrations or family days. 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 for a challenging and learning environment to inspire employees' potential and grow the Company's overall capability. There are various trainings based on employees' rank and nature of work:

- a. **Management Training System:** Help managers develop their training blueprint based on skills required for their positions.
- b. **Orientation:** Orientation hosted by Human Resources Department helps new staff to better fit in the workplace by learning company policies, corporate culture, working environment, etc.
- c. **General Training:** Fundamental training sessions for employees in all departments and job functions are held to meet regulatory and company policy requirements.
- d. **Technical Engineering Training:** Provide various professional trainings and development programs for engineers in accordance with different assignments they have and different phases they are 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 improve the personal skills and knowledge needed for daily assignments, cultivate different capabilities and enhance working effectiveness.
- g. **Language Training:** Based on employees' TOEIC scores, provide different levels of English learning programs to help them utilize English at work and thus enhance 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	2021				Jan. 1 to Feb. 28, 2022			
	Number of classes	Numbers of attendees	Hours	Total cost (NT\$)	Number of classes	Numbers of attendees	Hours	Total cost (NT\$)
Management Training System	132	3,069	17,911	49,603 thousand	11	287	3,866	1,376 thousand
Orientation	169	3,426	11,936		30	538	1,462	
Technical/engineering training	134	4,504	15,974		8	543	2,961	
Personal effectiveness	73	2,624	12,225		2	17	142	
Language training	53	1,639	26,526		3	177	4,159	
External training	518	518	16,410		38	38	1,716	
<b>Total</b>	<b>1,079</b>	<b>15,780</b>	<b>100,981</b>		<b>92</b>	<b>1,600</b>	<b>14,306</b>	

## I. Retirement System

Retirement plans in domestic and international business sites were set in accordance with local regulations. MediaTek provides defined benefits plans under the Labor Standards Act, and defined contribution plans under the Labor Pension Act. There were 99.2% of employees applied to defined contribution plans and 0.8% of employees still applied to defined benefits plans (namely rules in accordance with Labor Standards Act) in 2021. Under the Labor Standards Act, MediaTek provides pension based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The contribution amount equals to 2% of salaries paid each month and is deposit in Bank of Taiwan under the name Supervisory Committee on Labor Retirement Funds. Under the Labor Pension Act, MediaTek makes monthly contribution to each employee's pension account under Bureau of Labor Insurance. The contribution amount equals to at least 6% of each employee's monthly salary. The recognized pension expenses for defined contribution plans were 2,068 million NTD in 2021.

In addition to the pension reserve required by law, MediaTek also conducts actuarial calculation on pension reserve through qualified actuaries and contributes pensions and recognizes reserve as a pension liability on balance sheet to ensure employees' legitimacy to pensions and further encourage long term plans and efforts for employees' service at the Company.

## 1.2. Supplier Management

As a technology leader in the semiconductor industry, MediaTek is at the forefront of the value chain – IC 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, aiming to regulate potential risks and 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, and for joint developments in 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 ISO 45001 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. Science Education and Academic Support

#### 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 has started a series of activities to support elementary school students to develop inquisitive spirit toward science projects, held teacher training camps, science project awards, donated popular science education books, and provided reserved quota for schools from remote area to encourage more students to explore the field of science. Until 2021, MediaTek foundation has encouraged over 26,000 students to participate in science activities to learn its mystery, 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 explore the field of science. The program includes 5 stages: “initial screening process for science projects”, “teachers training camp for science project”, “promotion plan for science reading”, “sponsorships for county and city 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 96 projects were received in 2021, among which, 40 projects (35 schools) were selected after initial screening process and 40% were reserved for students in remote or disadvantaged schools. 35 Projects won the County/City Science and Technology Exhibition Awards, and 10 projects won the National Science and Technology Exhibition Awards. “National Elementary School Science Project Rewarding Program” is aiming to support students in schools lacking 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 Chiayi Da-Shiang Elementary School (83 students in the school) won the first place in earth science in the county and city competition, and Kinmen Jinhu Elementary School (601 students in the school) won the first place in chemistry, Changhua Tong An Elementary School (46 students in the school) won the second place in applied science of living, and Keelung Badou Elementary School (465 students in the school) won the third place in biology in the national competition, and Kinmen Chung Cheng Elementary School (1125 students in the school) won the second place in applied science of living.

The teachers training camp for science project in the second stage was held online due to Covid-19 and 67 teachers were participated. The students under their lead were nearly 200.

In the promotion plan for science reading in the third stage, 50 science books were provided to inspired students to learn more about science. Under this plan, 1,365 response cards were received and 1,201 people participated in sharing with friends and family. Some schools even further held science reading events 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 2021 Taiwan SciFest. Professor Chou Yi Chia, the winner of Up-and-Coming Star in UNESCO Awards For Women in Science, was invited to give a lecture on "Girl Power – Exploring New Science from the World of Atom". 230 people participated in the event.

### **2.1.2. "STEM" Program**

Based on the teacher training programs started from 2017, MediaTek initiated the first STEM program in 2021 to further extend the influence into elementary and junior high schools. This program encourages elementary and junior high school teachers who are enthusiastic about science education to create distinctive applied science lectures that introduce program design and IoT to help students build key capabilities and explore the possibilities of science in life.

The STEM program provides summer workshops to strengthen the technology and teaching capabilities of science teachers. It offers up to 50 thousand NTD of subsidies that can be utilized flexibly based on demand from each school due to differences in teaching materials. The program supports teachers' efforts on lecture development and provides up to 8 thousand NTD of subsidies for personal research on introducing new lectures and new technologies. Another 10 thousand NTD of subsidies will also be granted to teachers who lead students to participate in national applied science competitions that are held by the government during the program period. With various inventive plans, STEM program should be the backbone for teachers with new ideas and attempts. The program assisted 29 elementary and junior high schools in establishing official science classes or clubs in 2021, and has assisted 45 official classes, 14 clubs in total, covering 496 students in junior high schools and 1,006 students in elementary schools. It is expected to expand to 455 students in the second semester of 2021, a total of 1,987 students.

### **2.1.3. Teamed up with Taiwan Science and Education Museum and Department of Electrical Engineering, National Taiwan University to hold 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 resources of 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 Talent Intelligence Technology Camp (TITC) was held in the summer of 2019. The Camp enrolls students equipped with programming capabilities to join a six-day camp during the summer vacation, plus after-school return coaching and results announcement, in hope to cultivate future AI talents. In addition to professional software and hardware implementation, the course also brings demonstrations of industrial technology into electronic module, sensor and calculator application implementations, so that the participants can take the lead in experiencing and learning about the new generation AI technology. Through the actual operations including number guessing games, 8 puzzle games and Othello games, the camp also achieves the effect of edutainment, where participants learn the correct understanding while welcome the new generation, and acquire multiple technology capabilities needed in the future, as well as important concepts and applications of smart technology. In 2021, the 3<sup>rd</sup> Young TITC enrolled 33 high school students and 2 junior high school students. To expand the depth of the Camp, after the projects from the Camp were published, 20 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 17 out of the 20 projects have been trained to register for the Taiwan International Science Fair, and 11 have passed the preliminary review with 8 of which were under Computer Science and Information. Nearly 50% of projects in that category were proposed by students from the Camp.

### **2.1.4. Establish the MediaTek Fellowship**

MediaTek Fellowship was established in 2001, which 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, from 2002, MediaTek Fellowship started to reward outstanding electric engineering and information technology graduate students to pursue a doctoral degree domestically to cultivate future domestic technology research and education talents and thus to enhance the 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 without worries. There were 3 doctoral degree students fulfilled the fellowship term in 2021. 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**

MediaTek has had 85 papers published on International Solid-State Circuit Conference (ISSCC) up until 2022, the only company in Taiwan that has been selected for publication for 19 consecutive years. The 2 papers published this year focused on the audio decoder and the high-performance ARM v9 CPU. The audio decoder reached ultra-high motion range of 126dB and ultra-low distortion of -117dB, applicable to Metaverse devices with rich 3D audio effects and flagship smartphones with stereo level. The flagship smartphone ARM v9 processor adopted 5nm process node. A CPU subsystem equipped 3 computing levels and a clock rate of 3.4GHz was embedded with 27% of improvement in performance. ISSCC is the best place for the technical exchange of industry, academia and research experts of international semiconductor and SoCs. MediaTek has had papers selected every year for more than a decade. The research and development capabilities of the company are being seen.

In addition, MediaTek has started the higher education industry-academia cooperation since 2002 through MediaTek Advanced Research Centers (MARC). From 2013, the Company has built MediaTek innovative research centers in National Taiwan University, National Tsing Hua University and National Yang Ming Chiao Tung University, providing millions of research funding according to the number of professors' proposal. The total funding has exceeded 1 billion NTD in the past 20 years. The schools joined collaborated have expanded from National Taiwan University, National Tsing Hua University and National Yang Ming Chiao Tung University to Nation Cheng Kung University, National Chung Cheng University and National Taiwan University of Science and Technology. In addition to the collaboration with top universities in Taiwan, the Company has cooperated with more than a dozen of well-known international universities in the past 10 years, such as Harvard, MIT and USC. According to different developments in the technical field, various forward-looking technology developments are conducted with different international universities respectively to quickly integrate with international standards.

After Executive Yuan enacted National Key Fields Industry-University Cooperation and Skilled Personnel Training, to further respond to the key fields promoted by the government to solidify the core position in the global semiconductor value chain, MediaTek founded respective research centers in National Taiwan University, National Tsing Hua University and National Yang Ming Chiao Tung University at the end of 2021, with millions of dollars invested in the three centers every year. In accordance with the need for talent cultivation, MediaTek supports lecturers of graduate and doctoral degree students to bring industry's advanced semiconductor and IC design knowledge to the academia. With rich industrial experiences, the Company hopes to cultivate students to adapt to the fast-changing industry and obtain the latest technology information.

With MediaTek's change in product direction in recent years, the project plans cooperated with schools have greatly increased fields related to AI applications and 6G. 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, National Taiwan University System Chip Center, etc. This year, the Company also joined Semiconductor Research Corporation (SRC), which is an important global semiconductor organization that has been established for more than 40 years. SRC offers billions of USD to the academia for various forward-looking semiconductor research, with efforts from Intel, AMD, IBM, Micron, Qualcomm, TI, TSMC, Samsung, ARM and the government and academic units of the United States. MediaTek joined SRC's Decadal Plan for Semiconductors and the Global Research Collaboration Program (GRC).

Under the current international circumstance and technology developments, MediaTek focuses on the core business and invests more resources in the higher education in Taiwan to cultivate more high quality talents to help corporates in Taiwan better face challenges in the World.

## 2.2. Community Innovation

### 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 2021, 455 teams registered for the competition with over 1,800 participants, breaking the record. The improvement proposals were made for 200 townships in 22 cities and counties in Taiwan, including Kinmen, Matsu and Lanyu. The proposals touched on many fields, such as exercise, medicine, placemaking, ecosystem, education, environmental protection and social care. Needs from the society including public health and epidemic prevention, digital education, and e-commerce for supplies have also become fields for improvement post Covid-19, demonstrating public's passion for better hometowns, which is not impacted by the pandemic. In addition to advocating social innovation and calling on the public for participation, MediaTek actively led the value creation and provided training and coaching mechanisms for the 21 teams in the finals. The Company not only assigned 21 level-one managers as technical consultants of the teams, but also provided guidance from the perspective of technical thresholds, organizational effectiveness, financial advice, etc. Six professional professors in the field of design thinking were also invited as the mentor of the finalist team. Two months of training were provided by both the consultants and mentors. In September 2021, 6 workshops were held in Taipei, Tainan and online to help the teams refocus the pain points, review the effectiveness of the proposal and find out the direction for improvement.

The competition eventually selected one group for the one-million first prize, three groups for excellence prize and five groups for special prize. The first prize team, Disaster Prevention Team across Time and Space, focused on Wulai District in New Taipei City and conducted potential disaster evaluation through integrating radar satellite earth observing system, IoT environmental sensors and disaster monitoring APPs, as well as the experiences and knowledge long accumulated from local residents. It is expected that with the platform, people and the government will be able to sense disasters and take preventive measures earlier.

The competition has entered its fourth year, and the winning teams in the past two years can apply for local implementation to fulfill the projects. With guidance for technology, business model and support from rewards, there are 9 teams entering the local implementation stage.

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 level-one management was actively involved as team consultants to create value with the teams. MediaTek's "Genius for Home" is a platform to provide people with the heart to change society and create better future. This is also the implementation of "Everyday genius," the spirit of MediaTek.

### 2.2.2. Support the 2021 NASA hackathon and encourage people to use AI technology to solve earth problems

In order to encourage co-building a better future for earth through technology, MediaTek supported the participation in NASA's "2021 NASA Hackathon" competition and set up "MediaTek Better Future Award." From seeking solutions from data provided by NASA, this award would be presented to 4 projects with foresight, technology capabilities and application potentials.

## 2.3. Charity and community participation

### 2.3.1. In Memory of President Mr. Chiung-Lang Liu - Sponsor IC Radio Broadcasting Program and Book Donation Events

Identifying with the spirit of equality of arts and science from Mr. Chiung-Lang Liu, the president of National Tsing Hua University, MediaTek exclusively sponsors a program broadcasting on IC Radio hosted by the former president Mr. Chiung-Lang Liu. In 2021, 78 episodes was recorded and broadcasted with a total audience of 890 thousand and click rate of 2,448.



To continue to promote the spirit of the President and encourage junior high and high school students to read and write, MediaTek held a series of reading events in 2021 and donated a total of 244 sets of books (2,928 books) to 129 schools, including 116 schools in Hsinchu/Miaoli region and 13 schools in other cities and counties. 2 sharing and guiding reading events were hosted in remote schools in Hsinchu by volunteers in the reading and writing teaching team. There were 195 articles solicited with 20 of which winning the excellence award and 10 winning the honorable mention award.

### **2.3.2. Greater Chao Nan Project**

The MediaTek Foundation has partnered with Lovely Taiwan Foundation on the "Greater Chao Nan Cultivation Plan" in Pingtung, that aims to preserve local culture through education with the introduction of resources for arts and humanities and popular science education. The Greater Chao Nan Cultivation Plan is a four-year scheme that has gradually launched four initiatives including "Chao Academy", "Agriculture@ChaoNan", "Blue Sky Classroom", and "Slow-Touring the Greater Chao Nan Region." The initiatives are in hopes of weaving the natural and human cultural of Chao-zhou and Nan-zhou in Pingtung and accumulating the beauty and goodness of Taiwan. 2021 marked the second year of the four-year scheme. A total of 710.5 hours of classes across the four initiatives were arranged and benefitted 979 people.

### **2.3.3 Volunteering**

The Company always encourages employees to interact with the society and engage in volunteering, including interacting with the Ren-Ai Special Education Center in 2003, planting organic vegetables with Hua-Kuang Special Education Center in 2004, participating in greening, cleaning and arrangement of Morning Light School in 2005, hosting MediaTek's volunteer day - Beautiful Green World event with regard to International Day of the Blind in 2006, and providing various volunteer services in the 12 elementary schools in rural Hsinchu from 2007. The Company organized to set up Volunteer Club in 2011 to further promote the volunteering spirit to the Company level. And employees have since been proactively organized events to expand fields of care, including caring elders in nursing homes, visiting orphanage or participating in activities held by social welfare organizations, 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.

MediaTek has launched annual volunteering leave since 2015, encouraging employees to participate in contributing to the society and care for the groups in need. The Company also started organizing volunteers to engage in science education promotion, reading program in remote areas and charity events to make contribution to society. In 2021, there were three teams with a total of 52 volunteers participating in 1,416 hours of services and benefitted 769 people. In particular, the reading and writing team published selected articles of children for the third year with 52 volunteers joining the service program of National Yang Ming Chiao Tung University to develop online article correction platform. There were 14 schools benefitted from the volunteer service, including Dahu, Shui-Yuan, Ching-Tsao-Hu and Gau-Feng elementary schools in Hsinchu City; Baoshan, Bei-Pu, Dung-Hai, Po-Ai, Shi-Hsing and Liu-Jia elementary schools in Hsinchu County; Dong-He elementary school in Miaoli County; Tong-An and Ping-He elementary schools in Changhua County.

### **2.3.4 Environmental Activities**

MediaTek not only engages in public welfare businesses 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. Due to Covid-19, the Company initiated the environmental protection paper lunch box measure to sort all paper lunch boxes into the recycle system. In addition, the Company also set up charging stations in the parking lot of headquarter to contribute to energy sustainability.

## **3. Environmental Efforts**

MediaTek continues to promote various environmental protection activities as well as 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 2018, the Company has been receiving higher scores in environmental protection in the Corporate Citizen Award since 2017.

MediaTek passed ISO 14064-1 GHG emission verification in 2020 and 2021 and passed ISO 50001 energy management system verification in 2021.

## 3.1. Long-Term, Mid-Term and Short-Term Goals

### 3.1.1. Short-Term Environmental Goals

The short-term 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

The mid-term goals are to strengthen the Company's environmental protection organizations and employees' environmental awareness. Through recycle and reducing the use of resources, employees are encouraged to identify with environmental protection and to value the precious natural resources. MediaTek also holds energy-saving and carbon-reduction activities for employees on an ad-hoc basis.

### 3.1.3. Long-Term Environmental Goals

The long-term 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 Energy-Saving Management

MediaTek improves the air conditioning environment and conducts system control in the equipment room to reduce air conditioning waste. The Company has also built new IT facilities with new energy-saving technologies. The annual saving in 2021 was approximately NT\$32.15 million.

- A. MediaTek improves traditional IT facilities' air conditioning circulation system, reduces leakage, and increases environmental temperature as well as conducts system control to reduce air conditioning waste. In addition, the Company replaces traditional fluorescent lamp with LED lighting to generate air conditioner and lighting's power saving benefits with annual saving of NT\$3.8 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 IT facilities. The annual saving was NT\$28.35 million.

#### B. Office Area Air Conditioning Energy-Saving Management

MediaTek selects energy-saving system equipment and continues to improve the control system requirements to reduce air conditioning waste. The annual saving in 2021 was approximately NT\$13.15 million.

- A. MediaTek selects VAV air conditioning system, which conserves significant energy in air ventilation. Compared with the traditional AC control system, the new system can save 15~30% of power, equivalent to about NT\$5.68 million in savings.
- B. MediaTek adjusts water cooling control system from fixed flow to variable flow, so the required volume of cooled water, the number of active air conditioners and the operation time of air conditioners can be adjusted accordingly, with approximately NT\$ 2.01 million in savings.
- C. MediaTek adjusts water cooling machines' operation mode by taking temperature difference, machine operation hours, loaded on/off frequency, etc. into account. Making group machines run parallelly can also reduce the number of active machine and thus save energy. The annual saving was approximately NT\$2.21 million.
- D. MediaTek implements air conditional power saving measures in office areas and water cooling machine rooms. The Company increases temperatures of environment and chilling water as well as lowers the

number of active air conditioners and operation time, to achieve energy-saving without affecting equipment and employees' normal operation. The annual saving was approximately NT\$3.25 million.

### **C. Office Lighting Energy-Saving Management**

MediaTek continues to introduce energy-saving lighting equipment and takes several measures, including lowering lighting consumption and shortening lighting time. The annual saving in 2021 was approximately NT\$15.2 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, it limits 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 replaces traditional fluorescent lamp with LED lighting in staircases, parking lots, equipment rooms, shortens lighting time, and uses only LED lighting in the newly-setup office areas to save energy, with an annual saving of approximately NT\$12.96 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\$4.01 million in 2021.

- a. MediaTek conducts power-saving in testing areas and warehouse by adjusting temperature and humidity control settings, including lowering output pressure of dry oil, increasing temperature settings, 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 changing emulator equipment's air conditioner from air-cooled to water-cooled to save energy with an annual saving of approximately NT\$0.63 million.
- c. MediaTek uses modularized UPS for traditional IT facility expansion. Compared to the original standalone system, UPS can increase electricity conversion efficiency by about 15% to save energy with an annual saving of approximately NT\$1.49 million.

### **E. Fee Reduction Management**

MediaTek changes calculation for electricity fees from two-tier to three-tier and continues to review and track the differences between the power usage contract and fluctuations in electricity fees, as well as the continued benefits of power conservation since changing to three-tier pricing. The annual saving in 2021 was approximately NT\$8.47 million.

The Company reduced 10,794 tons and 6,922 tons of carbon dioxide emissions in 2021 and 2020, respectively (a savings of 21,500,000 kWh and 13,600,000 kWh). The calculating standard of the aforementioned carbon dioxide emissions is based on the release of Bureau of Energy, Ministry of Economic Affairs. The 2021 statistics was based on electricity emission coefficient that 1 kWh of electricity emission is equal to 0.502 kilogram of carbon dioxide, while the 2020 statistics was based on 0.509 kilogram of carbon dioxide.

## **3.2.2. Efforts in Water Saving**

- A. The Company replaces traditional faucets/toilets with water-saving faucets/toilets. Usage of water was reduced by approximately 2,480 tons in 2021 and carbon emission was reduced by 377 kg/CO<sub>2</sub>e.
- B. The Company implements a rainwater collection storage tank. Approximately 830 tons of rainwater was collected in 2021 for cooling water towers and watering plants. Carbon emission was reduced by 126 kg/CO<sub>2</sub>e.
- C. Approximately 16,257 tons of condensed water and RO water was recycled for gardening and approximately 2,471 kg/CO<sub>2</sub>e of carbon emission was reduced in 2021.

## **3.2.3. Waste Management and Recycling**

For the purpose of achieving the maximum benefits of effective waste management and recycling, MediaTek focuses on the reduction of waste. The Company effectively sorts out, recycles, re-uses, and properly disposes waste, and continues to limit the impact from storage, transportation, and processing of waste have on the environment. In order to effectively control the flow of waste, we have carefully selected qualified waste disposal and recycling suppliers, as well as audited the legitimacy of the waste disposal process randomly to take responsibility for supervising waste management.

### 3.2.4. In-Door Air Quality Management

Automatic carbon dioxide monitoring systems are installed in the office area, and environmental inspection is conducted every six months to ensure air quality, and all inspection results should be compliant with the indoor air quality standard of 1,000 ppm.

### 3.2.5. Green Transportation

- A. The Company leases large buses to transport employees to and from work through four main routes.
  - B. The Company provides a cross-plant shuttle bus every 20 minutes, and has changed to electric shuttle bus since July 2019.
  - C. The Company sets up 10 M-Bikes for colleagues to ride across plants.
  - D. The Company provides two electric motor vehicles for business use.
- The annual green transportation mileage exceeds 970,000 kilometers.

### 3.2.6. Others:

The Company continues to promote perspectives and polices for environmental protection, including electricity and water saving, recycling and respond to activities held by government and environmental groups.

## 3.3. Environment Safety Management

- A. Monitor the operation and safety of the Company's fire extinguisher/suppression system, water/electricity system and air-conditioning system around the clock.
- B. Check the 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& ISO 45001 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	2020	2021	Change	% of Change
<b>Current Assets</b>	291,862,293	346,864,726	55,002,433	19
<b>Funds and Investments</b>	116,766,859	128,123,366	11,356,507	10
<b>Property, Plant and Equipment</b>	38,971,343	49,111,180	10,139,837	26
<b>Intangible Assets</b>	76,271,667	73,525,649	(2,746,018)	(4)
<b>Other Assets</b>	10,034,165	63,251,827	53,217,662	530
<b>Total Assets</b>	533,906,327	660,876,748	126,970,421	24
<b>Current Liabilities</b>	143,798,425	211,106,280	67,307,855	47
<b>Non-current Liabilities</b>	15,023,451	16,122,574	1,099,123	7
<b>Total Liabilities</b>	158,821,876	227,228,854	68,406,978	43
<b>Common Stock</b>	15,902,755	15,988,903	86,148	1
<b>Capital Surplus</b>	76,745,750	59,776,045	(16,969,705)	(22)
<b>Retained Earnings</b>	217,635,230	302,649,721	85,014,491	39
<b>Other Equity</b>	61,606,056	53,656,597	(7,949,459)	(13)
<b>Treasury Shares</b>	(55,970)	(55,970)	-	-
<b>Non-controlling Interest</b>	3,250,630	1,632,598	(1,618,032)	(50)
<b>Total Equity</b>	375,084,451	433,647,894	58,563,443	16

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

- (1) Increase in property, plant and equipment: Mainly due to acquisition of land, buildings and computer communication equipment.
- (2) Increase in other assets: Mainly due to contract prepayments.
- (3) Increase in current liabilities: Mainly due to increase in short-term debt and other payables.
- (4) Decrease in capital surplus: Mainly due to capital surplus paid as cash dividend.
- (5) Increase in retained earnings: Mainly due to increase in annual net profit.
- (6) Decrease in non-controlling interest: Mainly due to change in ownership in subsidiaries.

## 1.2. Parent Company

Unit: NT\$ thousands

Item	2020	2021	Change	% of Change
<b>Current Assets</b>	143,621,071	154,562,926	10,941,855	8
<b>Funds and Investments</b>	244,691,569	316,693,591	72,002,022	29
<b>Property, Plant and Equipment</b>	20,388,079	29,877,083	9,489,004	47
<b>Intangible Assets</b>	58,505,350	57,272,022	(1,233,328)	(2)
<b>Other Assets</b>	6,139,793	37,871,610	31,731,817	517
<b>Total Assets</b>	473,345,862	596,277,232	122,931,370	26
<b>Current Liabilities</b>	93,079,755	146,384,287	53,304,532	57
<b>Non-current Liabilities</b>	8,432,286	17,877,649	9,445,363	112
<b>Total Liabilities</b>	101,512,041	164,261,936	62,749,895	62
<b>Common Stock</b>	15,902,755	15,988,903	86,148	1
<b>Capital Surplus</b>	76,745,750	59,776,045	(16,969,705)	(22)
<b>Retained Earnings</b>	217,635,230	302,649,721	85,014,491	39
<b>Other Equity</b>	61,606,056	53,656,597	(7,949,459)	(13)
<b>Treasury Shares</b>	(55,970)	(55,970)	-	-
<b>Total Equity</b>	371,833,821	432,015,296	60,181,475	16
<b>Explanation for changes that exceed 20% and reached NT\$10 million in the past two years:</b>				
(1) Increase in funds and investments: Mainly due to change in financial assets at fair value through profit or loss.				
(2) Increase in property, plant and equipment: Mainly due to acquisition of land and computer communication equipment.				
(3) Increase in other assets: Mainly due to contract prepayments.				
(4) Increase in current liabilities: Mainly due to increase in short-term debt and other payables.				
(5) Increase in non-current liabilities: Mainly due to increase in long-term account payables.				
(6) Decrease in capital surplus: Mainly due to capital surplus paid as cash dividend.				
(7) Increase in retained earnings: Mainly due to increase in annual net profit.				

## 2. Operating Results

### 2.1. Consolidated Report

Unit: NT\$ thousands

Item	2020	2021	Change	% of Change
Net Sales	322,145,988	493,414,582	171,268,594	53
Operating Costs	180,610,472	261,809,987	81,199,515	45
Gross Profit	141,535,516	231,604,595	90,069,079	64
Operating Expenses	98,316,277	123,564,361	25,248,084	26
Operating Income	43,219,239	108,040,234	64,820,995	150
Non-Operating Income and Expenses	4,363,447	18,811,819	14,448,372	331
Net Income before Income Tax	47,582,686	126,852,053	79,269,367	167
Income Tax Expense	6,144,113	14,979,520	8,835,407	144
Net Income	41,438,573	111,872,533	70,433,960	170
Other Comprehensive Income, net of tax	31,140,808	3,804,201	(27,336,607)	(88)
Total Comprehensive Income	72,579,381	115,676,734	43,097,353	59
Net Income Attributable to Owners of the Parent	40,916,800	111,421,062	70,504,262	172
Total Comprehensive Income Attributable to Owners of the Parent	72,047,329	115,241,937	43,194,608	60
<b>Explanation for changes that exceed 20% and reached NT\$10 million in the past two years:</b> <ol style="list-style-type: none"> <li>(1) Increase in net sales: Mainly due to increase in 5G SoC shipment.</li> <li>(2) Increase in operating costs: Mainly due to increase in net sales.</li> <li>(3) Increase in gross profit: Mainly due to better product mix.</li> <li>(4) Increase in operating expenses: Mainly due to increase in R&amp;D expenses.</li> <li>(5) Increase in non-operating income and expenses: Mainly due to increase in dividend income and gains on disposals of investments.</li> <li>(6) Increases in operating income, net income before income tax: Mainly due to increase in net sales.</li> <li>(7) Decrease in other comprehensive income, net of tax: Mainly due to decrease in share of profit or loss of affiliate companies and joint ventures accounted for using equity method.</li> <li>(8) Increases 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 increase in net income.</li> </ol>				

## 2.2. Parent Company

Unit: NT\$ thousands

Item	2020	2021	Change	% of Change
Net Sales	168,337,908	305,571,342	137,233,434	82
Operating Costs	94,346,514	174,236,062	79,889,548	85
Gross Profit	73,991,394	131,335,280	57,343,886	78
Unrealized Gross Profit on Sales	(41,711)	(566,377)	(524,666)	1,258
Realized Gross Profit on Sales	115,258	163,622	48,364	42
Net Gross Profit	74,064,941	130,932,525	56,867,584	77
Operating Expenses	58,107,793	79,255,447	21,147,654	36
Operating Income	15,957,148	51,677,078	35,719,930	224
Non-Operating Income and Expenses	27,677,569	69,227,264	41,549,695	150
Net Income before Income Tax	43,634,717	120,904,342	77,269,625	177
Income Tax Expense (Income)	2,717,917	9,483,280	6,765,363	249
Net Income	40,916,800	111,421,062	70,504,262	172
Other Comprehensive Income, net of tax	31,130,529	3,820,875	(27,309,654)	(88)
Total Comprehensive Income	72,047,329	115,241,937	43,194,608	60
<p>Explanation for changes that exceed 20% and reached NT\$10 million in the past two years:</p> <ol style="list-style-type: none"> <li>(1) Increase in net sales: Mainly due to increase in 5G SoC shipment.</li> <li>(2) Increase in operating costs: Mainly due to increase in net sales.</li> <li>(3) Increase in gross profit: Mainly due to better product mix.</li> <li>(4) Increase in unrealized (realized) gross profit on sales: Mainly due to increase in transactions between affiliated companies.</li> <li>(5) Increase in operating expenses: Mainly due to increase in R&amp;D expenses.</li> <li>(6) Increase in non-operating income and expenses: Mainly due to increase in share of profit or loss of subsidiaries, affiliate companies and joint ventures accounted for using equity method.</li> <li>(7) Increases in operating income, net income before income tax, income tax expense and net income: Mainly due to increase in net sales.</li> <li>(8) Decrease in other comprehensive income, net of tax: Mainly due to decrease in share of profit or loss of subsidiaries, affiliate companies and joint ventures accounted for using equity method.</li> <li>(9) Increase in total comprehensive income: Mainly due to increase in net income.</li> </ol>				



## 3. Cash Flow Analysis

### 3.1. Consolidated Report

Unit: NT\$ thousands

Cash Balance Dec. 31, 2020	Net Cash Provided by Operating Activities in 2021	Net Cash Outflows from Investing and Financing Activities in 2021	Impact of Foreign Exchange Ratio	Cash Balance Dec. 31, 2021	Remedy for Cash Shortfall (Investment & Financing Plan)
\$196,579,745	\$47,094,744	\$(56,875,776)	\$(3,094,119)	\$183,704,594	-

#### 3.1.1 Analysis of the Change in Cash Flow in 2021

**Operating activities:** Net cash inflow of NT\$47,094,744 thousand, mainly from operating profits.

**Investing activities:** Net cash outflow of NT\$ 28,924,484 thousand, mainly due to acquisition of property and equipment, and increase in refundable deposits.

**Financing activities:** Net cash outflow of NT\$ 27,951,292 thousand, mainly due to distribution of cash dividend.

#### 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, 2020	Net Cash Provided by Operating Activities in 2021	Net Cash Outflows from Investing and Financing Activities in 2021	Cash Balance Dec. 31, 2021	Remedy for Cash Shortfall (Investment & Financing Plan)
\$96,917,833	\$48,779,819	\$(74,348,282)	\$71,349,370	-

#### 3.2.1 Analysis of the Change in Cash Flow in 2021

**Operating activities:** Net cash inflow of NT\$48,779,819 thousand, mainly from operating profits.

**Investing activities:** Net cash outflow of NT\$45,655,158 thousand, mainly due to capital increase of subsidiary and acquisition of property and equipment.

**Financing activities:** Net cash outflow of NT\$28,693,124 thousand, mainly due to distribution of cash dividend.

#### 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 (2021 and 2020)	Status of Actual or Projected Use of Capital	
			2021	2020
Fixed Assets - Land, Office Building and R&D Equipment	Cash flow generated from operation	\$21,985,034	\$16,985,369	\$4,999,665
Intangible Assets - Software, IPs and Patents	Cash flow generated from operation	\$10,238,921	\$4,998,345	\$5,240,576

### 4.2. Expected Future Benefits

#### 1. Fixed Assets - Land and office buildings:

For the Company's sustainable operation, providing suitable and well-planned space is necessary for attracting talents to develop new products.

#### 2. Fixed Assets - R&D equipment:

R&D equipment 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 to many of the Company's advanced products.

## 5. Investment Policies

The Company's investments focus on long-term strategy and financial return. Investment profit from equity method investment in 2021 was NT\$978,482 thousand. The Company will continue to evaluate investment plans prudently under the aforementioned policy.

## 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, 2021 and 2020 decreases/increases by NT\$27,447 thousand and increases/decreases NT\$4,777 thousand, while equity decreases/increases by NT\$46,080 thousand and NT\$76,336 thousand, respectively.

#### Risks associated with interest rate:

The Company's exposure to interest rate risk relates primarily to the Company's investment with variable interest rates and bank borrowings with fixed/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, 2021 and 2020 to increase/decrease by NT\$3,875 thousand and NT\$2,492 thousand, respectively.

#### Risks associated with inflation:

There was no major impact from inflation on the Company's 2021 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 1.6TbE high speed Ethernet PHY chips	Early 2023
Next generation highly-integrated mobile communication SoCs and chipsets	End of 2022
Next generation tablet chipsets	End of 2022
Next generation highly-integrated wireless communication chips	End of 2022
Next generation low-power AIoT and smart home connectivity chips	End of 2022
Next generation highly-integrated 8K UltraHD Smart TV chips	End of 2022
Various electronics' next generation power management and controller chipsets	End of 2022
Next generation terabit passive optical network (xPON) chipsets	End of 2022
Next generation ten megabyte NBASE-T Ethernet physical chipsets	End of 2022

The Company's R&D projects all follow industry trends and are implemented in a highly integrated and economical manner. R&D expenses in 2021 and 2020 were NT\$96,080,761 thousand and NT\$77,324,828 thousand, accounting for 19% and 24% 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 2022 total R&D budget which is estimated to be 20% of 2022 revenue.

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

Major domestic and foreign policy and legal changes in the most recent year and up to the date of publication of the annual report 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 in the electronics and semiconductor industries are constantly changing. New standards and applications continuously emerge in wireless communication and smart edge platforms. 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

The Company's subsidiary, Richtek Technology Corporation, and Intel Corporation consensually ended the deal of Enpirion, a power management solution product line in July 2021, which has no significant impact on the Company's financial and business, nor on their other business cooperation projects.

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 Hsinchu Science Park, Chang Yih Science and Industrial Park, Tai Yuen Hi-Tech Industrial Park, Taipei City, 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 is 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

For litigious and non-litigious matters, any material impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company, its director, president, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending, the Annual Report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case.

- (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 the Company and its 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 incident has no significant impact on the operations of the Company and its subsidiary MediaTek USA Inc.
- (2) Divx, LLC filed a complaint in the United States District Court for the District of Delaware against the Company and its subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 9, 2020, alleging infringement of United States Patent Nos. 8,832,297, 10,212,486, 10,412,141, and 10,484,749. The court dismissed the claims against the Company 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 the Company and its 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 the Company 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 the Company and its subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent Nos. 9,590,977 and 10,298,564. The incident has no significant impact on the operations of the Company and its subsidiary MediaTek USA Inc. Philips filed a complaint with the U.S. International Trade Commission against the Company and its subsidiary MediaTek USA Inc. on September 18, 2020 alleging infringement of the same patents listed above. The Administrative Law Judge issued an Initial Determination, terminating the Company and its subsidiary from the investigation pursuant to the plaintiff's voluntary dismissal on July 19, 2021.
- (4) Liberty Patents, LLC, ("Liberty") filed a complaint in the United States District Court for the Western District of Texas against the Company and its subsidiary MediaTek USA Inc. on October 16, 2020, alleging infringement of U.S. Patent Nos. 6,535,959. Pursuant to the parties' joint motion, the court dismissed the claims against the Company and its subsidiary on July 1, 2021 and forbid the plaintiff to raise the same charge.
- (5) Ocean Semiconductor LLC, ("Ocean") filed a complaint in the United States District Court for the Western District of Texas against the Company and its 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 incident has no significant impact on the operations of the Company and its subsidiary MediaTek USA Inc.
- (6) Continental Circuits LLC and Continental Circuits of Texas LLC, ("Continental Circuits") filed a complaint in the United States District Court for the Eastern District of Texas against the Company on May 28, 2021, alleging infringement of U.S. Patent Nos. 7,501,582, 8,278,560, 8,581,105 and 9,374,912. The court dismissed the claims against the Company pursuant to the plaintiff's voluntary dismissal on December 10, 2021 and forbid the plaintiff to raise the same charge.
- (7) Elite Gaming Tech LLC, ("EGT") filed a complaint in the United States District Court for the Eastern District of Texas against the Company on March 18, 2021, alleging infringement of U.S. Patent Nos. 6,963,947.

Pursuant to the parties' joint motion, the court dismissed the claims against the Company on August 24, 2021 and forbid the plaintiff to raise the same charge.

- (8) DivX, LLC, ("DivX") filed a complaint in the United States District Court for the Eastern District of Texas against the Company and its subsidiary MediaTek Singapore Pte. Ltd. on August 11, 2021, alleging a breach of contract. Pursuant to the parties' joint motion, the court dismissed the claims against the Company and its subsidiary MediaTek Singapore Pte. Ltd. on January 28, 2022 and forbid the plaintiff to raise the same charge.
- (9) NXP USA INC., ("NXP") filed a complaint in the United States District Court for the Western District of Texas against the Company and its subsidiary MediaTek USA Inc. on August 24, 2021, alleging infringement of U.S. Patent Nos. 10,038,518, 10,560,158 and 10,742,780. The incident has no significant impact on the operations of the Company and its subsidiary MediaTek USA Inc.

NXP filed 8 complaints in the Nanjing Intellectual Property Court against the Company on September 26, 2021, September 27, 2021, and September 29, 2021, alleging infringement of PRC Patent No. ZL201510695445.0, ZL200580026196.0, ZL02820012.8 and ZL200780002987.9. The incident has no significant impact on the operations of the Company.

NXP USA INC. and NXP Semiconductors NV, ("NXP") filed a complaint in the U.S. International Trade Commission against the Company and its subsidiary MediaTek USA Inc. on November 1, 2021, alleging infringement of U.S. Patent Nos. 7,593,202, 8,482,136, 9,729,214, 10,904,058 and 8,558,591. The incident has no significant impact on the operations of the Company and its subsidiary MediaTek USA Inc.

NXP USA INC., ("NXP") filed a complaint in the United States District Court for the Central District of California against the Company and its subsidiary MediaTek USA Inc. on November 1, 2021, alleging infringement of U.S. Patent (same as aforementioned). The incident has no significant impact on the operations of the Company and its subsidiary MediaTek USA Inc.

NXP USA INC., ("NXP") filed a complaint in the United States District Court for the Central District of California against the Company and its subsidiary MediaTek USA Inc. on December 15, 2021, alleging infringement of U.S. Patent Nos. 9,480,018, 10,278,224, 10,404,839 and 10,764,874. The incident has no significant impact on the operations of the Company and its subsidiary MediaTek USA Inc.

The Company will handle these cases carefully.

### 6.13. Other Material Risk

For the last fiscal year and year to date, there is no known material risk to greatly impact the Company's financials.

## 7. Other Material Events

### 7.1. Certificate Holding Status for Personnel Associated with Financial Transparency

Certificate	CPA	US CPA	CICPA	CA	CIA	CFA
Singapore						
Headcount						
Finance	18	6	1	1	3	2
Internal audit	2	-	-	-	2	-

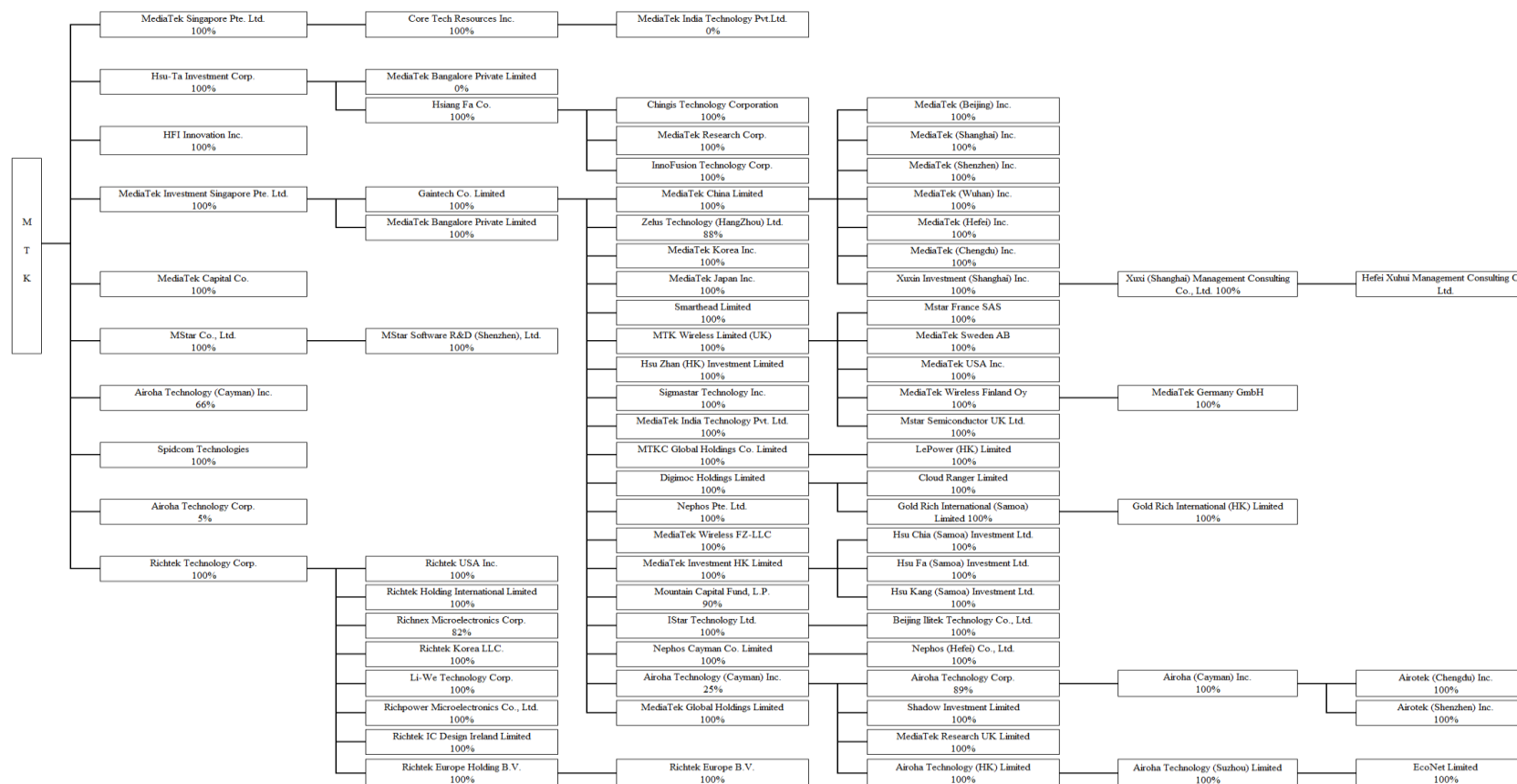
Certificate	CMA	FRM	CISA	TA	CFE
Headcount					
Finance	1	1	-	2	-
Internal audit	-	-	1	-	1

# VIII. Special Disclosure

## 1. Summary of Affiliated Companies

### 1.1. The Company's Affiliated Companies Chart

Dec. 31, 2021



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, 2021. Unit: NTD thousands / Foreign Currency thousands

Company Name	Date of Incorporation	Place of Registration	Capital Stock	Major Business
Hsu-Ta Investment Corp.	Sep 2002	Taiwan	NTD 3,993,801	General investing
MediaTek Singapore Pte. Ltd.	Jun 2004	Singapore	SGD 326,908	Research, manufacturing and sales
MediaTek Investment Singapore Pte. Ltd.	Jan 2008	Singapore	USD 2,932,855	General investing
MediaTek Capital Co.	July 2021	Taiwan	NTD 290,000	General investing
HFI Innovation Inc.	Feb 2016	Taiwan	NTD 1,746,918	Intellectual property right management
MStar Co., Ltd.	May 2003	Seychelles	USD 13,350	General investing
Spidcom Technologies	Sep 2002	France	EUR 146	Intellectual property right management
Hsiang Fa Co.	Sep 2000	Taiwan	NTD 2,086,037	General investing
MediaTek Research Corp.	Jan 2019	Taiwan	NTD 800	Research
InnoFusion Technology Corp.	Sep 2017	Taiwan	NTD 1,270,000	Technical services
Chingis Technology Corporation	Oct 1998	Taiwan	NTD 1,109,370	Research
MStar Software R&D (Shenzhen), Ltd.	Aug 2003	Mainland China	USD 30,000	Technical services
Core Tech Resources Inc.	Sep 2002	B.V.I.	USD 102,200	General investing
Gaintech Co. Limited	Jul 2000	Cayman Islands	USD 1,123,173	General investing
MediaTek Bangalore Private Limited	May 2014	India	INR 20,000	Research
Richtek Technology Corp.	Sep 1998	Taiwan	NTD 1,484,828	Research, manufacturing and sales
Richtek USA Inc.	Mar 2004	USA	USD 1,000	Sales and technical services
Richtek Holding International Limited	Nov 2007	B.V.I.	USD 3,000	General investing
Richnex Microelectronics Corp.	Dec 2007	Taiwan	NTD 330,000	Research, manufacturing and sales
Richtek Korea LLC.	Aug 2013	Korea	KRW 1,116,500	Research and technical services
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 IC Design Ireland Limited	Nov 2020	Ireland	EUR 0.001	Research
Richtek Europe Holding B.V.	Sep 2007	Netherlands	EUR 2,000	General investing
Richtek Europe B.V.	Sep 2007	Netherlands	EUR 1,500	Marketing service
Airoha Technology (Cayman) Inc.	Mar 2013	Cayman Islands	USD 92,196	General investing
Airoha Technology Corp.	Aug 2001	Taiwan	NTD 685,729	Research, manufacturing and sales
Shadow Investment Limited	Apr 2002	Samoa	USD 15,000	General investing
MediaTek Research UK Limited	Jan 2019	UK	GBP 280	Research
Airoha Technology (HK) Limited	Mar 2013	Hong Kong	USD 67,535	General investing, research, manufacturing and sales
Airoha (Cayman) Inc.	Oct 2009	Cayman Islands	USD 4,791	General investing
Airotek (Chengdu) Inc.	Sep 2017	Mainland China	USD 950	Research
Airotek (Shenzhen) Inc.	Sep 2017	Mainland China	USD 950	Research and technical services

Company Name	Date of Incorporation	Place of Registration	Capital Stock	Major Business
Airoha Technology (Suzhou) Limited	Apr 2014	Mainland China	USD 10,000	Research, manufacturing and sales
EcoNet Limited	Oct 2016	B.V.I.	USD 400	General investing and sales
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
Smarthead Limited	Jan 2011	Seychelles	USD 700	General investing
MediaTek Wireless FZ-LLC	Nov 2013	Dubai	AED 50	Technical services
Nephos Pte. Ltd.	Nov 2015	Singapore	SGD 0.001	Research
Nephos Cayman Co. Limited	Dec 2015	Cayman Islands	USD 113,110	General investing
Sigmastar Technology Inc.	Oct 2017	Cayman Islands	USD 1,512	General investing
Hsu Zhan (HK) Investment Limited	Aug 2021	Hong Kong	USD 2,053,400	General investing
MediaTek Global Holdings Limited	Aug 2021	UK	USD 500	General investing
IStar Technology Ltd.	Aug 2013	Cayman Islands	USD 50	General investing
MTKC Global Holdings Co. Limited	Aug 2021	B.V.I.	USD 0.01	General investing
Digimoc Holdings Limited	Sep 2007	B.V.I.	USD 915,639	General investing
MediaTek Investment HK Limited	Aug 2021	Hong Kong	USD 554,587	General investing
Mountain Capital Fund, L.P.	May 2015	Cayman Islands	N/A	General investing
Zelus Technology (HangZhou) Ltd.	Oct 2017	Mainland China	USD 5,150	Research and sales
Nephos (Hefei) Co., Ltd.	Jul 2016	Mainland China	USD 41,250	Research, manufacturing and sales
LePower (HK) Limited	Mar 2011	Hong Kong	USD 85,050	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
MediaTek (Shanghai) Inc.	Dec 2009	Mainland China	CNY 297,000	Research
Xuxin Investment (Shanghai) Inc.	Jan 2011	Mainland China	USD 62,000	General investing
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
MStar France SAS	Oct 2006	France	EUR 4,589	Research
MStar Semiconductor UK Ltd.	Jun 2007	UK	GBP 0.001	Research and technical services
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
MediaTek Germany GmbH	Nov 2021	Germany	EUR 500	Technical services

Company Name	Date of Incorporation	Place of Registration	Capital Stock	Major Business
Cloud Ranger Limited	Feb 2015	Samoa	USD 23,139	General investing
Gold Rich International (Samoa) Limited	Mar 2011	Samoa	USD 4,290	General investing
Gold Rich International (HK) Limited	Mar 2011	Hong Kong	USD 4,190	General investing
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

### 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, 2021; Unit: share / %

Company Name	Title	Name or Representative	Shares	% of Holding
Hsu-Ta Investment Corp.	Chairman	MediaTek Inc. ( Rep.:David Ku )	399,380,103	100
	Director	MediaTek Inc. ( Rep.:Jane Chen )	399,380,103	100
MediaTek Singapore Pte. Ltd.	Director	Ming-Kai Tsai	MediaTek Inc. 326,907,879	100
	Director	Bun Suan Heng	MediaTek Inc. 326,907,879	100
MediaTek Investment Singapore Pte. Ltd.	Director	David Ku	MediaTek Inc. 2,932,854,882	100
	Director	Bun Suan Heng	MediaTek Inc. 2,932,854,882	100
MediaTek Capital Co.	Chairman	MediaTek Inc. ( Rep.:Ming-Kai Tsai )	29,000,000	100
HFI Innovation Inc.	Chairman	MediaTek Inc. ( Rep.:David Ku )	174,691,821	100
MStar Co., Ltd.	Director	David Ku	MediaTek Inc. 13,350,000	100
Spidcom Technologies	Director	Ching-Jiang Hsieh	MediaTek Inc. 146,200	100
	Director	David Ku	MediaTek Inc. 146,200	100
	Director	Steven Liu	MediaTek Inc. 146,200	100
Hsiang Fa Co.	Chairman	Hsu-Ta Investment Corp.	208,603,653	100

Company Name	Title	Name or Representative	Shares	% of Holding
		( Rep.:David Ku )		
Mediatek Research Corp.	Chairman	Hsiang Fa Co. ( Rep.:David Ku )	80,000	100
InnoFusion Technology Corp.	Director/Chairman	Hsiang Fa Co. ( Rep.:Jane Chen )	127,000,000	100
Chingis Technology Corporation	Chairman	Hsiang Fa Co. ( Rep.:Chang-Chaio Han )	110,936,991	100
	Director	Hsiang Fa Co. ( Rep.:David Ku )	110,936,991	100
	Director	Hsiang Fa Co. ( Rep.:Jane Chen )	110,936,991	100
	Supervisor	Hsiang Fa Co. ( Rep.:Benson Tsai )	110,936,991	100
MStar Software R&D (Shenzhen), Ltd.	Executive director/ Legal representative	MStar Co., Ltd. Hai Wang	Not applicable	100
	Supervisor	MStar Co., Ltd. Iris Chen	Not applicable	100
Core Tech Resources Inc.	Director	David Ku	MediaTek Singapore Pte. Ltd. 102,200,000	100
Gaintech Co. Limited	Director	David Ku	MediaTek Investment Singapore Pte. Ltd. 1,123,172,524	100
MediaTek Bangalore Private Limited	Director	Cheng-Te Chuang	MediaTek Investment Singapore Pte. Ltd. 1,999,999	100
	Director	David Ku	MediaTek Investment Singapore Pte. Ltd. 1,999,999	100
	Director	Anku Jain	MediaTek Investment Singapore Pte. Ltd. 1,999,999	100
Richtek Technology Corp.	Chairman	MediaTek Inc. ( Rep.:Lih-Shyng Tsai )	148,482,806	100
	Director	MediaTek Inc. ( Rep.:Lawrence Loh )	148,482,806	100
	Director	MediaTek Inc. ( Rep.:David Ku )	148,482,806	100
Richtek USA Inc.	Director	Tom Kuo	Richtek Technology Corp. 1,000,000	100
	Director	Don Yuh	Richtek Technology Corp. 1,000,000	100
	Director	Nick Liu	Richtek Technology Corp. 1,000,000	100
Richtek Holding International Limited	Director	Chris Yuan	Richtek Technology Corp. 30,000	100
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 )	26,963,153	82
	Supervisor	York Chang	-	-
Richtek Korea LLC.	Director	Justin Park	Richtek Technology Corp. 10,000	100

Company Name	Title	Name or Representative	Shares	% of Holding
	Director	Tom Kuo	Richtek Technology Corp. 10,000	100
Li-We Technology Corp.	Executive director/ Legal representative	Richtek Technology Corp. Chris Yuan	Not applicable	100
	Supervisor	Richtek Technology Corp. Bruce Wang	Not applicable	100
Richpower Microelectronics Co., Ltd.	Executive director/ Legal representative	Richtek Technology Corp. Chris Yuan	Not applicable	100
	Supervisor	Richtek Technology Corp. Bruce Wang	Not applicable	100
Richtek IC Design Ireland Limited	Director	Nick Liu	Richtek Technology Corp. 1	100
	Non-executive director	David McCormick	Richtek Technology Corp. 1	100
Richtek Europe Holding B.V.	Director	Chris Yuan	Richtek Technology Corp. 2,000,000	100
	Director	Nick Liu	Richtek Technology Corp. 2,000,000	100
Richtek Europe B.V.	Director	Chris Yuan	Richtek Europe Holding B.V. 1,500,000	100
	Director	Nick Liu	Richtek Europe Holding B.V. 1,500,000	100
Airoha Technology (Cayman) Inc.	Director	Ching-Jiang Hsieh	MediaTek Inc. 61,092,908	66
	Director	David Ku		
	Director	Ching-Jiang Hsieh	Gaintech Co. Limited 22,886,194	25
	Director	David Ku		
Airoha Technology Corp.	Chairman	MediaTek Inc. ( Rep.:Ching-Jiang Hsieh)	3,473,292	5
	Director	MediaTek Inc. ( Rep.:David Ku)	3,473,292	5
	Director	MediaTek Inc. ( Rep.:Jane Chen)	3,473,292	5
	Director	MediaTek Inc. ( Rep.:David Chang)	3,473,292	5
	Director	MediaTek Inc. ( Rep.:Bomin Wang)	3,473,292	5
	Supervisor	Lydia Chang	-	-
	Supervisor	Benson Tsai	-	-
	Not applicable	Not applicable	Airoha Technology (Cayman) Inc. 61,092,908	89
Shadow Investment Limited	Director	Hsu-Feng Ho	Airoha Technology (Cayman) Inc. 15,000,000	100
MediaTek Research UK Limited	Director	David Ku	Airoha Technology (Cayman) Inc. 280,000	100
	Director	DS Shiu	Airoha Technology (Cayman) Inc. 280,000	100
Airoha Technology (HK) Limited	Director	Hsu-Feng Ho	Airoha Technology (Cayman) Inc. 67,534,520	100
Airoha (Cayman) Inc.	Director	Ching-Jiang Hsieh	Airoha Technology Corp. 9,581,167	100
EcoNet Limited	Director	Hsu-Feng Ho	Airoha Technology (Suzhou) Limited 400,000	100

Company Name	Title	Name or Representative	Shares	% of Holding
Airoha Technology (Suzhou) Limited	Chairman/ Legal representative	Airoha Technology (HK) Limited Ching-Jiang Hsieh	Not applicable	100
	Chairman/ Legal representative	Airoha Technology (HK) Limited Bomin Wang	Not applicable	100
	Chairman/ Legal representative	Airoha Technology (HK) Limited Anderson Liao	Not applicable	100
	Supervisor	Airoha Technology (HK) Limited Larry Huang	Not applicable	100
Airotek (Chengdu) Inc.	Executive director/ Legal representative	Airoha (Cayman) Inc. Yuchuan Yang	Not applicable	100
	Supervisor	Airoha (Cayman) Inc. David Liang	Not applicable	100
Airotek (Shenzhen) Inc.	Executive director/ Legal representative	Airoha (Cayman) Inc. Yuchuan Yang	Not applicable	100
	Supervisor	Airoha (Cayman) Inc. David Liang	Not applicable	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	Gaintech Co. Limited 84,394,826	100
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	Gaintech Co. Limited 5,499,999	100
	Director	Anku Jain	Gaintech Co. Limited 5,499,999	100
MediaTek Korea Inc.	Director	Jerry Yu	Gaintech Co. Limited 200,000	100
	Director	David Ku	Gaintech Co. Limited 200,000	100
	Director	Jane Chen	Gaintech Co. Limited 200,000	100
	Supervisor	Lydia Chang	Gaintech Co. Limited 200,000	100
Smarthead Limited	Director	Iris Chen	Gaintech Co. Limited 700,000	100
MediaTek Wireless FZ-LLC	Director	Bun Suan Heng	Gaintech Co. Limited 50	100
	Director	Iris Chen	Gaintech Co. Limited 50	100
	Director	David Ku	Gaintech Co. Limited 50	100
Nephos Pte. Ltd.	Director	Bun Suan Heng	Gaintech Co. Limited 1	100
	Director	Ching-Jiang Hsieh	Gaintech Co. Limited 1	100
Nephos Cayman Co. Limited	Director	Jerry Yu	Gaintech Co. Limited	100

Company Name	Title	Name or Representative	Shares	% of Holding
			113,110,426	
	Director	David Ku	Gaintech Co. Limited 113,110,426	100
Sigmastar Technology Inc.	Director	David Ku	Gaintech Co. Limited 1,511,579	100
Hsu Zhan (HK) Investment Limited	Director	Jane Chen	Gaintech Co. Limited 2,053,399,545	100
MediaTek Global Holdings Limited	Director	David Ku	Gaintech Co. Limited 500,001	100
IStar Technology Ltd.	Director	David Ku	Gaintech Co. Limited 50,000	100
MTKC Global Holdings Co. Limited	Director	David Ku	Gaintech Co. Limited 12	100
Digimoc Holdings Limited	Director	David Ku	Gaintech Co. Limited 915,638,880	100
MediaTek Investment HK Limited	Director	Jane Chen	Gaintech Co. Limited 554,587,474	100
Mountain Capital Fund, L.P.	Not applicable	Not applicable	Not applicable	90
Zelus Technology (HangZhou) Ltd.	Executive director/ Legal representative	Ningbo Meishan Bonded Port Area Zhifa Investment Partnership Hai Wang	Not applicable	7
	Director	Gaintech Co. Limited Vincent Hsu	Not applicable	88
	Director	Gaintech Co. Limited David Ku	Not applicable	88
	Supervisor	Gaintech Co. Limited Amy Chung	Not applicable	88
Nepfos (Hefei) Co. Ltd.	Executive director/ Legal representative	Nepfos Cayman Co. Limited Ching-Jiang Hsieh	Not applicable	100
	Director	Nepfos Cayman Co. Limited Jerry Yu	Not applicable	100
	Director	Nepfos Cayman Co. Limited David Ku	Not applicable	100
	Supervisor	Nepfos Cayman Co. Limited Amy Chung	Not applicable	100
Lepower (HK) Limited	Director	Jane Chen	MTKC Global Holdings Co. Limited 85,050,000	100
MediaTek (Hefei) Inc.	Executive director/ Legal representative	MediaTek China Limited Hai Wang	Not applicable	100
	Supervisor	MediaTek China Limited Amy Chung	Not applicable	100
MediaTek (Beijing) Inc.	Executive director/ Legal representative	MediaTek China Limited Hai Wang	Not applicable	100
	Supervisor	MediaTek China Limited Amy Chung	Not applicable	100
MediaTek (ShenZhen) Inc.	Executive director/ Legal representative	MediaTek China Limited Hai Wang	Not applicable	100
	Supervisor	MediaTek China Limited Amy Chung	Not applicable	100
MediaTek (Chengdu) Inc.	Executive director/ Legal representative	MediaTek China Limited Hai Wang	Not applicable	100
	Supervisor	MediaTek China Limited Amy Chung	Not applicable	100

Company Name	Title	Name or Representative	Shares	% of Holding
MediaTek (Wuhan) Inc.	Executive director/ Legal representative	MediaTek China Limited Hai Wang	Not applicable	100
	Supervisor	MediaTek China Limited Amy Chung	Not applicable	100
MediaTek (Shanghai) Inc.	Executive director/ Legal representative	MediaTek China Limited Hai Wang	Not applicable	100
	Supervisor	MediaTek China Limited Amy Chung	Not applicable	100
Xuxin Investment (Shanghai) Inc.	Executive director/ Legal representative	MediaTek China Limited Hai Wang	Not applicable	100
	Supervisor	MediaTek China Limited Amy Chung	Not applicable	100
Xuxi (Shanghai) Management Consulting Co., Ltd.	Executive director/ Legal representative	Xuxin Investment (Shanghai) Inc. Hai Wang	Not applicable	100
	Supervisor	Xuxin Investment (Shanghai) Inc. Iris Chen	Not applicable	100
Hefei Xuhui Management Consulting Co., Ltd.	Executive director/ Legal representative	Xuxi (Shanghai) Management Consulting Co., Ltd. Hai Wang	Not applicable	100
	Supervisor	Xuxi (Shanghai) Management Consulting Co., Ltd. Iris Chen	Not applicable	100
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	Not applicable	100
MStar France SAS	Director	David Ku	MTK Wireless Limited(UK) 458,900	100
MStar Semiconductor UK Ltd.	Director	David Ku	MTK Wireless Limited (UK)1	100
MediaTek Sweden AB	Director	David Ku	MTK Wireless Limited (UK) 1,008,371	100
	Director	Eric Tell	MTK Wireless Limited (UK) 1,008,371	100
MediaTek USA Inc.	Director	David Ku	MTK Wireless Limited (UK) 111,815	100
	Director	Kevin Jou	MTK Wireless Limited (UK) 111,815	100
MediaTek Wireless Finland Oy	Director	Jane Chen	MTK Wireless Limited (UK) 1,000	100
	Director	Ville Salmi	MTK Wireless Limited (UK) 1,000	100
	Director	Eric Tell	MTK Wireless Limited (UK) 1,000	100
MediaTek Germany GmbH	Director	Jane Chen	MediaTek Wireless Finland Oy 500,000	100
Cloud Ranger Limited	Director	Iris Chen	Digimoc Holdings Limited 23,139,000	100
Gold Rich International (Samoa) Limited	Director	Iris Chen	Digimoc Holdings Limited 4,290,000	100
Gold Rich International (HK) Limited	Director	Benson Tsai	Gold Rich International (Samoa) Limited 4,190,000	100
Hsu Chia (Samoa) Investment Ltd.	Director	Iris Chen	MediaTek Investment HK Limited 1,000,000,000	100



Company Name	Title	Name or Representative	Shares	% of Holding
Hsu Fa (Samoa) Investment Ltd.	Director	Iris Chen	MediaTek Investment HK Limited 1,000,000,000	100
Hsu Kang (Samoa) Investment Ltd.	Director	Iris Chen	MediaTek Investment HK Limited 1,000,000,000	100

## 1.6. Operation Highlights of the Company's Affiliated Companies

Dec. 31, 2021; Unit: NT\$ thousands

Company Name	Capital	Assets	Liabilities	Net Worth	Net Sales	Operating income (loss)	Net Income	EPS (NT\$)
Hsu-Ta Investment Corp.	3,993,801	17,176,270	325,106	16,851,164	361,270	360,775	(80,874)	(0.20)
MediaTek Singapore Pte. Ltd.	6,606,140	84,808,283	40,782,249	44,026,034	145,975,522	43,555,637	42,881,383	131.17
MediaTek Investment Singapore Pte. Ltd.	81,163,826	224,639,259	55,681	224,583,578	17,685,235	17,684,946	17,646,108	6.02
MediaTek Capital Co.	290,000	283,890	18,234	265,656	295	(27,047)	(26,937)	(0.93)
HFI Innovation Inc.	1,746,918	1,269,664	7,570	1,262,094	393,949	59,246	(19,304)	(0.11)
MStar Co., Ltd.	369,448	590,960	445,168	145,792	14,591	14,544	28,313	2.12
Spidcom Technologies	4,605	1,574	-	1,574	-	(1,049)	(1,049)	(7.18)
Hsiang Fa Co.	2,086,037	16,260,753	364,955	15,895,798	320,553	310,126	290,624	1.39
MediaTek Research Corp.	800	10,442	7,071	3,371	18,196	1,190	744	9.30
InnoFusion Technology Corp.	1,270,000	336,715	89,978	246,737	340,567	19,639	12,030	0.09
Chingis Technology Corporation	1,109,370	830,583	362,728	467,855	569,438	(75,621)	(35,557)	(0.32)
MStar Software R&D (Shenzhen), Ltd.	830,220	486,077	3,355	482,722	-	(171)	14,315	Not applicable
Core Tech Resources Inc.	2,828,283	4,443,416	43	4,443,373	12,999	12,925	12,957	0.13
Gaintech Co. Limited	31,082,676	226,759,354	4,265,319	222,494,035	17,889,003	17,638,522	17,466,102	15.55
MediaTek Bangalore Private Limited	7,433	1,568,272	643,984	924,288	1,444,331	240,722	218,460	109.23
Richtek Technology Corp.	1,484,828	18,534,461	6,829,108	11,705,353	25,999,958	6,716,675	5,689,718	38.32
Richtek USA Inc.	27,674	176,852	33,176	143,676	168,772	1,194	666	0.67
Richtek Holding International Limited	83,022	79,979	38,827	41,152	76,423	5,301	1,446	48.20
Richnex Microelectronics Corp.	330,000	61,240	13,543	47,697	65,263	16,668	16,816	0.51
Richtek Korea LLC.	26,003	62,342	60,864	1,478	176,052	(5,471)	(8,452)	(845.20)
Li-We Technology Corp.	69,185	97,298	99,250	(1,952)	160,866	(28,027)	(29,457)	Not applicable
Richpower Microelectronics Co., Ltd.	88,557	45,772	47,011	(1,239)	70,003	(16,371)	(17,097)	Not applicable
Richtek IC Design Ireland Limited	-	-	359	(359)	-	-	-	-
Richtek Europe Holding B.V.	62,992	44,125	69	44,056	-	(136)	(1,266)	(0.63)
Richtek Europe B.V.	47,244	33,985	5,388	28,597	15,571	(1,128)	(1,128)	(0.75)
Airoha Technology (Cayman) Inc.	2,551,432	12,607,353	-	12,607,353	-	(422)	2,830,877	30.76
Airoha Technology Corp.	685,729	7,971,591	3,644,739	4,326,852	11,390,214	2,184,963	1,937,323	15.79
Shadow Investment Limited	415,110	71,755	-	71,755	-	(45)	103	0.01
MediaTek Research UK Limited	10,484	28,966	6,058	22,908	47,923	3,135	6,081	21.72
Airoha Technology (HK) Limited	1,868,950	5,256,898	2,497,118	2,759,780	-	(8,071)	1,218,731	18.05
Airoha (Cayman) Inc.	132,575	486,581	-	486,581	13,180	12,819	12,819	1.34
Airotek (Chengdu) Inc.	26,290	78,675	30,476	48,199	172,783	6,442	6,117	Not applicable
Airotek (Shenzhen) Inc.	26,290	75,840	28,889	46,951	179,696	5,898	6,940	Not applicable

Company Name	Capital	Assets	Liabilities	Net Worth	Net Sales	Operating income (loss)	Net Income	EPS (NT\$)
Airoha Technology (Suzhou) Limited	276,740	5,753,284	3,933,234	1,820,050	5,650,926	1,307,365	1,400,815	Not applicable
EcoNet Limited	11,070	141,230	-	141,230	-	(63)	(6,031)	(15.08)
MediaTek China Limited	9,724,280	25,634,945	2,465,543	23,169,402	3,784,645	3,763,815	3,485,135	1.28
MTK Wireless Limited (UK)	3,159,989	7,053,163	578,514	6,474,649	859,279	56,207	476,199	5.64
MediaTek Japan Inc.	24,046	176,829	94,589	82,240	193,920	10,977	(721)	(101.55)
MediaTek India Technology Pvt. Ltd.	20,440	1,382,987	519,155	863,832	816,696	136,317	97,285	17.69
MediaTek Korea Inc.	46,580	615,490	380,966	234,524	872,423	57,074	19,192	95.96
Smarthead Limited	19,372	43,997	-	43,997	2,033	1,999	1,999	2.86
MediaTek Wireless FZ-LLC	377	20,405	12,548	7,857	44,643	2,126	2,085	41,700
Nephos Pte. Ltd.	-	-	-	-	-	(470)	(857)	(856,553)
Nephos Cayman Co. Limited	3,130,218	63,499	162,366	(98,867)	18,865	18,625	18,625	0.16
Sigmastar Technology Inc.	41,831	7,668,916	649,099	7,019,817	9,444,846	9,444,446	8,466,595	5,601.16
Hsu Zhan (HK) Investment Limited	56,825,779	56,860,530	-	56,860,530	36,409	35,189	35,189	0.02
MediaTek Global Holdings Limited	13,837	13,837	-	13,837	-	-	-	-
IStar Technology Ltd.	1,384	82,096	-	82,096	2	(6,243)	(6,243)	(124.86)
MTKC Global Holdings Co. Limited	-	9,370,205	-	9,370,205	6,463	6,462	6,462	538,500.00
Digimoc Holdings Limited	25,339,390	25,595,249	-	25,595,249	204,147	204,029	202,060	0.22
MediaTek Investment HK Limited	15,347,654	15,678,245	-	15,678,245	107,130	107,129	107,129	0.19
Zelus Technology (HangZhou) Ltd.	142,521	159,319	14,672	144,647	268,281	37,363	39,559	Not applicable
Nephos (Hefei) Co., Ltd.	1,141,553	455,434	434,819	20,615	-	(4)	18,851	Not applicable
LePower (HK) Limited	2,353,674	2,364,199	-	2,364,199	1,298	1,049	1,049	0.01
MediaTek (Hefei) Inc.	470,458	2,368,375	844,416	1,523,959	2,401,660	180,420	135,426	Not applicable
MediaTek (Beijing) Inc.	2,767,400	6,299,960	630,640	5,669,320	2,867,353	355,504	423,894	Not applicable
MediaTek (Shenzhen) Inc.	2,490,660	11,619,754	4,438,456	7,181,298	3,857,623	453,926	2,101,718	Not applicable
MediaTek (Chengdu) Inc.	1,378,165	2,950,520	710,663	2,239,857	1,439,346	98,709	120,564	Not applicable
MediaTek (Wuhan) Inc.	669,711	2,219,595	1,349,635	869,960	552,129	40,854	44,957	Not applicable
MediaTek (Shanghai) Inc.	1,293,931	5,632,954	2,376,117	3,256,837	1,728,511	124,643	895,239	Not applicable
Xuxin Investment (Shanghai) Inc.	1,715,788	3,543,339	125,902	3,417,437	23,084	22,700	20,956	Not applicable
Xuxi (Shanghai) Management Consulting Co., Ltd.	1,459,702	2,625,735	-	2,625,735	10,621	10,570	10,570	Not applicable
Hefei Xuhui Management Consulting Co., Ltd.	1,459,484	2,946,886	321,312	2,625,574	14,173	14,160	10,620	Not applicable
Beijing Ilitek Technology Co., Ltd.	83,022	74,432	323	74,109	10,938	514	(270)	Not applicable
MStar France SAS	144,534	158,949	1,345	157,604	-	(1,397)	(1,469)	(3.20)
MStar Semiconductor UK Ltd.	-	66,850	1,896	64,954	-	(478)	(473)	(473,000)
MediaTek Sweden AB	3,087	507,141	43,656	463,485	129,870	8,496	9,357	9.28
MediaTek USA Inc.	3	8,117,363	3,808,006	4,309,357	6,037,165	389,029	344,027	3,076.75
MediaTek Wireless Finland Oy	79	764,689	336,590	428,099	972,116	63,596	57,149	57,149
MediaTek Germany GmbH	15,748	15,653	523	15,130	-	(651)	(651)	(1.30)
Cloud Ranger Limited	640,349	1,690,245	-	1,690,245	669	1	1	-

Company Name	Capital	Assets	Liabilities	Net Worth	Net Sales	Operating income (loss)	Net Income	EPS (NT\$)
Gold Rich International (Samoa) Limited	118,721	12,149,898	-	12,149,898	49,996	49,964	49,964	11.65
Gold Rich International (HK) Limited	115,954	13,435,981	1,288,394	12,147,587	57,886	55,575	49,984	11.93
Hsu Chia (Samoa) Investment Ltd.	4,356,670	5,254,236	-	5,254,236	154,780	146,760	146,781	0.15
Hsu Fa (Samoa) Investment Ltd.	4,356,670	5,232,396	-	5,232,396	150,329	145,651	145,706	0.15
Hsu Kang (Samoa) Investment Ltd.	4,356,670	5,188,845	-	5,188,845	133,472	119,681	119,672	0.12

Note: The amount of capital, asset, liabilities and net worth in this table were calculated using the exchange rate at end of 2021. The net sales, income from operation, net income and EPS numbers were calculated using the average exchange rate in 2021.

## 2. Private Placement Securities

None.

## 3. Holding or Disposition of the Company Stocks by Subsidiaries

Unit: NTS 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
Hsiang Fa Co.	2,086,037	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 Act

None.

## 5. Other Necessary Supplement

None.

## IX. Financial Information

### 1. Condensed Balance Sheets

#### 1.1. 2017-2021 Consolidated Condensed Balance Sheets – the Company & Subsidiaries

Unit: NT\$ thousands

Item	2017	2018	2019	2020	2021	
<b>Current assets</b>	238,664,496	236,037,524	266,729,101	291,862,293	346,864,726	
<b>Funds and investments</b>	38,124,359	49,261,788	73,277,847	116,766,859	128,123,366	
<b>Property, plant and equipment</b>	36,938,640	37,603,586	38,889,940	38,971,343	49,111,180	
<b>Intangible assets</b>	76,029,080	73,788,598	70,917,102	76,271,667	73,525,649	
<b>Other assets</b>	5,409,633	6,144,548	8,887,804	10,034,165	63,251,827	
<b>Total assets</b>	395,166,208	402,836,044	458,701,794	533,906,327	660,876,748	
<b>Current liabilities</b>	Before distribution	127,257,383	122,592,079	131,098,015	143,798,425	211,106,280
	After distribution	143,050,113	136,879,929	147,780,944	202,643,021	(Note)
<b>Non-current liabilities</b>	6,709,812	5,918,058	13,204,241	15,023,451	16,122,574	
<b>Total liabilities</b>	Before distribution	133,967,195	128,510,137	144,302,256	158,821,876	227,228,854
	After distribution	149,759,925	142,797,987	160,985,185	217,666,472	(Note)
<b>Equity attributable to owners of the parent</b>						
<b>Share capital</b>	15,814,371	15,915,070	15,900,253	15,902,755	15,988,903	
<b>Capital surplus</b>	Before distribution	88,210,819	85,237,214	82,392,203	76,745,750	59,776,045
	After distribution	84,262,637	80,474,597	73,653,526	51,299,438	(Note)
<b>Retained earnings</b>	Before distribution	137,627,576	148,009,403	169,237,532	217,635,230	302,649,721
	After distribution	125,783,028	138,484,170	161,293,280	184,236,946	(Note)
<b>Other equity</b>	18,214,847	23,840,504	45,276,326	61,606,056	53,656,597	
<b>Treasury shares</b>	(55,970)	(55,970)	(55,970)	(55,970)	(55,970)	
<b>Total equity attributable to owners of the parent</b>	Before distribution	259,811,643	272,946,221	312,750,344	371,833,821	432,015,296
	After distribution	244,018,913	258,658,371	296,067,415	312,989,225	(Note)
<b>Non-controlling interests</b>	1,387,870	1,379,686	1,649,194	3,250,630	1,632,598	
<b>Total equity</b>	Before distribution	261,199,013	274,325,907	314,399,538	375,084,451	433,647,894
	After distribution	245,406,283	260,038,057	297,716,609	316,239,855	(Note)

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

## 1.2. 2017-2021 Condensed Balance Sheets – Parent Company

Unit: NTS thousands

Item	2017	2018	2019	2020	2021	
<b>Current assets</b>	96,561,558	92,454,434	137,776,031	143,621,071	154,562,926	
<b>Funds and investments</b>	186,823,137	194,393,642	196,537,558	244,691,569	316,693,591	
<b>Property, plant and equipment</b>	12,425,597	12,988,180	20,003,889	20,388,079	29,877,083	
<b>Intangible assets</b>	29,449,574	28,975,722	54,646,668	58,505,350	57,272,022	
<b>Other assets</b>	1,897,443	3,226,374	5,228,970	6,139,793	37,871,610	
<b>Total assets</b>	327,157,309	332,038,352	414,193,116	473,345,862	596,277,232	
<b>Current liabilities</b>	Before distribution	65,335,126	57,235,307	95,302,921	93,079,755	146,384,287
	After distribution	81,127,856	71,523,157	111,985,850	151,924,351	(Note)
<b>Non-current liabilities</b>	2,010,540	1,856,824	6,139,851	8,432,286	17,877,649	
<b>Total liabilities</b>	Before distribution	67,345,666	59,092,131	101,442,772	101,512,041	164,261,936
	After distribution	83,138,396	73,379,981	118,125,701	160,356,637	(Note)
<b>Share capital</b>	15,814,371	15,915,070	15,900,253	15,902,755	15,988,903	
<b>Capital surplus</b>	Before distribution	88,210,819	85,237,214	82,392,203	76,745,750	59,776,045
	After distribution	84,262,637	80,474,597	73,653,526	51,299,438	(Note)
<b>Retained earnings</b>	Before distribution	137,627,576	148,009,403	169,237,532	217,635,230	302,649,721
	After distribution	125,783,028	138,484,170	161,293,280	184,236,946	(Note)
<b>Other equity</b>	18,214,847	23,840,504	45,276,326	61,606,056	53,656,597	
<b>Treasury shares</b>	(55,970)	(55,970)	(55,970)	(55,970)	(55,970)	
<b>Total equity</b>	Before distribution	259,811,643	272,946,221	312,750,344	371,833,821	432,015,296
	After distribution	244,018,913	258,658,371	296,067,415	312,989,225	(Note)

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

## 2. Condensed Statements of Comprehensive Income

### 2.1. 2017-2021 Consolidated Condensed Statements of Comprehensive Income – the Company & Subsidiaries

Unit: NTS thousands

Item	2017	2018	2019	2020	2021
Net sales	238,216,318	238,057,346	246,221,731	322,145,988	493,414,582
Gross profit	84,885,882	91,723,688	103,045,508	141,535,516	231,604,595
Operating income	9,819,142	16,182,476	22,567,452	43,219,239	108,040,234
Non-operating income and expenses	17,418,321	7,509,009	4,459,917	4,363,447	18,811,819
Net income before income tax	27,237,463	23,691,485	27,027,369	47,582,686	126,852,053
Net income	24,070,098	20,782,396	23,204,310	41,438,573	111,872,533
Other comprehensive Income, net of tax	5,263,033	78,580	29,821,023	31,140,808	3,804,201
Total comprehensive income	29,333,131	20,860,976	53,025,333	72,579,381	115,676,734
Net income (loss) for the periods attributable to:					
Owners of the parent	24,332,604	20,760,498	23,032,721	40,916,800	111,421,062
Non-controlling interests	(262,506)	21,898	171,589	521,773	451,471
Total comprehensive income for the periods attributable to:					
Owners of the parent	29,601,582	20,860,790	52,896,235	72,047,329	115,241,937
Non-controlling interests	(268,451)	186	129,098	532,052	434,797
Earnings per share (NTS)	15.56	13.26	14.69	26.01	70.56
Earnings per share – adjusted (NTS)	15.56	13.26	14.69	26.01	(Note)

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

### 2.2. 2017-2021 Condensed Statements of Comprehensive Income – Parent Company

Unit: NTS thousands

Item	2017	2018	2019	2020	2021
Net sales	92,525,183	88,795,775	136,467,915	168,337,908	305,571,342
Gross profit	34,777,752	36,371,930	55,615,165	73,991,394	131,335,280
Operating income	517,600	2,872,510	9,459,305	15,957,148	51,677,078
Non-operating income and expenses	23,308,592	17,981,150	15,879,699	27,677,569	69,227,264
Net income before income tax	23,826,192	20,853,660	25,339,004	43,634,717	120,904,342
Net income	24,332,604	20,760,498	23,032,721	40,916,800	111,421,062
Other Comprehensive Income, net of tax	5,268,978	100,292	29,863,514	31,130,529	3,820,875
Total comprehensive income	29,601,582	20,860,790	52,896,235	72,047,329	115,241,937
Earnings per share (NTS)	15.56	13.26	14.69	26.01	70.56
Earnings per share – adjusted (NTS)	15.56	13.26	14.69	26.01	(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
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
2021	Ernst & Young	Shau-Pin Kuo, Wen-Fun Fuh	Unqualified Opinions



## 4. Five-Year Financial Analysis

### 4.1. 2017-2021 Consolidated Financial Analysis – the Company & Subsidiaries

Item		2017	2018	2019	2020	2021	
<b>Capital structure analysis</b>	Debt ratio (%)	33.90	31.90	31.45	29.74	34.38	
	Long-term fund to property, plant and equipment ratio (%)	712.69	731.98	811.63	971.75	886.42	
<b>Liquidity Analysis</b>	Current ratio (%)	187.54	192.53	203.45	202.96	164.30	
	Quick ratio (%)	165.59	166.02	181.21	175.75	128.74	
	Times interest earned (Times)	30.00	14.74	17.59	80.97	659.62	
<b>Operating performance analysis</b>	Average collection turnover (Times)	12.74	10.38	8.82	10.74	10.75	
	Days sales outstanding	29	35	41	34	34	
	Average inventory turnover (Times)	5.07	5.08	4.88	5.53	4.71	
	Average payment turnover (Times)	6.36	7.09	7.15	6.36	6.71	
	Average inventory turnover days	72	72	75	66	77	
	Property, plant and equipment turnover (Times)	6.45	6.38	6.43	8.27	11.20	
	Total assets turnover (Times)	0.62	0.59	0.57	0.64	0.82	
<b>Profitability analysis</b>	Return on total assets (%)	6.48	5.55	5.68	8.44	18.75	
	Return on equity attributable to owners of the parent (%)	9.47	7.76	7.88	12.02	27.66	
	Pre-tax income to paid-in capital (%)	172.23	148.86	169.98	299.21	793.37	
	Net margin (%)	10.10	8.72	9.42	12.86	22.67	
	Earnings per share (NT\$)	Before adjustments	15.56	13.26	14.69	26.01	70.56
		After adjustments	15.56	13.26	14.69	26.01	N/A
<b>Cash flow</b>	Cash flow ratio (%)	16.77	16.59	32.49	55.32	22.30	
	Cash flow adequacy ratio (%)	102.91	83.83	97.91	149.55	96.92	
	Cash flow reinvestment ratio (%)	3.21	2.17	10.67	19.34	(3.30)	
<b>Leverage</b>	Operating leverage	18.93	11.54	8.30	5.77	3.63	
	Financial leverage	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) Quick ratio decreased by 27%: Mainly due to increase in short-term debt.
- (2) Times interest earned increased by 715%: Mainly due to increase in net income.
- (3) Property, plant and equipment turnover increased by 35%, total assets turnover increased by 28%: Mainly due to increase in net sales.
- (4) Return on total assets increased by 122%, return on equity attributable to shareholders of the parent increased by 130%, net margin increased by 76%, earnings per share increased by 171%: Mainly due to increase in net income.
- (5) Pre-tax income to paid-in capital increased by 165%: Mainly due to increase in pre-tax income.
- (6) Cash flow ratio decreased by 60%: Mainly due to decrease in net cash provided by operating activities and increase in short-term debt.
- (7) Cash flow adequacy ratio decreased by 35%: Mainly due to increase in capital expenditures, ending inventory, and cash dividend in the past 5 years.
- (8) Cash flow reinvestment ratio decreased by 117%: Mainly due to increase in cash dividend.
- (9) Operating leverage decreased by 37%: Mainly due to increase in operating income.

## 4.2. 2017-2021 Financial Analysis – Parent Company

Item		2017	2018	2019	2020	2021	
<b>Capital structure analysis</b>	Debt ratio (%)	20.59	17.79	24.49	21.44	27.54	
	Long-term fund to property, plant and equipment ratio (%)	2,099.34	2,103.86	1,567.54	1,835.23	1,479.23	
<b>Liquidity Analysis</b>	Current ratio (%)	147.79	161.53	144.56	154.29	105.58	
	Quick ratio (%)	136.74	144.92	130.31	131.33	77.25	
	Times interest earned (Times)	46.11	23.00	26.84	98.76	1,067.72	
<b>Operating performance analysis</b>	Average collection turnover (Times)	15.67	11.65	11.64	10.40	11.80	
	Days sales outstanding	23	31	31	35	31	
	Average inventory turnover (Times)	5.45	6.61	7.37	5.57	5.64	
	Average payment turnover (Times)	7.59	10.73	9.55	5.33	7.11	
	Average inventory turnover days	67	55	50	66	65	
	Property, plant, and equipment turnover (Times)	7.47	6.98	8.27	8.33	12.15	
	Total assets turnover (Times)	0.29	0.26	0.36	0.37	0.57	
<b>Profitability analysis</b>	Return on total assets (%)	7.84	6.52	6.38	9.30	20.85	
	Return on equity attributable to shareholders of the parent (%)	9.64	7.79	7.86	11.95	27.72	
	Pre-tax income to paid-in capital (%)	150.66	131.03	159.36	274.38	756.17	
	Net margin (%)	26.30	23.38	16.87	24.30	36.46	
	Basic earnings per share (NT\$)	Before adjustments	15.56	13.26	14.69	26.01	70.56
		After adjustments	15.56	13.26	14.69	26.01	N/A
<b>Cash flow</b>	Cash flow ratio (%)	40.15	18.78	29.12	55.29	33.32	
	Cash flow adequacy ratio (%)	122.29	99.03	69.34	112.21	87.82	
	Cash flow reinvestment ratio (%)	4.73	(1.97)	5.00	10.57	(2.66)	
<b>Leverage</b>	Operating leverage	129.32	21.81	10.60	7.68	4.64	
	Financial leverage	(48.75)	1.49	1.12	1.03	1.00	

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

- (1) Debt ratio increased by 28%, current ratio decreased by 32%, quick ratio decreased by 32%, quick ratio decreased by 41%: Mainly due to increase in short-term debt.
- (2) Times interest earned increased by 981%: Mainly due to increase in net income.
- (3) Average payment turnover increased by 33%: Mainly due to increase in cost of goods sold.
- (4) Property, plant and equipment turnover increased by 46%, total assets turnover increased by 54%: Mainly due to increase in net sales.
- (5) Return on total assets increased by 124%, return on equity attributable to shareholders of the parent increased by 132%, net margin increased by 50%, earnings per share increased by 171%: Mainly due to increase in net income.
- (6) Pre-tax income to paid-in capital increased by 176%: Mainly due to increase in pre-tax income.
- (7) Cash flow ratio decreased by 40%: Mainly due to increase in short-term debt.
- (8) Cash flow adequacy ratio decreased by 22%: Mainly due to increase in capital expenditures, ending inventory, and cash dividend in the past 5 years.
- (9) Cash flow reinvestment ratio decreased by 125%: Mainly due to increase in cash dividend.
- (10) Operating leverage decreased by 40%: 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 2021 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. 2022 Annual General Shareholders' Meeting

MediaTek Inc.

Chairman of the Audit Committee: Chung-Yu Wu

Mar 16, 2022

- 6. Financial Statements and Independent Auditors' Report –the Company & Subsidiaries (Page F1 – Page F149)**
- 7. Financial Statements and Independent Auditors' Report – Parent Company (Page F150 – Page F294)**
- 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, 2021 AND 2020**

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, 2021 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

February 25, 2022

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, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, 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 2021 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\$493,414,582 thousand as net sales, which includes sale of goods in the amount of NT\$488,900,520 thousand and services and other operating revenues in the amount of NT\$4,514,062 thousand for the year ended December 31, 2021. 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 are 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 2021 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, 2021 and 2020.

Kuo, Shao-Pin

Fuh, Wen-Fun

Ernst & Young, Taiwan

February 25, 2022

### 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, 2021 and 2020**  
(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2021	%	December 31, 2020	%
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	4, 6(1)	\$ 183,704,594	28	\$ 196,579,745	37
Financial assets at fair value through profit or loss-current	4, 5, 6(2)	10,695,832	2	8,504,707	2
Financial assets at fair value through other comprehensive income-current	4, 5, 6(3)	6,705,920	1	4,373,488	1
Financial assets measured at amortized cost-current	4, 5, 6(4)	3,657,229	1	655,356	-
Notes receivables, net	6(22)	2,811	-	43,437	-
Trade receivables, net	4, 5, 6(5), 6(22)	58,577,900	9	33,088,653	6
Trade receivables from related parties, net	4, 5, 6(5), 6(22), 7	79,236	-	630	-
Other receivables	6(6)	6,931,246	1	7,645,652	2
Current tax assets	4, 5, 6(30)	140,950	-	807,990	-
Inventories, net	4, 5, 6(7)	73,270,606	11	37,677,370	7
Prepayments	6(8)	1,809,392	-	1,449,401	-
Other current assets		1,289,010	-	1,035,864	-
Total current assets		346,864,726	53	291,862,293	55
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss-noncurrent	4, 5, 6(2)	4,458,892	1	4,611,586	1
Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	52,196,718	8	49,872,898	9
Financial assets measured at amortized cost-noncurrent	4, 5, 6(4), 8	11,180,498	2	11,614,536	2
Investments accounted for using the equity method	4, 6(9)	60,287,258	9	50,667,839	10
Property, plant and equipment	4, 6(10)	49,111,180	7	38,971,343	7
Right-of-use assets	4, 6(23)	3,478,527	1	2,934,762	1
Investment property, net	4, 6(11)	1,605,354	-	1,011,956	-
Intangible assets	4, 6(12), 6(13)	73,525,649	11	76,271,667	14
Deferred tax assets	4, 5, 6(30)	8,412,894	1	5,676,629	1
Refundable deposits	9	9,334,669	1	280,089	-
Long-term financing lease receivable, net	4, 6(22), 6(23)	1,455,784	-	130,729	-
Other non-current assets-others	9	38,964,599	6	-	-
Total non-current assets		314,012,022	47	242,044,034	45
<b>Total assets</b>		\$ 660,876,748	100	\$ 533,906,327	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, 2021 and 2020**  
(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2021	%	December 31, 2020	%
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Short-term borrowings	6(14)	\$ 51,267,307	8	\$ 21,470,853	4
Financial liabilities at fair value through profit or loss-current	4, 5, 6(2)	4,252	-	10,329	-
Contract liabilities-current	4, 5, 6(21)	6,368,483	1	11,692,917	2
Trade payables	7	41,327,057	6	32,808,713	6
Trade payables to related parties	6(15)	2,176,635	-	1,661,473	-
Other payables	7	53,126,366	8	38,992,839	7
Other payables to related parties	4, 5, 6(30)	117,547	-	47,940	-
Current tax liabilities	4, 6(23)	11,532,644	2	4,773,718	1
Lease liabilities-current	6(16)	501,153	-	483,089	-
Other current liabilities	6(17)	40,991,045	6	28,363,069	6
Current portion of long-term liabilities		3,693,791	1	3,493,485	1
Total current liabilities		211,106,280	32	143,798,425	27
<b>Non-current liabilities</b>					
Long-term borrowings	6(17)	827,660	-	-	-
Long-term payables	7	662,179	-	3,619,618	1
Long-term payables to related parties	4, 6(18)	193,718	-	-	-
Net defined benefit liabilities-noncurrent	7	856,412	-	910,118	-
Deposits received	4, 5, 6(30)	227,570	-	430,736	-
Deferred tax liabilities	4, 6(23)	8,323,476	1	5,974,416	1
Lease liabilities-noncurrent		2,989,923	1	2,362,280	1
Other non-current liabilities-others		2,041,636	-	1,726,283	-
Total non-current liabilities		16,122,574	2	15,023,451	3
Total liabilities		227,228,854	34	158,821,876	30
<b>Equity attributable to owners of the parent</b>					
Share capital	6(19)				
Common stock		15,988,420	3	15,900,622	3
Capital collected in advance		483	-	2,133	-
Capital surplus	6(19), 6(20), 6(33)	59,776,045	9	76,745,750	14
Retained earnings	6(19)				
Legal reserve		50,217,220	8	44,583,025	8
Undistributed earnings		252,432,501	38	173,052,205	32
Other equity	6(20)	53,656,597	8	61,606,056	12
Treasury shares	4, 6(19)	(55,970)	-	(55,970)	-
Equity attributable to owners of the parent		432,015,296	66	371,833,821	69
<b>Non-controlling interests</b>					
Total equity	4, 6(19), 6(33)	1,632,598	-	3,250,630	1
		433,647,894	66	375,084,451	70
<b>Total liabilities and equity</b>		\$ 660,876,748	100	\$ 533,906,327	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 STATEMENTS OF COMPREHENSIVE INCOME**  
**For the years ended December 31, 2021 and 2020**  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	2021	%	2020	%
<b>Net sales</b>	4, 5, 6(21), 7	\$ 493,414,582	100	\$ 322,145,988	100
<b>Operating costs</b>	4, 5, 6(7), 6(24), 7	(261,809,987)	(53)	(180,610,472)	(56)
<b>Gross profit</b>		231,604,595	47	141,535,516	44
<b>Operating expenses</b>	6(22), 6(23), 6(24), 7				
Selling expenses		(17,195,853)	(4)	(13,639,249)	(4)
Administrative expenses		(10,287,281)	(2)	(7,344,108)	(2)
Research and development expenses		(96,080,761)	(19)	(77,324,828)	(24)
Expected credit losses		(466)	-	(8,092)	-
Total operating expenses		(123,564,361)	(25)	(98,316,277)	(30)
<b>Operating income</b>		108,040,234	22	43,219,239	14
<b>Non-operating income and expenses</b>					
Interest income	4, 6(25)	1,650,698	-	2,482,199	1
Other income	4, 6(26), 7	6,579,633	2	1,760,567	-
Other gains and losses	4, 6(27)	9,795,607	2	364,621	-
Finance costs	6(28)	(192,601)	-	(594,988)	-
Share of profit of associates and joint ventures accounted for using the equity method	4, 6(9)	978,482	-	351,048	-
Total non-operating income and expenses		18,811,819	4	4,363,447	1
<b>Net income before income tax</b>		126,852,053	26	47,582,686	15
<b>Income tax expense</b>	4, 5, 6(30)	(14,979,520)	(3)	(6,144,113)	(2)
<b>Net income</b>		111,872,533	23	41,438,573	13
<b>Other comprehensive income</b>	4, 6(9), 6(29), 6(30)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plan		62,281	-	(71,905)	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		5,686,940	1	1,137,121	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		2,797,189	1	35,114,051	11
Income tax relating to those items not to be reclassified to profit or loss		40,096	-	(310,392)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(6,043,055)	(1)	(7,074,601)	(2)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		(2,084)	-	22,857	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		1,262,834	-	2,323,677	1
<b>Other comprehensive income, net of tax</b>		3,804,201	1	31,140,808	10
<b>Total comprehensive income</b>		\$ 115,676,734	24	\$ 72,579,381	23
<b>Net income for the periods attributable to :</b>					
Owners of the parent	6(31)	\$ 111,421,062		\$ 40,916,800	
Non-controlling interests	6(19)	451,471		521,773	
		\$ 111,872,533		\$ 41,438,573	
<b>Total comprehensive income for the periods attributable to :</b>					
Owners of the parent		\$ 115,241,937		\$ 72,047,329	
Non-controlling interests		434,797		532,052	
		\$ 115,676,734		\$ 72,579,381	
Basic Earnings Per Share (in New Taiwan Dollars)	6(31)	\$ 70.56		\$ 26.01	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(31)	\$ 70.22		\$ 25.84	

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	Share capital		Equity attributable to owners of the parent					Total equity		
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Retained earnings	Other equity	Treasury shares			
Balance as of January 1, 2020	\$ 15,896,473	\$ 3,780	\$ 82,392,203	\$ 41,507,689	\$ 127,729,843	\$ (3,949,641)	\$ (1,096,713)	\$ 312,750,344	\$ 1,649,194	\$ 314,399,538
Appropriation and distribution of 2019 earnings:	-	-	-	3,075,336	(3,075,336)	-	-	-	-	-
Legal reserve	-	-	-	3,075,336	(3,075,336)	-	-	(7,944,252)	-	(7,944,252)
Cash dividends	-	-	-	3,075,336	(11,019,588)	-	-	(7,944,252)	-	(7,944,252)
Total	-	-	-	-	-	-	-	-	-	-
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)	-	-	31,130,529	10,279	31,140,808
Total comprehensive income	-	-	-	(57,308)	(4,761,203)	-	-	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	(1,300)	-	(5,657)	-	(46,643)	-	-	(53,600)	-	(53,600)
Treasury stock retired	-	-	-	-	-	-	-	81,845	-	81,845
Adjustments due to dividends that subsidiaries received from parent company	-	-	(9,810)	-	(99,498)	-	-	(109,308)	-	(109,308)
Changes in associates and joint ventures accounted for using the equity method	-	-	1,001,352	-	-	-	-	1,001,352	231,821	1,233,173
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	1,185,977	-	-	-	-	1,185,977	583,585	1,769,562
Changes in ownership interests in subsidiaries	-	-	284,705	-	3,352	-	767,140	1,041,780	-	1,041,780
Issuance of restricted stock for employees	(13,417)	-	(49,636)	-	-	-	-	(49,636)	-	(49,636)
Changes in other capital surplus	-	-	-	-	-	-	-	-	-	-
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	15,625,247	-	-	-	(15,625,247)	-	-
Balance as of December 31, 2020	15,900,622	2,133	76,745,750	44,583,025	173,022,205	(8,710,844)	(329,573)	371,833,821	3,250,630	375,084,451
Appropriation and distribution of 2020 earnings:	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	5,634,195	(5,634,195)	-	-	-	-	-
Cash dividends	-	-	-	5,634,195	(33,398,284)	-	-	(33,398,284)	-	(33,398,284)
Total	-	-	-	5,634,195	(39,032,479)	-	-	(33,398,284)	-	(33,398,284)
Cash dividends distributed from capital surplus	-	-	(25,446,312)	-	-	-	-	(25,446,312)	-	(25,446,312)
Profit for the year ended December 31, 2021	-	-	-	-	111,421,062	-	-	111,421,062	451,471	111,872,533
Other comprehensive income for the year ended December 31, 2021	-	-	-	51,650	(4,763,993)	-	-	3,820,875	(16,674)	3,804,201
Total comprehensive income	-	-	-	51,650	(4,763,993)	-	-	115,241,937	434,797	115,676,734
Share-based payment transactions	5,244	(1,650)	191,090	-	-	-	-	194,684	9,585	204,269
Adjustments due to dividends that subsidiaries received from parent company	-	-	288,382	-	-	-	-	288,382	-	288,382
Changes in associates and joint ventures accounted for using the equity method	-	-	1,223,848	-	-	-	-	1,223,848	-	1,223,848
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	(162,502)	-	-	-	-	(162,502)	(14,310)	(176,812)
Changes in ownership interests in subsidiaries	-	-	609,264	-	-	-	-	609,264	(430,508)	178,756
Issuance of restricted stock for employees	82,554	-	6,376,784	-	(17,252)	-	(4,761,369)	1,680,717	-	1,680,717
Changes in other capital surplus	-	-	(50,259)	-	-	-	-	(50,259)	-	(50,259)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	6,957,315	-	-	-	(6,957,315)	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	(1,617,596)	(1,617,596)
Balance as of December 31, 2021	15,988,420	483	59,776,045	50,217,220	252,432,501	(13,474,837)	(5,090,942)	432,015,296	1,632,598	433,647,894

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

Chairman : Ming-Kai Tsai

President : Liu-Shyng Tsai

Chief Financial Officer : David Ku



**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2021 and 2020**  
(Amounts in thousands of New Taiwan Dollars)

Description	2021	2020
<b>Cash flows from operating activities :</b>		
Profit before tax from continuing operations	\$ 126,852,053	\$ 47,582,686
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	5,542,630	4,567,806
Amortization	5,078,447	5,333,277
Expected credit losses	466	8,092
Losses (gains) on financial assets and liabilities at fair value through profit or loss	274,696	(141,167)
Interest expenses	192,601	594,988
Gains on derecognition of financial assets measured at amortized cost	(10,404)	(5,303)
Interest income	(1,650,698)	(2,482,199)
Dividend income	(5,781,848)	(1,422,408)
Share-based payment expenses	1,757,079	1,283,437
Share of profit of associates and joint ventures accounted for using the equity method	(978,482)	(351,048)
Losses on disposal of property, plant and equipment	4,649	11,297
Property, plant and equipment transferred to expenses	1,065	29
Losses on disposal of intangible assets	9	67
Gains on disposal of investments	(8,429,982)	(131,091)
Gains on disposal of investments accounted for using the equity method	(938,753)	(41,269)
Others	(4,018)	1,277
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	(2,529,497)	385,851
Notes receivables	40,626	(40,626)
Trade receivables	(26,345,561)	(9,629,237)
Trade receivables from related parties	(78,606)	4,370
Other receivables	(1,780,705)	(231,567)
Inventories	(36,957,513)	(12,383,737)
Prepayments	(470,229)	(151,795)
Other current assets	(253,146)	(378,594)
Other non-current assets-others	(38,964,599)	-
Contract liabilities	(5,257,168)	9,195,339
Trade payables	9,160,159	12,514,906
Trade payables to related parties	532,216	755,249
Other payables	14,542,537	13,654,636
Other payables to related parties	(38,112)	30,159
Other current liabilities	13,313,793	10,716,034
Net defined benefit liabilities	8,575	(8,230)
Other non-current liabilities-others	(399,736)	(481,957)
Cash generated from operating activities:	46,432,544	78,759,272
Interest received	1,492,138	3,515,255
Dividend received	7,227,944	1,417,518
Interest paid	(191,293)	(636,929)
Income tax paid	(7,866,589)	(3,496,970)
Net cash provided by operating activities	47,094,744	79,558,146
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through other comprehensive income	(6,331,739)	(5,137,477)
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,991,715	16,840,081
Proceeds from capital return of financial assets at fair value through other comprehensive income	647,146	1,915,712
Acquisition of financial assets measured at amortized cost	(4,026,881)	(9,793,821)
Proceeds from redemption of financial assets measured at amortized cost	1,330,972	381,968
Acquisition of investments accounted for using the equity method	(900,366)	(1,139,532)
Proceeds from disposal of investments accounted for using the equity method	1,125,782	87,381
Proceeds from capital return of investments accounted for using the equity method	230,165	-
Disposal of a subsidiary	4,102,707	535,028
Acquisition of property, plant and equipment	(16,985,369)	(4,999,665)
Proceeds from disposal of property, plant and equipment	13,242	4,141
Increase in refundable deposits	(9,123,750)	(221,454)
Acquisition of right-of-use assets	-	(2,600)
Acquisition of intangible assets	(4,998,345)	(5,240,576)
Proceeds from disposal of intangible assets	237	1,746
Net cash used in investing activities	(28,924,484)	(6,769,068)
<b>Cash flows from financing activities :</b>		
Increase (decrease) in short-term borrowings	29,948,992	(35,513,495)
Proceeds from long-term borrowings	1,385,720	-
Repayment of long-term borrowings	-	(36,850)
Decrease in deposits received	(203,166)	(133,346)
Cash payment for the principal portion of the lease liabilities	(608,068)	(486,318)
Proceeds from exercise of employee stock options	107,936	569,619
Treasury stocks acquired	-	(53,600)
Cash dividends	(58,584,650)	(16,588,763)
Acquisition of ownership interests in subsidiaries	(175,288)	(862)
Disposal of ownership interests in subsidiaries (without losing control)	1,801	1,238,201
Change in non-controlling interests	175,431	1,784,460
Net cash used in financing activities	(27,951,292)	(49,220,954)
Effect of changes in exchange rate on cash and cash equivalents	(3,094,119)	(4,533,293)
Net (decrease) increase in cash and cash equivalents	(12,875,151)	19,034,831
Cash and cash equivalents at the beginning of the year	196,579,745	177,544,914
Cash and cash equivalents at the end of the year	\$ 183,704,594	\$ 196,579,745

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 February 25, 2022.

**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, 2021. 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”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

<u>Standards or Interpretations Numbers</u>	<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Dates</u>
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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022 and have no material impact on the Company.

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

- (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
IAS 1	“Disclosure Initiative - Accounting Policies” (Amendment)	January 1, 2023
IAS 8	“Definition of Accounting Estimates” (Amendment)	January 1, 2023
IAS 12	“Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (Amendment)	January 1, 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, 2021	December 31, 2020	
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%	1
MTK	HFI Innovation Inc.	Intellectual property right management	100%	100%	-
MTK	MStar France SAS	Research	-	-	2
MTK	MStar Co., Ltd.	General investing	100%	100%	-
MTK	Digimoc Holdings Limited	General investing	-	100%	3
MTK	MShining International Corporation	Sales	-	-	4
MTK	Spidcom Technologies	Intellectual property right management	100%	100%	-
MTK	Hsu-Si Investment Corp.	General investing	-	100%	5
MTK	Richtek Technology Corp.	Research, manufacturing and sales	100%	100%	6
MTK	MediaTek Capital Co.	General investing	100%	-	7
MTK	Airoha Technology (Cayman) Inc.	General investing	66%	-	5
MTK	Airoha Technology Corp.	Research, manufacturing and sales	5%	-	8
Hsu-Ta Investment Corp.	Core Tech Resources Inc.	General investing	-	100%	9
Hsu-Ta Investment Corp.	Hsiang Fa Co.	General investing	100%	100%	40

(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, 2021	December 31, 2020	
Hsu-Ta Investment Corp.	MediaTek Bangalore Private Limited	Research	0%	0%	-
Hsu-Ta Investment Corp.	Hsu-Si Investment Corp.	General investing	-	-	5
Hsiang Fa Co.	RollTech Technology Co., Ltd.	Research	-	-	10,40
Hsiang Fa Co.	Chingis Technology Corporation	Research	100%	100%	40
Hsiang Fa Co.	MediaTek Research Corp.	Research	100%	100%	40
Hsiang Fa Co.	InnoFusion Technology Corp.	Technical services	100%	100%	11,40
MediaTek Singapore Pte. Ltd.	Core Tech Resources Inc.	General investing	100%	-	9
Core Tech Resources Inc.	MediaTek India Technology Pvt. Ltd.	Research	0%	0%	-
Hsu-Si Investment Corp.	Richtek Technology Corp.	Research, manufacturing and sales	-	-	6
Hsu-Si Investment Corp.	Airoha Technology Corp.	Research, manufacturing and sales	-	100%	5,12,13
Hsu-Si Investment Corp.	Airoha Technology (Cayman) Inc.	General investing	-	-	12,14
Hsu-Si Investment Corp.	Airoha (Cayman) Inc.	General investing	-	46%	8
Richtek Technology Corp.	Richstar Group Co., Ltd.	General investing	-	-	15
Richtek Technology Corp.	Ironman Overseas Co., Ltd.	General investing	-	-	16
Richtek Technology Corp.	Richtek Europe Holding B.V.	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, 2021	December 31, 2020	
Richtek Technology Corp.	Richtek Holding International Limited	General investing	100%	100%	-
Richtek Technology Corp.	Richpower Microelectronics Corp.	General investing	-	-	17
Richtek Technology Corp.	Li-Yu Investment Corp.	General investing	-	100%	18
Richtek Technology Corp.	Richnex Microelectronics Corp.	Research, manufacturing and sales	82%	82%	-
Richtek Technology Corp.	Richtek Korea LLC.	Research and technical services	100%	100%	-
Richtek Technology Corp.	Richtek USA Inc.	Sales and technical services	100%	100%	15
Richtek Technology Corp.	Richpower Microelectronics Co., Ltd.	Technical services	100%	100%	19
Richtek Technology Corp.	Li-We Technology Corp.	Technical services	100%	100%	16
Richtek Technology Corp.	Richtek IC Design Ireland Limited	Research	100%	100%	20
Richstar Group Co., Ltd.	Richtek USA Inc.	Sales and technical services	-	-	15
Ironman Overseas Co., Ltd.	Cosmic-Ray Technology Limited	General investing	-	-	16
Richtek Europe Holding B.V.	Richtek Europe B.V.	Marketing services	100%	100%	-
Cosmic-Ray Technology Limited	Li-We Technology Corp.	Technical services	-	-	16
Richpower Microelectronics Corp.	Richpower Microelectronics Corporation	Administrative services	-	-	17

(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, 2021	December 31, 2020	
Richpower Microelectronics Corp.	Richpower Microelectronics Co., Ltd.	Technical services	-	-	19
Li-Yu Investment Corp.	Corporate Event Limited	Technical services	-	-	21
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	-	-	13,22
Airoha Technology Corp.	Airoha (Cayman) Inc.	General investing	100%	-	8,13
MediaTek India Technology Pvt. Ltd.	MStar Semiconductor India Private Limited	Research and technical services	-	-	23
Gaintech Co. Limited	MediaTek China Limited	General investing	100%	100%	-
Gaintech Co. Limited	MTK Wireless Limited (UK)	Research	100%	100%	-
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%	24
Gaintech Co. Limited	Smarthead Limited	General investing	100%	100%	-
Gaintech Co. Limited	Ralink Technology (Samoa) Corp.	General investing	-	100%	25
Gaintech Co. Limited	Airoha Technology (Cayman) Inc.	General investing	25%	76%	14
Gaintech Co. Limited	MediaTek Wireless FZ-LLC	Technical services	100%	100%	-
Gaintech Co. Limited	Hsu Chia (Samoa) Investment Ltd.	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, 2021	December 31, 2020	
Gaintech Co. Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	-	100%	26
Gaintech Co. Limited	Hsu Kang (Samoa) Investment Ltd.	General investing	-	100%	26
Gaintech Co. Limited	Nephos Pte. Ltd.	Research	100%	100%	-
Gaintech Co. Limited	Nephos Cayman Co. Limited	General investing	100%	100%	-
Gaintech Co. Limited	Zelus Technology (HangZhou) Ltd.	Research and sales	88%	91%	-
Gaintech Co. Limited	IStar Technology Ltd.	General investing	100%	100%	-
Gaintech Co. Limited	MediaTek Research UK Limited	Research	-	-	27
Gaintech Co. Limited	ILI Technology Holding Corporation	General investing	-	-	28
Gaintech Co. Limited	LePower (HK) Limited	General investing	-	100%	29
Gaintech Co. Limited	Sigmastar Technology Inc.	General investing	100%	100%	-
Gaintech Co. Limited	Mountain Capital Fund, L.P.	General investing	90%	90%	-
Gaintech Co. Limited	Hsu Zhan (HK) Investment Limited	General investing	100%	-	30
Gaintech Co. Limited	MTKC Global Holdings Co. Limited	General investing	100%	-	30
Gaintech Co. Limited	Digimoc Holdings Limited	General investing	100%	-	3
Gaintech Co. Limited	MediaTek Investment HK Limited	General investing	100%	-	30
Gaintech Co. Limited	MediaTek Global Holdings Limited	General investing	100%	-	30
MediaTek China Limited	MediaTek (Hefei) Inc.	Research	100%	100%	-
MediaTek China Limited	MediaTek (Beijing) Inc.	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, 2021	December 31, 2020	
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%	-
MTK Wireless Limited (UK)	MStar France SAS	Research	100%	100%	2
Gold Rich International (Samoa) Limited	Gold Rich International (HK) Limited	General investing	100%	100%	-
Airoha Technology (Cayman) Inc.	Airoha Technology Corp.	Research, manufacturing and sales	89%	-	12-14
Airoha Technology (Cayman) Inc.	Shadow Investment Limited	General investing	100%	100%	14
Airoha Technology (Cayman) Inc.	Airoha Technology (HK) Limited	General investing, research, manufacturing and sales	100%	100%	14,32
Airoha Technology (Cayman) Inc.	MediaTek Research UK Limited	Research	100%	100%	14,27

(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, 2021	December 31, 2020	
Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	Research, manufacturing and sales	100%	100%	32,33
Airoha Technology (Suzhou) Limited	EcoNet Limited	General investing and sales	100%	100%	33
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%	31
Sigmastar Technology Inc.	Sigmastar Technology Ltd.	Research, manufacturing and sales	-	50%	34
Sigmastar Technology Inc.	InnoFusion Technology Corp.	Technical services	-	-	11
Sigmastar Technology Ltd.	Shenzhen Sing Chen Technology Inc.	Research	-	100%	34
Sigmastar Technology Ltd.	SigmaStar Technology Inc. (Shanghai)	Research	-	100%	34
MStar Co., Ltd.	MStar Software R&D (Shenzhen), Ltd.	Technical services	100%	100%	-
MStar Software R&D (Shenzhen), Ltd.	MStar Chen Xi Software Shanghai Ltd.	Technical services	-	-	35
IStar Technology Ltd.	Beijing Ilitek Technology Co., Ltd.	Research and technical services	100%	100%	-
IStar Technology Ltd.	ShenZhen ZhongChen Semiconductor Ltd.	Technical services	-	100%	36
ILI Technology Holding Corporation	ILI Technology Corporation	Research, manufacturing and sales	-	-	28

(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, 2021	December 31, 2020	
ILI Technology Corporation	ILITEK Holding Inc.	General investing	-	-	28
ILITEK Holding Inc.	ILI Technology (SZ) Ltd.	Technical services	-	-	28
Nephos Cayman Co. Limited	Nephos (Hefei) Co., Ltd.	Research, manufacturing and sales	100%	100%	-
Nephos (Hefei) Co., Ltd.	Nephos (Beijing) Co., Ltd.	Research	-	-	37
Xuxin Investment (Shanghai) Inc.	Xuxi (Shanghai) Management Consulting Co., Ltd.	General investing	100%	100%	-
Xuxi (Shanghai) Management Consulting Co., Ltd.	Hefei Xuhui Management Consulting Co., Ltd.	General investing	100%	100%	-
LePower (HK) Limited	Shanghai Celeste Technology Co., Ltd.	Research, manufacturing and sales	-	-	38
Digimoc Holdings Limited	Cloud Ranger Limited	General investing	100%	-	31
Digimoc Holdings Limited	Gold Rich International (Samoa) Limited	General investing	100%	-	24
MTKC Global Holdings Co. Limited	LePower (HK) Limited	General investing	100%	-	29
MediaTek Investment HK Limited	Hsu Chia (Samoa) Investment Ltd.	General investing	100%	-	26
MediaTek Investment HK Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	100%	-	26
MediaTek Investment HK Limited	Hsu Kang (Samoa) Investment Ltd.	General investing	100%	-	26
MediaTek Wireless Finland Oy	MediaTek Germany GmbH	Technical services	100%	-	39

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

1. For the purpose of reorganization, MStar International Technology Inc. was dissolved due to merger with Hsu-Ta Investment Corp. in June 2021.
2. For the purpose of reorganization, the 100% ownership of MStar France SAS, which was previously owned by MTK, was transferred to MTK Wireless Limited (UK) in November 2020.
3. For the purpose of reorganization, the 100% ownership of Digimoc Holdings Limited, which was previously owned by MTK, was transferred to MediaTek Investment Singapore Pte. Ltd. in September 2021. Moreover, the 100% ownership of Digimoc Holdings Limited, was transferred to Gaintech Co. Limited in the same month.
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 Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp., was transferred to MTK in April 2020. Moreover, Hsu-Si Investment Corp. was dissolved due to merger with MTK in December 2021. The ownership of Airoha Technology (Cayman) Inc., which was previously owned by Hsu-Si Investment Corp., was transferred to MTK.
6. For the purpose of reorganization, the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to MTK in April 2020.
7. MTK established MediaTek Capital Co. in July 2021.
8. For the purpose of reorganization, Hsu-Si Investment spun-off the 46% ownership of Airoha (Cayman) Inc. to Airoha Technology Corp., and MTK acquired 5% new shares issued by Airoha Technology Corp. in October 2021. Moreover, Airoha Technology Corp. completed a share swap and acquired the remaining 54% ownership of Airoha (Cayman) Inc. in the same month.
9. For the purpose of reorganization, Hsu-Ta Investment Corp. spun-off the 100% ownership of Core Tech Resources Inc. to MediaTek Singapore Pte. Ltd in November 2021.
10. For the purpose of reorganization, RollTech Technology Co., Ltd. was dissolved due to merger with Hsiang Fa Co. in February 2020.
11. 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.
12. For the purpose of reorganization, the 100% ownership of Airoha Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to EcoNet (Cayman) Inc. on January 1, 2021. By this transfer, Hsu-Si Investment Corp. acquired the ownership of EcoNet (Cayman) Inc.
13. Airoha Technology Corp. was renamed Airoha Technology Corp. in February 2021. (Only Chinese name was renamed.)
14. EcoNet (Cayman) Inc. was renamed Airoha Technology (Cayman) Inc. in January 2021.
15. 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.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

16. 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.
17. For the purpose of reorganization, Richpower Microelectronics Corp. and its subsidiary, which were previously owned by Richpower Microelectronics Corp., have been liquidated in November 2020.
18. For the purpose of reorganization, Li-Yu Investment Corp. was dissolved due to merger with Richtek Technology Corp. in December 2021.
19. 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.
20. Richtek Technology Corp. established Richtek IC Design Ireland Limited in November 2020.
21. For the purpose of reorganization, Corporate Event Limited has been liquidated in March 2020.
22. For the purpose of reorganization, Airoha Technology (Samoa) Corp. has been liquidated in January 2020.
23. For the purpose of reorganization, MStar Semiconductor India Private Limited was dissolved due to merger with MediaTek India Technology Pvt. Ltd. in June 2020.
24. For the purpose of reorganization, the 100% ownership of Gold Rich International (Samoa) Limited, which was previously owned by Gaintech Co. Limited, was transferred to Digimoc Holdings Limited in December 2021.
25. For the purpose of reorganization, Ralink Technology (Samoa) Corp. has been liquidated in September 2021.
26. For the purpose of reorganization, the 100% ownership of Hsu Chia (Samoa) Investment Ltd., Hsu Fa (Samoa) Investment Ltd. and Hsu Kang (Samoa) Investment Ltd., which were previously owned by Gaintech Co. Limited, were transferred to MediaTek Investment HK Limited in October 2021.
27. For the purpose of reorganization, the 100% ownership of MediaTek Research UK Limited, which was previously owned by Gaintech Co. Limited, was transferred to Airoha Technology (Cayman) Inc. in August 2020.
28. Gaintech Co. Limited has completed the transfer of shareholding rights of ILI Technology Holding Corporation by November 2020.
29. For the purpose of reorganization, the 100% ownership of LePower (HK) Limited, which was previously owned by Gaintech Co. Limited, was transferred to MTKC Global Holdings Co. Limited in September 2021.
30. Gaintech Co. Limited established Hsu Zhan (HK) Investment Limited, MTKC Global Holdings Co. Limited, MediaTek Investment HK Limited and MediaTek Global Holdings Limited in August 2021.
31. For the purpose of reorganization, the 100% ownership of Cloud Ranger Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to Gaintech Co. Limited in September 2021. Moreover, the 100% ownership of Cloud Ranger Limited, was transferred to Digimoc Holdings Limited in the same month.
32. EcoNet (HK) Limited was renamed Airoha Technology (HK) Limited in February 2021.
33. EcoNet (Suzhou) Limited was renamed Airoha Technology (Suzhou) Limited in February 2021.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

34. Xiamen Sigmastar Technology Inc. (renamed Sigmastar Technology Ltd. in May 2021) and its subsidiaries have not been consolidated by the Company since February 2021 as the Company lost control over them.
35. For the purpose of reorganization, MStar Chen Xi Software Shanghai Ltd. has been liquidated in December 2020.
36. For the purpose of reorganization, ShenZhen ZhongChen Semiconductor Ltd., has been liquidated in November 2021.
37. For the purpose of reorganization, Nephos (Beijing) Co., Ltd. has been liquidated in September 2020.
38. LePower (HK) Limited established Shanghai Celeste Technology Co., Ltd. in February 2020. Moreover, Shanghai Celeste Technology Co. has been liquidated in September 2020.
39. MediaTek Wireless Finland Oy established MediaTek Germany GmbH in November 2021.
40. MediaTek Capital Co. was renamed Hsiang Fa Co. in August 2021. (Only English name was renamed.)

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.

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 rate prevailing 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.



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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 considered disposal.

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.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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 comprise 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:

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

- (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:

- (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.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

- (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.

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 dividend clearly represents a recovery of part of the cost of investment.

c. Financial assets 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. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED 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 assets 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. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED 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. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED 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.

(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.



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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 effective hedging instruments and 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.

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.



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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.

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.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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.

*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

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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.

*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.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED 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. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED 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. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED 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. AND SUBSIDIARIES****NOTES TO CONSOLIDATED 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, 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:

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.

## **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, 2021	December 31, 2020
Cash on hand and petty cash	\$ 1,224	\$ 1,921
Checking and savings accounts	19,883,365	29,618,766
Time deposits	163,820,005	166,732,673
Cash equivalents - repurchase agreements	-	131,422
Cash in transit	-	94,963
Total	<u>\$ 183,704,594</u>	<u>\$ 196,579,745</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, 2021	December 31, 2020
<u>Current</u>		
<u>Financial assets mandatorily</u>		
<u>measured at fair value through</u>		
<u>profit or loss</u>		
Funds	\$ 8,208,379	\$ 6,700,296
Linked deposits	2,241,187	1,682,717
Bonds	19,372	68,419
Capital	-	43,690
Stocks	215,678	-
Forward exchange contracts	11,216	9,585
Total	<u>\$ 10,695,832</u>	<u>\$ 8,504,707</u>
<u>Held for trading financial liabilities</u>		
Forward exchange contracts	<u>\$ 4,252</u>	<u>\$ 10,329</u>
<u>Noncurrent</u>		
<u>Financial assets mandatorily</u>		
<u>measured at fair value through</u>		
<u>profit or loss</u>		
Linked deposits	\$ 1,770,607	\$ 3,201,009
Bonds	1,345,141	295,165
Trust funds	1,151,690	919,093
Stocks	191,454	196,319
Total	<u>\$ 4,458,892</u>	<u>\$ 4,611,586</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, 2021	December 31, 2020
<u>Current</u>		
<u>Debt instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Bonds	\$ -	\$ 256,085
<u>Equity instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Listed company stocks	6,667,680	4,117,403
Unlisted company stocks	38,240	-
Subtotal	6,705,920	4,117,403
Total	\$ 6,705,920	\$ 4,373,488
<u>Noncurrent</u>		
<u>Debt instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Bonds	\$ 440,777	\$ 1,348,726
<u>Equity instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Listed company stocks	14,286,200	22,373,009
Capital	25,373,262	17,263,503
Unlisted company stocks	8,833,638	5,547,578
Funds	3,262,841	3,340,082
Subtotal	51,755,941	48,524,172
Total	\$ 52,196,718	\$ 49,872,898

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

Financial assets at fair value through other comprehensive income were not pledged. 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 2021 and 2020 are as follows:

	For the years ended	
	December 31	
	2021	2020
Related to investments held at the end of the reporting period	\$ 5,756,177	\$ 1,422,408
Related to investments derecognized during the period	25,671	-
Dividends recognized during the period	\$ 5,781,848	\$ 1,422,408

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, 2021 and 2020 are as follows:

	For the years ended	
	December 31	
	2021	2020
The fair value of the investments at the date of derecognition	\$ 4,791,329	\$ 16,224,701
The cumulative gain on disposal reclassified from other equity to retained earnings	\$ 361,937	\$ 15,811,120

**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, 2021	December 31, 2020
<u>Current</u>		
Bonds	\$ 3,212,849	\$ 655,356
Time deposits (including the portion with maturity later than one year)	444,380	-
Subtotal	<u>3,657,229</u>	<u>655,356</u>
<u>Noncurrent</u>		
Bonds	8,625,557	9,616,892
Time deposits (including the portion with maturity later than one year)	2,554,941	1,997,644
Subtotal	<u>11,180,498</u>	<u>11,614,536</u>
Total	<u>\$ 14,837,727</u>	<u>\$ 12,269,892</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, 2021	December 31, 2020
Trade receivables	\$ 58,620,551	\$ 33,131,968
Less: allowance for doubtful debts	(42,651)	(43,315)
Subtotal	<u>58,577,900</u>	<u>33,088,653</u>
Trade receivables from related parties	79,236	630
Less: allowance for doubtful debts	-	-
Subtotal	<u>79,236</u>	<u>630</u>
Total	<u>\$ 58,657,136</u>	<u>\$ 33,089,283</u>

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\$58,699,787 thousand and NT\$33,132,598 thousand as of December 31, 2021 and 2020, respectively. Please refer to Note 6. (22) for more details on impairment of trade receivables for the years ended December 31, 2021 and 2020. 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\$15,706,099 thousand and NT\$5,620,541 thousand as of December 31, 2021 and 2020, respectively.

## (6) Other receivables

	December 31, 2021	December 31, 2020
Factoring receivables	\$ 4,972,572	\$ 3,662,267
Others	1,958,674	3,983,385
Total	<u>\$ 6,931,246</u>	<u>\$ 7,645,652</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\$4,972,572 thousand and NT\$3,662,267 thousand as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, trade receivables derecognized were summarized (by transferee) as follows:

## A. As of December 31, 2021:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
BNP Paribas	-	\$ 32,463	\$ -	\$ 32,463	\$ 155,000
Taishin					
International Bank	-	138,908	-	138,908	201,000
SMBC	-	5,370	-	5,370	14,000
CTBC	-	680	-	680	1,900
SinoPac	-	1,350	-	1,350	5,000
CHB	-	913	-	913	1,200
Total		<u>\$ 179,684</u>	<u>\$ -</u>	<u>\$ 179,684</u>	<u>\$ 378,100</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, 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>

## (7) Inventories

	December 31, 2021	December 31, 2020
Raw materials	\$ 4,282,954	\$ 2,975,616
Work in progress	43,358,780	24,766,494
Finished goods	25,628,872	9,935,260
Net amount	<u>\$ 73,270,606</u>	<u>\$ 37,677,370</u>

The cost of inventories recognized in expenses amounted to NT\$261,809,987 thousand and NT\$180,610,472 thousand for the years ended December 31, 2021 and 2020, including the write-down of inventories of NT\$8,071,875 thousand and reversal of write-down of inventories of NT\$2,051,859 thousand for the years ended December 31, 2021 and 2020, respectively. The reversal of write-down was because of circumstances that caused the net realizable value of inventory to be lower than its cost no longer existed.

Inventories were not pledged.

## (8) Prepayments

	December 31, 2021	December 31, 2020
Prepaid expenses	\$ 638,817	\$ 541,919
Input tax	199,959	229,322
Others	970,616	678,160
Total	<u>\$ 1,809,392</u>	<u>\$ 1,449,401</u>



**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, 2021		December 31, 2020	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Vanchip (Tianjin)				
Technology Co., Ltd.	\$ 1,778,726	28	\$ 1,086,946	30
FONTAINE CAPITAL				
FUND, L.P.	667,327	57	2,831,721	57
Sigmastar Technology Ltd.	7,659,507	32	-	-
Others	1,792,888	-	892,634	-
Subtotal	<u>11,898,448</u>		<u>4,811,301</u>	
Investments in jointly controlled entities:				
Yuan Ke (Pingtan)				
Investment Fund Limited Partnership	48,388,810	81	45,856,538	81
Total	<u>\$ 60,287,258</u>		<u>\$ 50,667,839</u>	

Subsidiary Gaintech Co. Limited acquired the 40% ownership of Vanchip (Tianjin) Technology Co., Ltd. (“Vanchip”) by cash in the amount of US\$40,000,000 in March 2020. In October 2020 and May 2021, the Company disposed of a portion of Vanchip shares and its ownership was reduced to 28%. 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.

Subsidiary Sigmastar Technology Inc. disposed of a portion of Sigmastar Technology Ltd. shares in February 2021, and its ownership was reduced to 34%. Furthermore, Sigmastar Technology Ltd. increased capital by cash in the second and third quarter of 2021, and the Company did not subscribe to the new share proportionate to its original ownership interest. Its ownership was therefore reduced to 32%. Since the Company does not have the ability to direct the relevant activities of Sigmastar Technology Ltd. and therefore does not have control, the Company accounts for the Sigmastar Technology Ltd. investment using the equity method.

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

Although partial of the Company's ownership in the aforementioned investments were higher than 50%, those investments were Limited Partnership and the Company merely served as a Limited Partner who 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.

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	
	2021	2020
Profit from continuing operations	\$ 979,764	\$ 112,061
Other comprehensive income (post-tax)	1,846	16,529
Total comprehensive income	<u>\$ 981,610</u>	<u>\$ 128,590</u>

## B. Investments in jointly controlled entities

	For the years ended	
	December 31	
	2021	2020
(Loss) profit from continuing operations	\$ 271,565	\$ 234,224
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$ 271,565</u>	<u>\$ 234,224</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, 2021 and 2020.

## (10) Property, plant and equipment

	December 31,	December 31,
	2021	2020
Owner-occupied property, plant and equipment	<u>\$ 49,111,180</u>	<u>38,971,343</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
				telecommunication equipment	equipment	equipment			equipment examination	examination	
Cost:											
As of January 1, 2021	\$ 5,479,386	\$ 29,536,371	\$ 1,189,789	\$ 8,680,284	\$ 12,631,796	\$ 1,627,882	\$ 1,185,926	\$ 60,331,434			
Additions-acquired separately	2,909,841	623,920	176,168	5,822,082	2,625,353	4,050,553	1,034,858	17,242,775			
Disposals	-	(8,688)	(1,071)	(561,771)	(103,643)	(1,341,449)	(3,168)	(2,019,790)			
Transfers	660	175,058	13,047	2,241	60,264	44,454	(1,027,133)	(731,409)			
Exchange differences	-	(40,394)	(1,833)	(48,915)	(36,427)	(40,972)	54,712	(113,829)			
Other	-	-	(120,193)	(1,645)	-	(64,941)	(89,909)	(276,688)			
As of December 31, 2021	\$ 8,389,887	\$ 30,286,267	\$ 1,255,907	\$ 13,892,276	\$ 15,177,343	\$ 4,275,527	\$ 1,155,286	\$ 74,432,493			
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			

**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
				Building and facilities	Machinery equipment	telecommunication equipment				
Depreciation and impairment:										
As of January 1, 2021	\$ -	\$ 5,704,895	\$ 678,283	\$ 6,064,960	\$ 7,863,842	\$ 1,048,111	\$ -	\$ 21,360,091		
Depreciation	-	852,886	158,385	1,457,340	1,624,546	805,237	-	4,898,394		
Disposals	-	(2,262)	-	(558,448)	(100,653)	(14,416)	-	(675,779)		
Transfers	-	(82,379)	(8,346)	173	8,394	(12,518)	-	(94,676)		
Exchange differences	-	(5,660)	(1,911)	(41,913)	(35,376)	(34,246)	-	(119,106)		
Other	-	-	(23,444)	(251)	-	(23,916)	-	(47,611)		
As of December 31, 2021	\$ -	\$ 6,467,480	\$ 802,967	\$ 6,921,861	\$ 9,360,753	\$ 1,768,252	\$ -	\$ 25,321,313		
As of January 1, 2020										
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		
Net carrying amount as of:										
December 31, 2021	\$ 8,389,887	\$ 23,818,787	\$ 452,940	\$ 6,970,415	\$ 5,816,590	\$ 2,507,275	\$ 1,155,286	\$ 49,111,180		
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		

The property, plant and equipment 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)**

## (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, 2021	\$ 176,884	\$ 965,049	\$ 83,303	\$ 1,225,236
Transfers	(660)	722,086	(2,155)	719,271
Exchange differences	-	(1,971)	(20)	(1,991)
As of December 31, 2021	<u>\$ 176,224</u>	<u>\$ 1,685,164</u>	<u>\$ 81,128</u>	<u>\$ 1,942,516</u>
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>
Depreciation and impairment:				
As of January 1, 2021	\$ -	\$ 207,653	\$ 5,627	\$ 213,280
Depreciation	-	39,578	2,811	42,389
Transfers	-	82,370	(489)	81,881
Exchange differences	-	(385)	(3)	(388)
As of December 31, 2021	<u>\$ -</u>	<u>\$ 329,216</u>	<u>\$ 7,946</u>	<u>\$ 337,162</u>
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>
Net carrying amount as of:				
December 31, 2021	<u>\$ 176,224</u>	<u>\$ 1,355,948</u>	<u>\$ 73,182</u>	<u>\$ 1,605,354</u>
December 31, 2020	<u>\$ 176,884</u>	<u>\$ 757,396</u>	<u>\$ 77,676</u>	<u>\$ 1,011,956</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	
	2021	2020
Rental income from investment properties	\$ 146,510	\$ 117,621
Less:		
Direct operating expenses from investment properties generating rental income	(42,389)	(26,475)
Total	\$ 104,121	\$ 91,146

Investment property was not pledged.

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,	December 31,
	2021	2020
Fair value	\$ 2,571,956	\$ 1,630,919
Based on comparative approach and income approach:	December 31,	December 31,
	2021	2020
Fair value	\$ 201,317	\$ 201,599
Income capitalization rate	1.36%~3.21%	1.19%-3.04%

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, 2021	\$ 772,487	\$ 777,061	\$ 5,114,146	\$ 20,909,970	\$ 65,357,866	\$ 92,931,530
Additions-acquired separately	-	498,888	-	2,046,346	-	2,545,234
Disposals	-	(43,596)	-	(63,060)	-	(106,656)
Transfers	-	(4,178)	-	1,909	-	(2,269)
Exchange differences	-	(435)	-	(115,817)	(14,844)	(131,096)
Other	-	(25,622)	-	(191,780)	-	(217,402)
As of December 31, 2021	\$ 772,487	\$ 1,202,118	\$ 5,114,146	\$ 22,587,568	\$ 65,343,022	\$ 95,019,341
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

## 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, 2021	\$ 670,331	\$ 425,628	\$ 4,015,066	\$ 11,548,838	\$ -	\$ 16,659,863
Amortization	47,514	257,116	256,027	4,517,790	-	5,078,447
Disposals	-	(43,600)	-	(62,810)	-	(106,410)
Transfers	-	-	-	8	-	8
Exchange differences	-	(98)	-	(48,641)	-	(48,739)
Other	-	(10,714)	-	(78,763)	-	(89,477)
As of December 31, 2021	\$ 717,845	\$ 628,332	\$ 4,271,093	\$ 15,876,422	\$ -	\$ 21,493,692
As of January 1, 2020						
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
Net carrying amount as of:						
December 31, 2021	\$ 54,642	\$ 573,786	\$ 843,053	\$ 6,711,146	\$ 65,343,022	\$ 73,525,649
December 31, 2020	\$ 102,156	\$ 351,433	\$ 1,099,080	\$ 9,361,132	\$ 65,357,866	\$ 76,271,667



**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\$65,343,022 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.

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.

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

## (14) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	\$ 51,267,307	\$ 21,470,853
Interest rates	(0.5)%~1.69%	0%~1.69%

## (15) Other payables

	December 31, 2021	December 31, 2020
Accrued salaries and bonuses	\$ 37,956,787	\$ 25,575,298
Accrued royalties	1,892,470	1,857,314
Others	13,277,109	11,560,227
Total	\$ 53,126,366	\$ 38,992,839

## (16) Other current liabilities

	December 31, 2021	December 31, 2020
Refund liabilities	\$ 40,364,929	\$ 27,645,013
Others	626,116	718,056
Total	\$ 40,991,045	\$ 28,363,069

## (17) Long-term borrowings

Details of long-term loans as of December 31, 2021 are as follows:

Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
JP Morgan Chase Bank	\$ 827,660	0%	Effective from June 11, 2021 to September 11, 2023, principal is repaid once due.
JP Morgan Chase Bank	558,060	(0.4)%	Effective from October 26, 2021 to November 25, 2022, principal is repaid once due.
Total	1,385,720		
Less: current portion	(558,060)		
Noncurrent portion	\$ 827,660		

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

None.

Long-term borrowings 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)**

(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, 2021 and 2020 were NT\$2,067,508 thousand and NT\$1,709,205 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.

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\$22,253 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

The weighted average duration of the defined benefit obligations were 11 to 17 years and 11 to 18 years as of December 31, 2021 and 2020, respectively.

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

Pension costs recognized in profit or loss are as follows:

	For the years ended	
	December 31	
	2021	2020
Current service cost	\$ 7,079	\$ 6,812
Net interest on the net defined benefit liabilities	4,517	7,566
Past service cost	26,694	-
Total	\$ 38,290	\$ 14,378

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

	December 31,	December 31,
	2021	2020
Defined benefit obligation	\$ 1,201,250	\$ 1,232,141
Plan assets at fair value	(344,838)	(322,023)
Net defined benefit liabilities	\$ 856,412	\$ 910,118

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, 2021	\$ 1,232,141	\$ (322,023)	\$ 910,118
Current service cost	7,079	-	7,079
Interest expenses (income)	6,177	(1,660)	4,517
Past service cost	26,694	-	26,694
Subtotal	39,950	(1,660)	38,290
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(9,607)	-	(9,607)
Actuarial gains and losses arising from changes in financial assumptions	(67,486)	-	(67,486)
Experience adjustments	18,651	-	18,651
Remeasurements of the defined benefit assets	-	(3,839)	(3,839)
Subtotal	(58,442)	(3,839)	(62,281)
Payment of benefit obligation	(14,781)	14,781	-
Contributions by employer	-	(32,097)	(32,097)
Other	2,382	-	2,382
As of December 31, 2021	\$ 1,201,250	\$ (344,838)	\$ 856,412

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	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

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

	December 31, 2021	December 31, 2020
Discount rate	0.55%~0.82%	0.40%~0.90%
Expected rate of salary increases	2.25%~4.50%	2.25%~5.00%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31			
	2021		2020	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	\$	\$ (87,021)	\$	\$ (96,001)
Discount rate decreases by 0.5%	95,176		105,562	
Rate of future salary increases by 0.5%	92,590		102,186	
Rate of future salary decreases by 0.5%		(85,652)		(94,069)

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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, 2021 and 2020 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\$15,988,420 thousand and NT\$15,900,622 thousand divided into 1,598,841,998 shares and 1,590,062,183 shares, as of December 31, 2021 and 2020, respectively. Each share has one voting right and a right to receive dividends.

On July 5, 2021, the general shareholders' meeting approved to issue restricted stocks for employees. As of December 31, 2021, 8,381,181 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 125,822 shares and 1,341,752 shares of issued restricted stocks for employees during the years ended December 31, 2021 and 2020, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

MTK issued 359,451 new shares for the year ended December 31, 2021, at par value of NT\$10 for exercising employee stock options. The aforementioned new issued shares (NT\$483 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of December 31, 2021.

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.

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

## B. Capital surplus

	December 31, 2021	December 31, 2020
Additional paid-in capital	\$ 45,612,340	\$ 69,595,338
Treasury share transactions	2,048,065	1,759,683
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	839,842	1,002,344
Changes in ownership interests in subsidiaries	2,968,846	2,359,582
Donated assets	1,261	1,261
From share of changes in net assets of associates	1,223,848	-
Employee stock options	391,175	354,686
Restricted stocks for employees	6,388,981	1,320,910
Others	301,687	351,946
Total	<u>\$ 59,776,045</u>	<u>\$ 76,745,750</u>

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, 2021 and 2020, 7,794,085 shares of MTK's common shares amounting to NT\$55,970 thousand were held by the subsidiary, Hsiang Fa Co. These shares held by Hsiang Fa Co. were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.

As of December 31, 2021 and 2020, MTK did not hold any other treasury shares.



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

**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.

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.

The 2021 general shareholders' meeting of the Company has been postponed due to the COVID-19 pandemic. But the resolutions of the distributions of earnings and the additional paid-in capital by cash have been approved by shareholders through electronic voting by June 10, 2021. Details of the 2020 and 2019 earnings distributions and dividends per share as resolved by general shareholders' meeting on July 5, 2021 and June 11, 2020, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 5,634,195	\$ 3,075,336	-	-
Cash dividends-common stock	33,398,284	7,944,252	\$ 21.00	\$ 5.00
Total	<u>\$ 39,032,479</u>	<u>\$ 11,019,588</u>		



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

In addition, the general shareholders' meeting on July 5, 2021 and June 11, 2020 resolved to distribute the additional paid-in capital by cash in the amount of NT\$25,446,312 thousand and NT\$8,738,677 thousand, or NT\$16 per share and NT\$5.5 per share, respectively.

## E. Non-controlling interests

	For the years ended of December 31	
	2021	2020
Beginning balance	\$ 3,250,630	\$ 1,649,194
Gains attributable to non-controlling interests	451,471	521,773
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Remeasurements of defined benefit plans	(446)	-
Exchange differences resulting from translating the financial statements of foreign operations	(16,228)	10,279
Share-based payment transactions	9,585	253,978
Changes in ownership interests in subsidiaries	(430,508)	583,585
Acquisition of additional interest in a subsidiary	(14,310)	231,821
Loss of control of subsidiaries	(1,617,596)	-
Ending balance	<u>\$ 1,632,598</u>	<u>\$ 3,250,630</u>

## (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 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, 2021 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)**

Date of grant	Total number of options granted	Total number of options outstanding	Shares available for option holders	Exercise price (NT\$) (Note)
2011.08.24	2,109,871	-	-	\$ 272.6
2012.08.14	1,346,795	174,743	174,743	\$ 280.4
2013.08.22	1,436,343	281,736	281,736	\$ 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:

	Employee Stock Option
Expected dividend yield (%)	2.43%~3.07%
Expected volatility (%)	32.9%~38.5%
Risk free interest rate (%)	1.0479%~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			
	2021		2020	
	Options (Unit)	Weighted-average Exercise Price per Share (NT\$)	Options (Unit)	Weighted-average Exercise Price per Share (NT\$)
Outstanding at beginning of period	879,147	\$ 316.8	2,721,463	\$ 329.0
Granted	-	-	-	-
Exercised (Note)	(359,451)	300.4	(1,721,878)	330.8
Forfeited (Expired)	(63,217)	278.7	(120,438)	391.0
Outstanding at end of period	<u>456,479</u>	334.5	<u>879,147</u>	316.9
Exercisable at end of period	<u>456,479</u>		<u>879,147</u>	
Weighted-average fair value of options granted during the period (in NT\$)	<u>\$ -</u>		<u>\$ -</u>	

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

Note: The weighted average share price at the date of exercise of those options were NT\$940.2 and NT\$640.2 for the years ended December 31, 2021 and 2020, respectively.

The information on the outstanding share-based payment plan as of December 31, 2021 and 2020 is as follows:

Date of grant	Range of Exercise Price (NT\$)	December 31, 2021		December 31, 2020	
		Expected Remaining Years	Weighted-average Expected Exercise Price per Share (NT\$)	Expected Remaining Years	Weighted-average Expected Exercise Price per Share (NT\$)
2011.08.09	\$ 272.6	-	\$ 272.6	-	\$ 272.6
2012.08.09	280.4	-	280.4	-	281.9
2013.08.09	368.0	-	368.0	-	368.0

**Restricted stocks plan for employees of MTK**

On June 15, 2018 and July 5, 2021, the shareholders' meeting approved to issue gratuitous restricted stocks for employees, at a total of 19,200,000 and 19,080,000 common shares, respectively. 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.

MTK issued 12,259,550, 2,205,888, 17,818, 2,182,958 and 8,381,181 gratuitous restricted stocks on September 6, 2018, February 27, 2019, April 12, 2019, July 15, 2019, and August 31, 2021, 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, NT\$314.5 and NT\$824.81~NT\$901 per share, respectively. The estimated compensation expenses amounted to NT\$10,164,353 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of December 31, 2021, MTK had recognized NT\$5,068,945 thousand as compensation expense and NT\$5,090,942 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

The first restricted stocks plan for employees of 2021 was evaluated under the fair value method. Assumptions used in calculating the fair value are disclosed as follows:

	Restricted stocks plan for employees
Expected volatility (%)	40%
Risk free interest rate (%)	0.24%
Pricing Approach	Monte Carlo Simulation

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED 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 the 2021 plan are as follows:

- A. To issue common shares of MTK 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 (including Total Shareholder Return) during the vesting period, are eligible to receive the vested shares. The maximum portions of the vesting shares of 2022 are 34%, and the cumulative maximum portions of vesting shares from 2022 to 2023 and 2022 to 2024 are 67%, 100%, 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, etc., are the same as those of the common shareholders', and the rights will be exercised by the custodian organizations according to the trust contracts.

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 16, 2020, Board of Directors resolved to issue 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. were 319,200 units as of December 31, 2019. During the year ended December 31, 2021, totally 0 unit was granted and 169,800 unit expired. During the year ended December 31, 2020, totally 50,000 units were granted and 44,100 units expired. Total outstanding stock options of Airoha (Cayman) Inc. were 155,300 units and 325,100 units as of December 31, 2021 and 2020, 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 Sigmastar Technology Ltd. resolved to issue share capital for employees with consideration in a total number of 3,269,004 units and 13,974,405 units, respectively.

On March 15, 2021, Board of Directors of Airoha Technology (Cayman) Inc. resolved to issue 814,217 common shares for restricted stocks plan for employees of Airoha Technology (Cayman) Inc. and its affiliates.

New common shares and share capital of Airoha (Cayman) Inc., ILI Technology Holding Corporation, Sigmastar Technology Ltd. and Airoha Technology (Cayman) 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 4,619,500 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 0 unit and 9,921,200 units (including 4,619,500 units without restrictions) as of December 31, 2021 and 2020, respectively.

Total units of restricted stocks issued by subsidiaries were 52,101,809 units (including 1,528,102 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 0 unit and 6,917,209 units (including 1,528,102 units without restrictions) as of December 31, 2021 and 2020, 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 5 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 0 unit and 350,000 units as of December 31, 2021 and 2020, respectively.

Total units of restricted stocks issued by subsidiaries were 814,217 units and the total fair value amounted to US\$6,880 thousand for the year ended December 31, 2021. The grant dates were from March 2021 and the lock-up periods were 4 years after the grant dates. Total outstanding units were 814,217 units as of December 31, 2021.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model, the Price-Book Ratio, Price-to-Earnings Ratio, Income Approach and Market Approximation Approach were used to estimate the fair value of restricted stocks for employees. Assumptions of the Black-Scholes Option Pricing model used in calculating the fair value are disclosed as follows:

	<u>Restricted stocks plan for employee</u>
Expected dividend yield (%)	0.00%
Expected volatility (%)	32.87%-47.65%
Risk free interest rate (%)	0.04%-0.51%
Expected life (Years)	0.02-0.81 years

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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.

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, 2021 and 2020 are shown in the following table:

	For the years ended	
	December 31	
	2021	2020
Employee stock options	\$ 10,719	\$ 2,672
Restricted stocks for employees	1,746,360	1,280,765
Total	<u>\$ 1,757,079</u>	<u>\$ 1,283,437</u>

Except for the share-based payment plan of Airoha Technology (Cayman) Inc. whose vesting period had been advanced to November 30, 2021, the Company did not modify or cancel any other share-based payment plans during the year ended December 31, 2021. The amendment of Airoha's share-based payment plan did not incur any incremental fair value.

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. The amendment of Airoha's share-based payment plan did not incur any incremental fair value.



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

## (21) Sales

Analysis of revenue from contracts with customers for the years ended December 31, 2021 and 2020 is as follows:

## A. Disaggregation of revenue

	For the years ended December 31	
	2021	2020
Sale of goods	\$ 488,900,520	\$ 317,493,721
Services and other operating revenues	4,514,062	4,652,267
Total	<u>\$ 493,414,582</u>	<u>\$ 322,145,988</u>
Revenue recognition point:		
At a point in time	\$ 491,013,293	\$ 319,280,778
Satisfies the performance obligation over time	2,401,289	2,865,210
Total	<u>\$ 493,414,582</u>	<u>\$ 322,145,988</u>

## B. Contract balances

## Contract liabilities - current

	December 31, 2021	December 31, 2020	January 1, 2020
Sales of goods	\$ 5,930,981	\$ 11,560,361	\$ 2,368,770
Services and other operating revenues	437,502	132,556	324,760
Total	<u>\$ 6,368,483</u>	<u>\$ 11,692,917</u>	<u>\$ 2,693,530</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31	
	2021	2020
Revenue recognized during the period that was included in the beginning balance	<u>\$ 11,342,427</u>	<u>\$ 2,045,287</u>
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ 6,065,844</u>	<u>\$ 11,214,599</u>



**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED 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, 2021 and 2020, 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\$1,026,152 thousand and NT\$1,752,672 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.

## (22) Expected credit losses

	For the years ended December 31	
	2021	2020
Operating expense – Expected credit losses		
Trade receivables	\$ 466	\$ 8,092

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, 2021 and 2020 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:

2021.12.31

	Neither past due		Past due			Total
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 58,349,480	\$ 178,102	\$ 9,480	\$ 7,867	\$ 75,622	\$ 58,620,551
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(766)	(41,885)	(42,651)
Carrying amount of trade receivables	\$ 58,349,480	\$ 178,102	\$ 9,480	\$ 7,101	\$ 33,737	\$ 58,577,900

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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, 2021 and 2020 are as follows:

	Note receivables	Trade receivables	Financing lease receivable
As of January 1, 2021	\$ -	\$ 43,315	\$ -
Allowance for the current period	-	466	-
Effect of changes in exchange rate	-	(1,130)	-
As of December 31, 2021	\$ -	\$ 42,651	\$ -
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	\$ -

## (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.

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

## a. Right-of-use asset

	December 31, 2021	December 31, 2020
Land	\$ 1,662,523	\$ 1,773,010
Buildings and facilities	1,635,123	1,111,563
Machinery equipment	158,384	15,130
Transportation equipment	17,204	15,283
Office equipment	5,293	19,776
Total	<u>\$ 3,478,527</u>	<u>\$ 2,934,762</u>

During the years ended December 31, 2021 and 2020, the additions to right-of-use assets of the Company amounted to NT\$1,268,802 thousand and NT\$541,254 thousand, respectively.

## b. Lease liability

	December 31, 2021	December 31, 2020
Lease liability-current	\$ 501,153	\$ 483,089
Lease liability-noncurrent	2,989,923	2,362,280
Total	<u>\$ 3,491,076</u>	<u>\$ 2,845,369</u>

Please refer to Note 6. (28) for the interest on lease liability recognized during 2021 and 2020 and Note 12. (2) C. for the maturity analysis of lease liabilities as of December 31, 2021.

## c. Depreciation charge for right-of-use assets

	For the years ended December 31	
	2021	2020
Land	\$ 48,427	\$ 49,461
Buildings and facilities	464,735	452,747
Machinery equipment	67,667	9,078
Transportation equipment	7,760	13,663
Office equipment	13,258	14,504
Total	<u>\$ 601,847</u>	<u>\$ 539,453</u>

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

## d. Income and costs relating to leasing activities

	For the years ended	
	December 31	
	2021	2020
The expense relating to short-term leases	\$ 156,800	\$ 104,217
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	\$ 3,902	\$ 5,252
Income from subleasing right-of-use assets	\$ 35,095	\$ 36,455

## e. Cash outflow relating to leasing activities

During the years ended December 31, 2021 and 2020, the Company's total cash outflows for leases amounted to NT\$828,714 thousand and NT\$652,953 thousand, respectively.

## B. The Company as a lessor

Please refer to Note 6. (11) for details on the Company's owned investment properties and investment properties held by the Company as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

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.

	For the years ended	
	December 31	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$ 246,601	\$ 189,970
Lease income for finance leases		
Finance income on the net investment in the lease	15,657	-
Total	\$ 262,258	\$ 189,970

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED 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, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Not later than one year	\$ 23,293	\$ 2,092
Later than one year and not later than two years	23,292	2,092
Later than two years and not later than three years	746,853	2,092
Later than three years and not later than four years	735,143	67,067
Later than four years and not later than five years	-	66,015
Total non-discounted lease payments	1,528,581	139,358
Less: unearned finance income of finance lease	(72,797)	(8,629)
Less: allowance for doubtful debts	-	-
Net investment in the finance lease (receivable of a finance lease)	<u>\$ 1,455,784</u>	<u>\$ 130,729</u>
Current	<u>\$ -</u>	<u>\$ -</u>
Non-Current	<u>\$ 1,455,784</u>	<u>\$ 130,729</u>

(24) Employee benefits, depreciation and amortization expenses are summarized by function as follows:

	For the years ended December 31					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 47,685	\$ 2,058,113	\$ 2,105,798	\$ 45,812	\$ 1,677,771	\$ 1,723,583
Others	\$ 1,445,001	\$ 80,713,514	\$ 82,158,515	\$ 1,341,174	\$ 57,633,921	\$ 58,975,095
Depreciation	\$ 130,390	\$ 5,412,240	\$ 5,542,630	\$ 171,003	\$ 4,396,803	\$ 4,567,806
Amortization	\$ 625	\$ 5,077,822	\$ 5,078,447	\$ 9,097	\$ 5,324,180	\$ 5,333,277

**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, 2021. 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. The amounts of employees' compensation and remuneration to directors were NT\$1,513,219 thousand and NT\$153,213 thousand for the year ended December 31, 2021, respectively. The employees' compensation and remuneration to directors were recognized as salary expense.

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.

## (25) Interest income

	For the years ended	
	December 31	
	2021	2020
Financial assets measured at amortized cost	\$ 1,546,154	\$ 2,311,013
Financial assets at fair value through other comprehensive income	104,544	171,186
Total	\$ 1,650,698	\$ 2,482,199

**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	
	2021	2020
Rental income	\$ 246,601	\$ 189,970
Dividend income	5,781,848	1,422,408
Others	551,184	148,189
Total	<u>\$ 6,579,633</u>	<u>\$ 1,760,567</u>

## (27) Other gains and losses

	For the years ended	
	December 31	
	2021	2020
Losses on disposal of property, plant and equipment	\$ (4,649)	\$ (11,297)
Losses on disposal of intangible assets	(9)	(67)
Gains (losses) on disposal of investments		
Debt instruments measured at fair value through other comprehensive income	9,777	(30,073)
Investments accounted for using the equity method	938,753	41,269
Subsidiary	8,420,205	161,164
Foreign exchange gains (losses)	310,074	(48,143)
Gains on financial assets at fair value through profit or loss	52,451	252,750
Losses on financial liabilities at fair value through profit or loss	(4,252)	(10,329)
Others	73,257	9,347
Total	<u>\$ 9,795,607</u>	<u>\$ 364,621</u>

## (28) Finance costs

	For the years ended	
	December 31	
	2021	2020
Interest expenses on borrowings	\$ 132,657	\$ 537,822
Interest expenses on lease liabilities	59,944	57,166
Total	<u>\$ 192,601</u>	<u>\$ 594,988</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, 2021 :

	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	\$ 62,281	\$ -	\$ 62,281	\$ (11,077)	\$ 51,204
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	5,686,940	-	5,686,940	51,173	5,738,113
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,797,189	-	2,797,189	-	2,797,189
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(5,950,668)	(92,387)	(6,043,055)	-	(6,043,055)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	7,693	(9,777)	(2,084)	-	(2,084)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	1,269,974	(7,140)	1,262,834	-	1,262,834
<b>Total</b>	<b>\$ 3,873,409</b>	<b>\$ (109,304)</b>	<b>\$ 3,764,105</b>	<b>\$ 40,096</b>	<b>\$ 3,804,201</b>



**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, 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	\$ (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
<b>Total</b>	<b>\$ 31,187,285</b>	<b>\$ 263,915</b>	<b>\$ 31,451,200</b>	<b>\$ (310,392)</b>	<b>\$ 31,140,808</b>

**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 gain or loss of NT\$9,777 thousand and NT\$(30,073) thousand for the years ended December 31, 2021 and 2020, respectively, which were recognized in other comprehensive income, were reclassified to profit or loss.

**(30) Income Tax**

The major components of income tax expense are as follows:

	For the years ended	
	December 31	
	2021	2020
Current income tax	\$ 14,603,737	\$ 6,624,844
Deferred tax income	(48,568)	(559,934)
Others	424,351	79,203
Income tax expense recognized in profit or loss	<u>\$ 14,979,520</u>	<u>\$ 6,144,113</u>

Income tax recognized in other comprehensive income

	For the years ended	
	December 31	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$ 11,077	\$ (14,597)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(51,173)	324,989
Income tax relating to components of other comprehensive income	<u>\$ (40,096)</u>	<u>\$ 310,392</u>

Income tax charged directly to equity

	For the years ended	
	December 31	
	2021	2020
Current income tax expense:		
Realized gains from equity instrument investments measured at fair value through other comprehensive income	\$ 246,457	\$ 1,581,966

**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	
	2021	2020
Accounting profit before tax from continuing operations	\$ 126,852,053	\$ 47,582,686
Tax at the domestic rates applicable to profits in the country concerned	\$ 35,789,395	\$ 15,523,248
Tax effect of revenues exempt from taxation	(6,929,089)	(2,941,877)
Tax effect of expenses not deductible for tax purposes	307,966	120,167
Investment tax credits	(5,643,030)	(2,505,511)
Tax effect of deferred tax assets/liabilities	(10,260,068)	(4,860,474)
Corporate income surtax on undistributed retained earnings	872,613	1,034,681
Others	841,733	(226,121)
Total income tax expense recognized in profit or loss	\$ 14,979,520	\$ 6,144,113

For the year ended December 31, 2021

	Beginning balance	Recognized in			Transfer to associates	Ending balance
		Recognized in profit or loss	other comprehensive income	Charged directly to equity		
Temporary differences						
Unrealized allowance for inventory obsolescence	\$ 1,845,594	\$ 1,017,422	\$ -	\$ -	\$ -	\$ 2,863,016
Allowance for sales returns and discounts	2,193,142	1,270,168	-	-	-	3,463,310
Amortization of difference for tax purpose	305,190	28,103	-	-	-	333,293
Amortization of goodwill difference for tax purpose	(2,644,084)	(686,653)	-	-	-	(3,330,737)
Unused tax losses	21,502	(684)	-	-	-	20,818
Unused tax credits	484,702	(195,548)	-	-	-	289,154
Others	(2,503,833)	(821,892)	40,096	(246,457)	(17,350)	(3,549,436)
Deferred tax income (expense)		\$ 610,916	\$ 40,096	\$ (246,457)	\$ (17,350)	
Net deferred tax assets	\$ (297,787)					\$ 89,418
Reflected in balance sheet as follows:						
Deferred tax assets	\$ 5,676,629					\$ 8,412,894
Deferred tax liabilities	\$ (5,974,416)					\$ (8,323,476)

**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, 2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Charged directly to equity	Proceeds from disposal of subsidiary	Ending balance
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)		<u>\$ 3,705,093</u>	<u>\$ (310,392)</u>	<u>\$ (1,581,966)</u>	<u>\$ (74,901)</u>	
Net deferred tax assets	<u>\$ (2,035,621)</u>					<u>\$ (297,787)</u>
Reflected in balance sheet as follows:						
Deferred tax assets	<u>\$ 4,769,887</u>					<u>\$ 5,676,629</u>
Deferred tax liabilities	<u>\$ (6,805,508)</u>					<u>\$ (5,974,416)</u>

The assessment of income tax returns

As of December 31, 2021, the assessments of the income tax returns of MTK and its material subsidiaries are as follows:

	The assessment of income tax returns
MTK	Assessed and approved up to 2019
Subsidiary- Hsu-Ta Investment Corp.	Assessed and approved up to 2019
Subsidiary- Richtek Technology Corp.	Assessed and approved up to 2019
Subsidiary- Airoha Technology Corp.	Assessed and approved up to 2019

**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	
	2021	2020
<b>A. Basic earnings per share</b>		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 111,421,062	\$ 40,916,800
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,579,074,576	1,573,329,335
Basic earnings per share (NT\$)	\$ 70.56	\$ 26.01
<b>B. Diluted earnings per share</b>		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 111,421,062	\$ 40,916,800
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,579,074,576	1,573,329,335
Effect of dilution:		
Employees' compensation-stock (share)	1,399,199	980,921
Employee stock options (share)	462,010	1,425,487
Restricted stocks for employees (share)	5,845,245	7,875,783
Weighted average number of ordinary shares outstanding after dilution (share)	1,586,781,030	1,583,611,526
Diluted earnings per share (NT\$)	\$ 70.22	\$ 25.84

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

- A. On January 27, 2021, the Company's Board of Directors approved to sell the 16% shares of Sigmastar Technology Ltd. Total sale price was US\$115 million and the Company recognized a gain on disposal of a subsidiary of NT\$2,767,468 thousand. After the sale, the Company lost control over Sigmastar Technology Ltd. The remaining 34% shares were remeasured at the fair value of NT\$6,671,441 thousand on the date of disposal and the Company recognized a holding gain of NT\$5,652,737 thousand. Assets and liabilities of the disposed subsidiary as of February 28, 2021 are shown as follows:

	<u>As of February 28, 2021</u>	
Assets		
Cash and cash equivalents	\$	1,285,672
Financial assets at fair value through profit or loss-current		837,002
Trade receivables, net		576,876
Other receivables		18,397
Current tax assets		13
Inventories, net		1,388,345
Prepayments		110,238
Financial assets measured at amortized cost-noncurrent		2,013
Property, plant and equipment		229,077
Right-of-use assets		85,555
Intangible assets		127,925
Deferred tax assets		17,350
Refundable deposits		69,170
		<u>4,747,633</u>
Liabilities		
Contract liabilities-current		(67,266)
Trade payables (including related parties)		(425,769)
Other payables (including related parties)		(682,095)
Current tax liabilities		(51,437)
Other current liabilities		(276,859)
Lease liabilities (including current and noncurrent)		(11,017)
		<u>(1,514,443)</u>
Net assets carrying amount	\$	<u>3,233,190</u>

On February 24, 2021, the Company has completed the transfer of shareholding rights of Sigmastar Technology Ltd.

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

- B. On July 31, 2020, the Company's Board of Directors approved to sell the shares of ILI Technology Holding Corporation to Midus Investments Limited at the price of US\$138 million. The Company recognized the gain 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>	
<b>Assets</b>		
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>
<b>Liabilities</b>		
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>

On November 30, 2020, the Company has completed the transfer of shareholding rights of ILI Technology Holding Corporation.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

(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 Sigmastar Technology Ltd. in September 2020 and its ownership was reduced to 50%. In addition, Sigmastar Technology Ltd. increased capital by cash in the year 2020. The Company did not subscribe to the new shares proportionate to its original ownership interest that resulted in a change in ownership interest but control remained. The Company accounted for the change as an equity transaction. In addition, the Company disposed partial of the ownership of Sigmastar Technology Ltd. and lost control over it in February 2021. Please refer to Note 6. (32) for more details.

In consideration of the Company's investment strategy, the Company acquired the additional 0.05% of voting shares of Airoha Technology (Cayman) Inc. in November 2020 and its ownership interest rose to 76%. Furthermore, the 100% ownership of Airoha Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to Airoha Technology (Cayman) Inc. on January 1, 2021. Airoha Technology (Cayman) Inc. increased its capital by cash in April 2021. The Company did not subscribe to the new shares proportionate to its original ownership interest this time and its ownership rose to 91%. As the control over these two subsidiaries remained, the Company accounted for the changes as equity transactions.

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. In June 2021, the Company acquired the additional 0.35% of voting shares of Airoha (Cayman) Inc. from other shareholders. Furthermore, as Airoha Technology Corp. completed a share swap and acquired the 100% ownership of Airoha (Cayman) Inc. on October 1, 2021, the Company's ownership of Airoha Technology Corp. and Airoha (Cayman) Inc. rose to 86%. As the control over the subsidiary remained, the changes of the ownership interest were accounted for as equity transactions.

In consideration of the Company's investment strategy, the Company acquired the additional 1.15% of voting shares of Zelus Technology (HangZhou) Ltd. in November 2020 and its ownership rose to 91%. However, the Company sold certain voting shares in July 2021 and its ownership decreased to 88%. As the control over the subsidiary remained, the changes of the ownership interest were accounted for as equity transactions.

The differences between the fair value of purchased equity investments and the increase in the non-controlling interest were NT\$446,762 thousand and NT\$2,187,329 thousand for the years ended December 31, 2021 and 2020, respectively, and have been recorded in equity.



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED 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>
Intelligo Technology Inc.	Associate
Amobile Intelligent Corp. Limited	Associate
PuTian Joint Micro Technology Inc.	Associate (Note 1)
Cyberon Corp.	Associate
ASIX Electronics Corporation	Associate
IC PLUS CORP.	Associate
Sigmastar Technology Ltd. and its subsidiaries	Associate (Note 2)
Andes Technology Corp.	Substantive related party (Note 3)
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party
Richtek Education Foundation	Substantive related party
MediaTek Foundation	Substantive related party

Note1: 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.

Note2: The Company lost control over Sigmastar Technology Ltd. in February 2021. As a result, Sigmastar Technology Ltd. has become an associate of the Company since that month.

Note3: The Andes Technology Corp became a non-related party as the chairman of MTK resigned as the chairman of Andes Technology Crop in July 2021.

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

## (1) Sales

Sale of goods

	For the years ended	
	December 31	
	2021	2020
Associates		
Intelligo Technology Inc.	\$ 14,114	\$ 6,234
IC PLUS CORP.	21,797	-
ASIX Electronics Corporation	202,756	-
Amobile Intelligent Corp. Limited	-	9,665
Subtotal	238,667	15,899
<u>Services and other operating revenues</u>		
Associates		
ASIX Electronics Corporation	3,184	-
Sigmastar Technology Ltd. and its subsidiaries	118,697	-
PuTian Joint Micro Technology Inc.	-	420
Subtotal	121,881	420
Total	\$ 360,548	\$ 16,319

The trade credit terms for associates were 30 days and third-party customers were 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	
	2021	2020
Associates		
ASIX Electronics Corporation	\$ 27,184	\$ -
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	9,148,479	5,609,992
Total	\$ 9,175,663	\$ 5,609,992

The trade credit terms for related parties and third-party suppliers were both 60 to 75 days.

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

## (3) Consign research and development expenses and license expenses

	For the years ended	
	December 31	
	2021	2020
Associate		
Cyberon Corp.	\$ 21,902	\$ 33,919
Other related parties		
Andes Technology Corp.	19,963	31,893
Total	\$ 41,865	\$ 65,812

## (4) Donations Expenses

	For the years ended	
	December 31	
	2021	2020
Other related parties		
MediaTek Foundation	\$ 120,000	\$ -
Richtek Education Foundation	7,000	6,000
Total	\$ 127,000	\$ 6,000

## (5) Rental income

	December 31,	December 31,
	2021	2020
	Associate	
Sigmastar Technology Ltd. and its subsidiaries	\$ 15,884	\$ -

## (6) Trade receivables from related parties

	December 31,	December 31,
	2021	2020
	Associate	
Intelligo Technology Inc.	\$ 2,375	\$ 630
ASIX Electronics Corporation	29,203	-
Sigmastar Technology Ltd. and its subsidiaries	39,324	-
IC PLUS CORP.	8,334	-
Total	\$ 79,236	\$ 630

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

## (7) Trade payables to related parties

	December 31, 2021	December 31, 2020
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 2,174,955	\$ 1,661,473
Associate		
ASIX Electronics Corporation	1,680	-
Total	<u>\$ 2,176,635</u>	<u>\$ 1,661,473</u>

## (8) Other payables to related parties

	For the years ended December 31	
	2021	2020
Associate		
Cyberon Corp.	\$ 6,851	\$ 5,631
Intelligo Technology Inc.	110,696	-
Subtotal	<u>117,547</u>	<u>5,631</u>
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	-	37,991
Andes Technology Corp.	-	4,318
Subtotal	<u>-</u>	<u>42,309</u>
Total	<u>\$ 117,547</u>	<u>\$ 47,940</u>

## (9) Long-term payables to related parties

	December 31, 2021	December 31, 2020
Associate		
Intelligo Technology Inc.	<u>\$ 193,718</u>	<u>\$ -</u>

## (10) Deposits received

	December 31, 2021	December 31, 2020
Associate		
Sigmastar Technology Ltd. and its subsidiaries	<u>\$ 3,718</u>	<u>\$ -</u>

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

## (11) Others

- A. During the year ended December 31, 2021, the Company acquired patent from Andes Technology Corp. in the amount of NT\$37,852 thousand which was recorded as intangible assets.
- B. During the year ended December 31, 2021, the Company acquired computer software from Intelligo Technology Inc. in the amount of NT\$335,158 thousand which was recorded as intangible assets.

## (12) Key management personnel compensation

	December 31, 2021	December 31, 2020
Short-term employee benefits (Note)	\$ 2,464,166	\$ 1,646,790
Share-based payment	490,036	233,840
Post-employment benefits	4,912	4,810
Total	<u>\$ 2,959,114</u>	<u>\$ 1,885,440</u>

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, 2021	December 31, 2020	
Financial assets measured at amortized cost-noncurrent	\$ 9,986	\$ 9,991	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	84,283	72,319	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	30,890	30,105	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	24,900	133,244	Performance bond
Total	<u>\$ 150,059</u>	<u>\$ 245,659</u>	

**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**

Significant Commitments

The Company entered into capacity reservation contracts with several suppliers. According to the contracts, the supplier shall provide agreed production capacity with the Company after prepayment by the Company.

Legal claim contingency

- A. 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 materially affected by this case.
- B. 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 Nos. 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.

- C. 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 Nos. 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. Pursuant to the Complainant’s motion to terminate, the Administrative Law Judge issued an Initial Determination terminating MTK and its subsidiary MediaTek USA Inc. from the investigation on July 19, 2021.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

- D. 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 court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the plaintiff’s voluntary dismissal on July 1, 2021.
- E. 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.
- F. Continental Circuits LLC and Continental Circuits of Texas LLC (“Continental Circuits”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on May 28, 2021, alleging infringement of U.S. Patent Nos. 7,501,582, 8,278,560, 8,581,105, and 9,374,912. Pursuant to the plaintiff’s motion for voluntary dismissal, the court dismissed the claims against MTK with prejudice on December 10, 2021.
- G. 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 court dismissed the claims against MTK with prejudice pursuant to the plaintiff’s voluntary dismissal on August 24, 2021.
- H. DivX, LLC (“DivX”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK and its subsidiary MediaTek Singapore Pte. Ltd. on August 11, 2021, alleging claims arising out of breach of contract. Pursuant to the parties’ joint motion to dismiss the case, the court dismissed the claims against MTK and subsidiary MediaTek Singapore Pte. Ltd. with prejudice on January 28, 2022.
- I. NXP USA Inc. (“NXP”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK and subsidiary MediaTek USA Inc. on August 24, 2021, alleging infringement of U.S. Patent Nos. 10,038,518, 10,560,158, and 10,742,780. The operations of MTK and its subsidiary will not be materially affected by this case.

NXP Semiconductors Inc. (“NXP”) filed 8 complaint in the People’s Republic of China for the Nanjing Intellectual Property Court against MTK on September 26, 2021, September 27, 2021, September 29, 2021 and October 9, 2021 alleging infringement of China Patent Nos. ZL201510695445.0, ZL200580026196.0, ZL02820012.8 and ZL200780002987.9. The operations of MTK will not be materially affected by this case.

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

NXP USA Inc. and NXP Semiconductors NV (“NXP”) filed a complaint with the U.S. International Trade Commission against MTK and subsidiary MediaTek USA Inc. on November 1, 2021 alleging infringement of U.S. Patent Nos. 7,593,202, 8,482,136, 9,729,214, 10,904,058 and 8,558,591. The operations of MTK and its subsidiary will not be materially affected by this case.

NXP USA Inc. (“NXP”) filed a complaint in the United States District Court for the Central District of California against MTK and subsidiary MediaTek USA Inc. on November 1, 2021, alleging infringement of the same patents listed above. The operations of MTK and its subsidiary will not be materially affected by this case.

NXP USA Inc. (“NXP”) asserted counterclaims in the United States District Court for the Central District of California against MTK and subsidiary MediaTek USA Inc. on December 15, 2021, alleging infringement of U.S. Patent Nos. 9,480,018, 10,278,224, 10,404,839 and 10,764,874. The operations of MTK and its subsidiary 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****A. Categories of financial instruments**Financial assets

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss:		
Held for trading financial assets	\$ 11,216	\$ 9,585
Mandatorily measured at fair value through profit or loss (Note 1)	30,849,607	18,727,249
Subtotal	30,860,823	18,736,834
Financial assets at fair value through other comprehensive income	58,902,638	54,246,386
Financial assets measured at amortized cost (Note 2)	249,881,975	244,136,276
Total	\$ 339,645,436	\$ 317,119,496



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

	December 31, 2021	December 31, 2020
Financial liabilities at fair value through profit or loss:		
Held for trading financial liabilities	\$ 4,252	\$ 10,329
Financial liabilities at amortized cost:		
Short-term borrowings	51,267,307	21,470,853
Trade payables (including related parties)	43,503,692	34,470,186
Other payables (including related parties)	53,243,913	39,040,779
Long-term payables (including current portion and related parties)	3,991,628	7,113,103
Long-term borrowings (including current portion)	1,385,720	-
Lease liabilities	3,491,076	2,845,369
Subtotal	156,883,336	104,940,290
Total	\$ 156,887,588	\$ 104,950,619

## Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT\$15,706,099 thousand and NT\$5,620,541 thousand as of December 31, 2021 and 2020, 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, notes receivable, trade receivables (excluding financial assets measured at fair value through profit or loss of NT\$15,706,099 thousand and NT\$5,620,541 thousand as of December 31, 2021 and 2020, 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.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

- (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 instruments 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.

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

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:

As of December 31, 2021

	<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	\$ -	\$ -	\$ 1,364,513	\$ 1,364,513
Linked deposits	387,121	-	3,624,673	4,011,794
Stocks	394,598	-	12,534	407,132
Funds	1,502,219	-	6,706,160	8,208,379
Trust funds	1,151,690	-	-	1,151,690
Forward exchange contracts	-	11,216	-	11,216
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured at				
fair value through other				
comprehensive income				
	24,216,721	-	34,245,140	58,461,861
Debt instruments measured at				
fair value through other				
comprehensive income				
	-	-	440,777	440,777
Total	<u>\$ 27,652,349</u>	<u>\$ 11,216</u>	<u>\$ 46,393,797</u>	<u>\$ 74,057,362</u>
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 4,252	\$ -	\$ 4,252

**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, 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

For the years ended December 31, 2021 and 2020, amounts transferred from level 2 of the fair value hierarchy to level 1 due to the release of the stock transfer restrictions were NT\$164,621 thousand and NT\$0, 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				
	Stocks	Bonds	Funds	Link deposits	Capital	Bonds	Capital	Stocks	Total
As of January 1, 2021	\$ 12,569	\$ 363,584	\$ 5,573,450	\$ 4,506,359	\$ 43,690	\$ 694,083	\$ 17,263,503	\$ 5,547,578	\$ 34,004,816
Amount recognized in profit or loss	-	(248,182)	147,083	9,722	10,895	707	-	-	(79,775)
Amount recognized in OCI	-	-	-	-	-	4,670	7,860,527	2,536,229	10,401,426
Amount recognized in OCI- exchange differences	(35)	(9,899)	(18,748)	(115,268)	(127)	(7,021)	(276,786)	(143,725)	(571,609)
Acquisitions	-	1,332,088	13,472,602	1,365,778	-	-	1,560,175	2,475,618	20,206,261
Settlements	-	(73,078)	(11,637,370)	(2,141,918)	(54,458)	(251,662)	(1,034,157)	(574,475)	(15,767,118)
Others	-	-	(830,857)	-	-	-	-	-	(830,857)
Transfer out of level 3	-	-	-	-	-	-	-	(969,347)	(969,347)
As of December 31, 2021	\$ 12,534	\$ 1,364,513	\$ 6,706,160	\$ 3,624,673	\$ -	\$ 440,777	\$ 25,373,262	\$ 8,871,878	\$ 46,393,797

**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					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	

Total losses related to assets recognized for the years ended December 31, 2021 and 2020 amounted to NT\$231,977 thousand and NT\$105,077 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 recurring fair value measurements in Level 3 of the fair value hierarchy and significant unobservable inputs of fair value measurement in Level 3 fair value hierarchy are as follows:

As of December 31, 2021:

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair value	Sensitivity analysis of interrelationship between inputs and fair value
Financial Assets:					
At fair value through profit or loss					
Stocks	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could increase (decrease) the Company's profit (loss) for the year ended December 31, 2021 by NT\$1,253 thousand.
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could increase (decrease) the Company's equity for the year ended December 31, 2021 by NT\$45,812 thousand.
Capital	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could increase (decrease) the Company's equity for the year ended December 31, 2021 by NT\$17,306 thousand.

**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, 2020:

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair value	Sensitivity analysis of interrelationship between inputs and fair value
Financial Assets:					
At fair value through profit or loss					
Stocks	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could increase (decrease) the Company's profit (loss) for the year ended December 31, 2020 by NT\$1,257 thousand.
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could increase (decrease) the Company's equity for the year ended December 31, 2020 by NT\$119,366 thousand.
Capital	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could increase (decrease) the Company's equity for the year ended December 31, 2020 by NT\$14,219 thousand.

The Company's linked-deposits and funds of the fair value hierarchy are based on unadjusted quote price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

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, 2021

	<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	\$ -	\$ -	\$ 2,773,273	\$ 2,773,273

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

D. Derivative financial instruments

The Company's derivative financial instruments held for trading were forward exchange contracts. The related information is as follows:

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:

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

Forward exchange contracts	Currency	Contract amount ('000)	Maturity
As of December 31, 2021	TWD to USD	Sell USD 28,000	January 2022
As of December 31, 2021	CNY to USD	Sell USD 9,000	January 2022
As of December 31, 2021	TWD to USD	Sell USD 15,000	February 2022
As of December 31, 2021	CNY to USD	Sell USD 12,000	February 2022
As of December 31, 2021	TWD to USD	Buy USD 10,000	February 2022
As of December 31, 2021	CNY to USD	Sell USD 5,000	March 2022
As of December 31, 2021	TWD to USD	Buy USD 20,000	March 2022
As of December 31, 2021	CNY to USD	Sell USD 2,000	April 2022
As of December 31, 2021	CNY to USD	Sell USD 5,000	May 2022
As of December 31, 2021	JPY to USD	Buy USD 1,766	June 2022
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

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, 2021 and 2020 decreases/increases by NT\$27,447 thousand and increases/decreases by NT\$4,777 thousand, while equity decreases/increases by NT\$46,080 thousand and NT\$76,336 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the years ended December 31, 2021 and 2020 increases/decreases by NT\$13 thousand and NT\$2 thousand, while equity decreases/increases by NT\$21,820 thousand and NT\$18,347 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, 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 rates. 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, 2021 and 2020 to increase/decrease by NT\$3,875 thousand and NT\$2,492 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, 2021 and 2020 to increase/decrease by NT\$3,946 thousand and NT\$1,838 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, 2021 and 2020 to increase/decrease by NT\$242,167 thousand and NT\$298,305 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, 2021 and 2020, receivables from top ten customers represented 48.63%, and 37.13% 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, 2021	December 31, 2020
Low credit risk	Credit risk measure belongs to IG category	12-month expected credit losses	\$ 12,279,183	\$ 9,928,465
	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	\$ -	\$ 1,948,593
	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	\$ 60,158,382	\$ 33,306,764

Note: The Company adopted simplified method (lifetime expected credit loss) to measure credit risk. It includes notes receivables, trade receivables (including related parties) 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, 2021</u>				
Short-term borrowings	\$ 51,275,086	\$ -	\$ -	\$ 51,275,086
Trade payables (including related parties)	43,503,692	-	-	43,503,692
Other payables (including related parties)	53,239,910	-	-	53,239,910
Lease liabilities	569,403	1,519,801	1,987,708	4,076,912
Long-term borrowings	558,060	827,660	-	1,385,720
Long-term payables (including related parties)	3,135,731	855,897	-	3,991,628
Total	\$ 152,281,882	\$ 3,203,358	\$ 1,987,708	\$ 157,472,948
<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



**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, 2021</u>			
Net settlement			
Forward exchange contracts	\$ (4,252)	\$ -	\$ (4,252)
<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	\$ (11,140)	\$ -	\$ (11,140)

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, 2021:

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Deposits received</u>	<u>Total liabilities from financing activities</u>
As of January 1, 2021	\$ 21,470,853	\$ -	\$ 2,845,369	\$ 430,736	\$ 24,746,958
Cash flows	29,948,992	1,385,720	(608,068)	(203,166)	30,523,478
Non-cash movement	-	-	1,253,775	-	1,253,775
Foreign exchange movement	(152,538)	-	-	-	(152,538)
As of December 31, 2021	\$ 51,267,307	\$ 1,385,720	\$ 3,491,076	\$ 227,570	\$ 56,371,673



**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, 2020:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
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	\$ 21,470,853	\$ -	\$ 2,845,369	\$ 430,736	\$ 24,746,958

## (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, 2021		
	Foreign Currency		
	(thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 3,993,471	27.674	\$ 110,515,481
CNY	\$ 5,460	4.357	\$ 23,790
Non-monetary item:			
USD	\$ 1,708,693	27.674	\$ 47,286,358
CNY	\$ 5,001,399	4.357	\$ 21,789,443
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 3,001,013	27.674	\$ 83,049,771
CNY	\$ 1,464	4.357	\$ 6,379

**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		
	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

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 gains (losses) were NT\$310,074 thousand and NT\$(48,143) thousand for the years ended December 31, 2021 and 2020, 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, 2021: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2021: Please refer to Attachment 2.
- C. Securities held as of December 31, 2021: 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, 2021: 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, 2021: 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, 2021: 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, 2021: 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, 2021: 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.

**(3) Geographical information****A. Net sales from external customers**

	For the years ended	
	December 31	
	2021	2020
Taiwan	\$ 36,194,072	\$ 27,849,166
Asia	450,894,697	289,943,150
Others	6,325,813	4,353,672
Total	<u>\$ 493,414,582</u>	<u>\$ 322,145,988</u>

Net sales are classified by customers' countries.

**B. Non-current assets**

	December 31,	December 31,
	2021	2020
Taiwan	\$ 127,280,201	\$ 98,981,562
Asia	37,827,951	19,009,720
Others	1,577,157	1,198,446
Total	<u>\$ 166,685,309</u>	<u>\$ 119,189,728</u>

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

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

(3) Major customers

There were customers accounting for at least 10% of net sales are follows:

For the year ended December 31, 2021

	<u>Net sales</u>
Customer A	\$ 70,405,724
Customer B	54,477,584
Customer C	<u>51,255,548</u>
Total	<u>\$ 176,138,856</u>

For the year ended December 31, 2020

None.

**MEDIA TEK INC. AND SUBSIDIARIES**  
**FINANCING PROVIDED TO OTHERS**  
For the year ended December 31, 2021

Attachment 1

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	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	\$ 1,768,840 CNY 400,000,000	\$ 1,742,668 CNY 400,000,000	\$ 1,742,668 CNY 400,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 5,176,782 CNY 1,197,350,742	\$ 5,176,782 CNY 1,197,350,742	
		MediaTek China Limited	Other receivables from related party	Yes	\$ 654,071 CNY 150,000,000	\$ 653,501 CNY 150,000,000	-	0.45% ~ 3.00%	Short-term financing	-	Operating Capital	-	-	\$ 5,176,782 CNY 1,197,350,742	\$ 5,176,782 CNY 1,197,350,742	
2	Hsu Kang (Samoa) Investment Ltd. (Note 1)	MediaTek (Shenzhen) Inc.	Other receivables from related party	Yes	\$ 3,092,441 CNY 699,315,000	\$ 3,046,685 CNY 699,315,000	\$ 3,046,685 CNY 699,315,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 5,121,946 CNY 1,184,667,553	\$ 5,121,946 CNY 1,184,667,553	
		MediaTek (Hebei) Inc.	Other receivables from related party	Yes	\$ 353,768 CNY 80,000,000	\$ 348,534 CNY 80,000,000	\$ 348,534 CNY 80,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 5,132,629 CNY 1,191,764,369	\$ 5,132,629 CNY 1,191,764,369	
3	Hsu Fa (Samoa) Investment Ltd. (Note 1)	MediaTek (Chengdu) Inc.	Other receivables from related party	Yes	\$ 309,547 CNY 70,000,000	\$ 304,967 CNY 70,000,000	\$ 304,967 CNY 70,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 5,132,629 CNY 1,191,764,369	\$ 5,132,629 CNY 1,191,764,369	
		MediaTek (Wuhan) Inc.	Other receivables from related party	Yes	\$ 1,149,746 CNY 260,000,000	\$ 1,132,734 CNY 260,000,000	\$ 1,132,734 CNY 260,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	\$ 5,132,629 CNY 1,191,764,369	\$ 5,132,629 CNY 1,191,764,369	
4	MediaTek China Limited (Note 2)	MediaTek Inc.	Other receivables from related party	Yes	\$ 21,735,480 USD 780,000,000	\$ - USD 780,000,000	\$ - USD 780,000,000	0.84%	Short-term financing	-	Operating Capital	-	-	\$ 42,605,073 USD 1,528,926,740	\$ 42,605,073 USD 1,528,926,740	
		MediaTek Inc.	Other receivables from related party	Yes	\$ 21,645,000 USD 780,000,000	\$ 21,585,720 USD 780,000,000	\$ 8,618,791 USD 311,440,000	0.84%	Short-term financing	-	Operating Capital	-	-	\$ 55,732,000 USD 2,000,000,000	\$ 55,732,000 USD 2,000,000,000	
5	Hsu Zhan (HK) Investment Ltd. (Note 1)	MediaTek Japan Inc.	Other receivables from related party	Yes	\$ 73,587 JPY 300,000,000	\$ 72,138 JPY 300,000,000	\$ 48,092 JPY 200,000,000	1.00%	Short-term financing	-	Operating Capital	-	-	\$ 55,732,000 USD 2,000,000,000	\$ 55,732,000 USD 2,000,000,000	

Note 1: The operating procedures of financing provided to others of Hsu Chia (Samoa) Investment Ltd., Hsu Kang (Samoa) Investment Ltd. and Hsu Zhan (HK) 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: The operating procedures of financing provided to others of MediaTek China Limited required:

A. The total amount for lending and the amount for lending to MediaTek Inc. shall not exceed 200% of the lender's net worth.

Note 3: 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, 2021**

Attachment 2

No.	Endorsor/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	\$ 79,523,861 (Note 1)	\$ 9,782 USD 342,857	\$ 9,488 USD 342,857	\$ 9,488 USD 342,857	-	0.00%	\$198,809,652 (Note 1)	Y	-	-
		Gaintech Co. Limited	A	\$ 79,523,861 (Note 1)	\$ 24,000,000	\$ 24,000,000	\$ -	-	6.04%		Y	-	-
		MediaTek China Limited	A	\$ 79,523,861 (Note 1)	\$ 9,000,000	\$ 9,000,000	\$ 1,786,357	-	2.26%		Y	-	-
		Richtek Technology Corp.	A	\$ 79,523,861 (Note 1)	\$ 2,425,135 USD 85,000,000	\$ -	\$ -	-	0.00%		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.

**MEDIA TEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
For the year ended December 31, 2021

Attachment 3

Held Company Name	Securities Type	Securities Name	Financial Statement Account				Note
			Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair Value	
					December 31, 2021		
	Funds	KGI Fengli Fund	27,806,950	\$ 456,192	-	\$ 456,192	-
		KGI Full Strategic Fund	69,339,442	\$ 1,046,027	-	\$ 1,046,027	-
		Cathay No.1 Real Estate Investment Trust	81,200,000	\$ 1,486,772	-	\$ 1,486,772	-
		Cathay No.2 Real Estate Investment Trust	64,503,000	\$ 1,264,904	-	\$ 1,264,904	-
		Fubon No.1 Real Estate Investment Trust	16,744,000	\$ 300,063	-	\$ 300,063	-
		Fubon No.2 Real Estate Investment Trust	13,421,000	\$ 211,112	-	\$ 211,112	-
		ENNOCONN CORPORATION 3rd Unsecured Convertible Bond	-	\$ 210,026	-	\$ 210,026	-
	Linked Deposits	WALSN TECHNOLOGY CORPORATION 1st Unsecured Convertible Bond	-	\$ 130,177	-	\$ 130,177	-
		TAIWAN MASK CORPORATION 3rd Unsecured Convertible Bond	-	\$ 137,946	-	\$ 137,946	-
		Mery Electronics Co., Ltd. 3rd Unsecured Convertible Bond	-	\$ 200,178	-	\$ 200,178	-
		Shin Kong Financial Holding Co., Ltd. 5th Convertible Bond	-	\$ 150,129	-	\$ 150,129	-
		Shin Kong Financial Holding Co., Ltd., Preferred Stock A	4,200,000	\$ 178,920	0%	\$ 178,920	-
		EOSTEK LIMITED (CAYMAN)	640,000	\$ 2,088	6%	\$ 2,088	-
		Chalcase Finance Co., Ltd. Preferred Stock A	2,750,000	\$ 279,125	0%	\$ 279,125	-
		WT Mic-electronics Preferred Stock A	8,241,000	\$ 403,397	1%	\$ 403,397	-
	Stocks	Shin Kong Financial Holding Co., Ltd., Preferred Stock B	12,888,000	\$ 552,251	0%	\$ 552,251	-
		WPG Holdings Limited Preferred Share A	10,900,000	\$ 540,095	1%	\$ 540,095	-
		FUBON Financial Holding Co., Ltd., Preferred Stock A	1,786,666	\$ 107,378	0%	\$ 107,378	-
		FUBON Financial Holding Co., Ltd., Preferred Stock B	15,000,000	\$ 946,500	0%	\$ 946,500	-
		FUBON Financial Holding Co., Ltd., Preferred Stock C	7,056,243	\$ 424,080	0%	\$ 424,080	-
		3.875% LENOVO GROUP LTD DUE 1/03/22	-	\$ 63,815	-	\$ 63,815	-
		Taihang Commercial Bank Bond	-	\$ 20,396	-	\$ 20,396	-
		Cathay Life Insurance Co., Ltd. Cumulative Perpetual Subordinated bond-106-1	-	\$ 290,000	-	\$ 290,000	-
	Bonds	3.5% WEIBO CORP DUE 05/07/24	-	\$ 266,510	-	\$ 266,510	-
		1.375% TENCENT MUSIC ENT GRP DUE 03/09/25	-	\$ 157,481	-	\$ 157,481	-
		3.075% BAIDU INC DUE 07/04/25	-	\$ 44,703	-	\$ 44,703	-
		China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-109-1	-	\$ 590,000	-	\$ 590,000	-
		YAGEO Corporation 2nd unsecured corporate bond	-	\$ 100,000	-	\$ 100,000	-
		SERAPHIC Information Technology (Shanghai) Co., Ltd.	-	\$ 1,564,360	-	\$ 1,564,360	-
		Gelesu Capital I.L.P.	-	\$ 12,297,687	-	\$ 12,297,687	-
		Gelesu Capital II L.P.	-	\$ 9,564,408	-	\$ 9,564,408	-
		Gelesu Capital III L.P.	-	\$ 14,428,883	-	\$ 14,428,883	-
	Capital	Walden Catalyst Ventures, L.P.	-	\$ 2,583,557	-	\$ 2,583,557	-
		KIBOU FUND L.P.	-	\$ 1,975,935	-	\$ 1,975,935	-
		Amrit Fund II L.P.	-	\$ 14,429,508	-	\$ 14,429,508	-
		O'yress Frontline Venture Fund LP	-	\$ 1,680,000	-	\$ 1,680,000	-
		Walden Technology Ventures IV, L.P.	-	\$ 1,105,000	-	\$ 1,105,000	-
		Marvell Technology, Inc.	89,079	\$ 7,793,522	0%	\$ 7,793,522	-
		AutoX, Inc.	550,095	\$ 808,809,959	3%	\$ 808,809,959	-
		Eris Compute Inc.	1,069,976	\$ 920,179	3%	\$ 920,179	-
		DSP Concepts, Inc.	1,132,118	\$ 2,003,849	3%	\$ 2,003,849	-
	Stocks	CIO Tech Ltd.	6,000,000	\$ 294,000	12%	\$ 294,000	-
		Amiq, Micro, Inc.	8,205,734	\$ 15,000,000	6%	\$ 15,000,000	-
		MCUBE, INC.	3,114,984	\$ 8,566,206	5%	\$ 8,566,206	-
		GENERAL MOBILE CORPORATION	5,000,000	\$ 350,000	18%	\$ 350,000	-
		ACSP TECHNOLOGY CORP.	1,857,008	\$ 29,712	5%	\$ 29,712	-
		ANDES TECHNOLOGY CORPORATION	5,667,224	\$ 3,052,326	1%	\$ 3,052,326	-
		CHUNGHWA PRECISION TEST TECH. CO., LTD.	351,000	\$ 249,561	1%	\$ 249,561	-
	Stocks	MEDIA TEK INC.	7,794,085	\$ 9,274,961	0%	\$ 9,274,961	I
		ESTINET TECHNOLOGIES INCORPORATION	500,000	\$ 1,236	2%	\$ 1,236	-

(To be continued)



**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
 For the year ended December 31, 2021

(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2021				Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair Value	
Hiang Fa Co.	Stocks	Mars Semiconductor Corp.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,103,982	\$ 183,678	8%	\$ 183,678	
		Taiwanica Capital Buffalo Fund Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	231,500,000	\$ 258,728	5%	\$ 258,728	
		FaceHeart Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	60,000,000	\$ 17,294	15%	\$ 17,294	
		International Trust Machines Corporation.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,500,000	\$ 6,284	2%	\$ 6,284	
		Maxada Technology Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	600,000	\$ 30,000	15%	\$ 30,000	
		Mesh Cooperative Ventures Fund LP	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	\$ 24,000	-	\$ 24,000	
		ENNOCONN CORPORATION 1st privately placed domestic unsecured convertible bond	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	\$ 1,013,053	-	\$ 1,013,053	
		ACSIP TECHNOLOGY CORP.	Equity instrument investments measured at fair value through other comprehensive income- current	327,707	\$ 5,243	1%	\$ 5,243	
		ANDES TECHNOLOGY CORPORATION	Equity instrument investments measured at fair value through other comprehensive income- current	63,275	\$ 33,915	0%	\$ 33,915	
		FUBON Financial Holding Co., Ltd., Preferred Stock B	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	3,333,000	\$ 210,312	0%	\$ 210,312	
Hua-Ta Investment Corp.	Stocks	FUBON Financial Holding Co., Ltd., Preferred Stock C	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	77,284	\$ 4,645	0%	\$ 4,645	
		Chaltese Finance Co., Ltd. Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	203,000	\$ 203,000	0%	\$ 203,000	
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	5,800,000	\$ 283,910	1%	\$ 283,910	
		China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-109-1	Financial assets measured at amortized cost- noncurrent	-	\$ 290,000	-	\$ -	
Core Tech Resources Inc.	Bonds Deposits Bonds	China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-109-1	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,918,100	-	USD 8,918,100	
		Callable Credit Linked Dual Range due 2023	Financial assets measured at amortized cost- current	-	USD 10,000,000	-	\$ -	
		IV USD Callable Puttable Step-Up Note	Financial assets measured at amortized cost- current	-	USD 10,000,000	-	\$ -	
		Link Wood Limited	Equity instrument investments measured at fair value through other comprehensive income- current	1,381,818	USD 1,381,818	9%	USD 1,381,818	
		WILSON INC FUND VI LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	3,000	USD 1,659,550	2%	USD 1,659,550	
		INNOVATION WORKS LIMITED	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,000,000	USD 136,000	4%	USD 136,000	
		AutoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	61,249	USD 8,999,928	0%	USD 8,999,928	
		Easy-Logic Technology Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	842,734	USD 957,129	4%	USD 957,129	
		Innoviz Technologies Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	668,428	USD 4,237,834	1%	USD 4,237,834	
		Espekers, Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,383,695	USD 2,640,657	11%	USD 2,640,657	
Gaintech Co. Limited	Capital	ITH Corporation	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	53,889,085	USD 21,000,000	16%	USD 21,000,000	
		JAFCO V3-(B) FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 36,932	-	USD 36,932	
		China Walden Venture Investments II, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 13,713,592	-	USD 13,713,592	
		ALL-STARS INVESTMENT FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,082,771	-	USD 2,082,771	
		NOZOMI FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 287	-	USD 287	
		INNOVATION WORKS DEVELOPMENT FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 20,654,672	-	USD 20,654,672	
		Shanghai Walden Venture Capital Enterprise	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 71,797,111	-	USD 71,797,111	
		CHINA BROADBAND CAPITAL PARTNERS II, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 12,594,180	-	USD 12,594,180	
		CHINA BROADBAND CAPITAL PARTNERS III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 15,133,960	-	USD 15,133,960	
		SOFTBANK PRINCIVILLE INVESTMENTS I, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 4,886,293	-	USD 4,886,293	
Gaintech Co. Limited	Capital	PYG GCN VENTURES, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 3,540,262	-	USD 3,540,262	
		Shanghai Summitview IC, M AND A Investment Limited partnership	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 240,639,678	-	USD 240,639,678	
		Beijing Integrated Circuit Industry International Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 8,490,800	-	USD 8,490,800	
		China Prosperity Capital Mobile Income Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 6,831,100	-	USD 6,831,100	
		All-Star Private Investment Cayman Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 41,000,000	-	USD 41,000,000	
		HOPU USD Master Fund III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 35,429,929	-	USD 35,429,929	
		China Walden Venture Investments III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 48,156,960	-	USD 48,156,960	
		Phi Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 6,863,731	-	USD 6,863,731	
		Bain Capital Tech Opportunities Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 3,772,454	-	USD 3,772,454	
		Suzhou Foshu Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,410,450	-	USD 2,410,450	
Bonds	Bonds	III STRATEGIC M&A FUND, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 1,485,396	-	USD 1,485,396	
		Vickers Venture Co-Investment LLC	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,238,463	-	USD 2,238,463	
		AMobile Intelligent Corp. Limited convertible bonds	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 700,000	-	USD 700,000	
		Agricultural Development Bank of China bond	Financial assets measured at amortized cost- noncurrent	-	USD 8,997,300	-	USD 8,997,300	
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 9,000,000	-	USD 9,000,000	
		Chaltese 2020 offshore USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 30,000,000	-	USD 30,000,000	
Project Tower Note with Lion Best	Financial assets measured at amortized cost- noncurrent	-	USD 10,000,000	-	USD 10,000,000			

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
 For the year ended December 31, 2021

(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2021			Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	
Gaintech Co., Limited	Funds	Cypres Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 3,084,000	-	USD 3,084,000
		Industrial and Commercial Bank of China-jh yi yue bin 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-jh yi yue bin (F) Fund	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 30,000,000	-	CNY 30,000,000
		ICBC "Sui Xin E" RMB financial products	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 30,000,000	-	CNY 30,000,000
		ICBC "ICBC Tong Li" series of Sui Xin E RMB financial products	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 30,000,000	-	CNY 30,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Xi Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 6,000,000	-	CNY 6,000,000
		ICBC Finance "Hengxin" Fixed Income Products with Closed-end Net-value	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 10,000,000	-	CNY 10,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Zhi Rong Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		ICBC 90 days Sustained Profitable Fixed-income Products "Xin Tian Yi"	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,593,120	-	CNY 50,593,120
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Qiang Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
MediaTek (Beijing) Inc.	Funds	ICBC "Xin Wen I" one-month open financial products	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 20,150,642	-	CNY 20,150,642
		Hebei Changjiang Xio new energy industry investment fund partnership firm (limited partnership)	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 240,259,763	-	CNY 240,259,763
		Shanghai Internet Of Things VC Fund II	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 36,240,066	-	CNY 36,240,066
		AI Speech Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	644,251	CNY 56,194,165	1%	CNY 56,194,165
		Adips Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	1,539,011	CNY 2,876,935	8%	CNY 2,876,935
		Shenzhen ORVBO Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	1,419,593	CNY 51,105,348	2%	CNY 51,105,348
		Orbbec Inc.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	2,174,040	CNY 74,702,771	1%	CNY 74,702,771
		ICBC Xintianyi 7-day holding profit fixed income open corporate financial products	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 20,000,000	-	CNY 20,000,000
		Shanghai Yiqi Information Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 4,824,217	-	CNY 4,824,217
		Ningbo ABAX Sensing	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 976,873	-	CNY 976,873
MediaTek USA Inc.	Funds	Heinan zhikedaite consulting partnership	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 8,675,155	-	CNY 8,675,155
		HANGZHOU Ultracaption Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 3,929,640	-	CNY 3,929,640
		HEVC Advance LLC	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	USD 41,616,324	-	USD 41,616,324
		Trust fund	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 10,000,000	-	USD 10,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Xie Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 48,580,000	-	CNY 48,580,000
		Apiter Holding, Inc.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	517,930	USD 5,948,582	1%	USD 5,948,582
		ScaleFlux International	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	2,096,587	USD 15,642,824	4%	USD 15,642,824
		Valens Semiconductor Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	846,010	USD 6,484,617	1%	USD 6,484,617
		Ambiq Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	3,809,900	USD 6,964,459	2%	USD 6,964,459
		Transsist Technology Inc.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	1,970,316	USD 11,900,709	7%	USD 11,900,709
Cloud Ranger Limited	Stocks	BACR 3.95 05/30/25	Debt instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 50,586,500	-	CNY 50,586,500
		BOCI 3.30 04/17/22	Financial assets measured at amortized cost-current	-	CNY 50,000,000	-	CNY 50,000,000
		BCHINA 3.15 09/21/22	Financial assets measured at amortized cost-current	-	CNY 30,000,000	-	CNY 30,000,000
		ADBCH 3.18 11/06/22	Financial assets measured at amortized cost-current	-	CNY 50,000,000	-	CNY 50,000,000
		ADBCH 3.41 11/06/24	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	CNY 50,000,000
		FLUBAN 4.08 01/09/25	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	CNY 50,000,000
		ACAPP 3.4 01/30/26	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	CNY 50,000,000
		ADBCH 2.608/1/23	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	CNY 50,000,000
		QNBK 3.63 09/24/23	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,100,000	-	CNY 50,100,000
		QNBK 3.2 03/12/23	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	CNY 50,000,000
Hsu Chia (Simoa) Investment Ltd.	Bonds	ADBCH 2.9 11/02/24	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	CNY 50,000,000
		3YNCly CNY Dual Range Accrual Notes link TWD-29 JBOR < 5%	Financial assets measured at amortized cost-current	-	CNY 49,365,000	-	CNY 49,365,000
		3YNCly CNY Dual Range Accrual Notes link TWD-29 JBOR < 5.25%	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 39,492,000	-	CNY 39,492,000
		3YNCly CNY Deominated Range Accrual Notes link TWD-29/4	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 28,588,200	-	CNY 28,588,200
		3YNCly CNY Dual Range Accrual Notes link TWD-29/5 Swap Rate = 3.40%	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 48,605,000	-	CNY 48,605,000
		BACR 3.95 05/30/25	Debt instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 50,586,500	-	CNY 50,586,500
Hsu Fa (Simoa) Investment Ltd.	Bonds	BOCI 3.30 04/17/22	Financial assets measured at amortized cost-current	-	CNY 50,000,000	-	CNY 50,000,000
		BOCI Note	Financial assets measured at amortized cost-current	-	CNY 50,000,000	-	CNY 50,000,000
		BCHINA 3.15 09/21/22	Financial assets measured at amortized cost-current	-	CNY 60,000,000	-	CNY 60,000,000
			Financial assets measured at amortized cost-current	-	CNY -	-	CNY -

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
 For the year ended December 31, 2021

(Continued)

Hold Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2021			Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	
Hsu Fu (Sumco) Investment Ltd.	Bonds	FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		ADBCH 2.6 08/11/23	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		SG 3.2 2022/9/4	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		QNBK 3.63 09/24/23	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		QNBK 3.2 03/12/23	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		ADBCH 2.9 11/02/24	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		ADBCH 3.18 11/06/22	Financial assets measured at amortized cost-nonscurrent	-	CNY 47,000,000	-	-
		ADBCH 3.4 11/06/24	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		AC AFP 3.4 01/30/26	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
Hsu Kang (Sumco) Investment Ltd.	Bonds	QNBK 3.63 09/24/23	Financial assets measured at amortized cost-nonscurrent	-	CNY 38,007,600	-	-
		QNBK 3.2 03/12/23	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		ADBCH 2.9 11/02/24	Financial assets measured at amortized cost-nonscurrent	-	CNY 50,000,000	-	-
		Shanghai Shansheng Chuangxin Investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	-	CNY 445,978,156	-	CNY 445,978,156
		Shanghai SummitView ICM AND A Investment Limited Partnership II	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	-	CNY 70,115,392	-	CNY 70,115,392
		Nanjing Awaot Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	-	CNY 34,601,637	-	CNY 34,601,637
		Shanghai UniVista Industrial Software Group Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	-	CNY 73,000,000	-	CNY 73,000,000
		Industrial and Commercial Bank of China-jih yi yeh ban III plan B	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 43,500,000	-	CNY 43,500,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 22,600,000	-	CNY 22,600,000
		ICBC "HAPPY LIFE"- Assets Rotation	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
MediaTek (Shenzhen) Inc.	Funds	ICBC "Happy Life III" (Section F)	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Tai Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Jin Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 35,000,000	-	CNY 35,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Ye Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 33,300,000	-	CNY 33,300,000
		China Merchants Bank Zhaorui Ji Tianli (Balance) No.3	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying An Jin Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying An Hong Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		China Merchants Bank Zhaorui Yue Tianli (Balance) No.1	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		China Merchants Bank Zhaorui Jinding 12	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
Richtek Technology Corp.	Stocks	ICBC "HAPPY LIFE"- 30 days profit	Financial assets mandatorily measured at fair value through other comprehensive income-nonscurrent	16,000,000	\$ 100,800	9%	\$ 100,800
		Asia Global Venture Capital II	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	531,300	\$ 24,898	10%	\$ 24,898
Gold Rich International (HK) Limited	Stocks	Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	6,876,619	USD 110,682,377	2%	USD 110,682,377
		Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	21,268,150	USD 342,320,753	5%	USD 342,320,753
MediaTek (Shanghai) Inc.	Capital	Shanghai Shansheng Chuangxin Investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	-	CNY 219,660,883	-	CNY 219,660,883
		Zhu Hai City Yuan Tan Information Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	-	CNY 200,000	-	CNY 200,000
MediaTek (Shanghai) Inc.	Funds	Shanghai Summit View Pijiang Equity Investment Limited Partnership II	Equity instrument investments measured at fair value through other comprehensive income-nonscurrent	-	CNY 30,000,000	-	CNY 30,000,000
		KBCCS collective asset management plan "RUJIZUN"	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 20,000,000	-	CNY 20,000,000
MediaTek India Technology Pvt. Ltd.	Stocks	ICBC Guaranteed Income Financial Product "Shi Xin E"	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
MediaTek India Technology Pvt. Ltd.	Linked Deposits	FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY 50,000,000
		Spice Mobility Ltd.	Equity instrument investments measured at fair value through other comprehensive income-current	13,317,758	INR 683,200,985	6%	INR 683,200,985
MediaTek China Limited	Bonds	Callable Range Accrual Note	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 8,926,200	-	USD 8,926,200
		Morgan Stanley Secured Notes	Financial assets measured at amortized cost-current	-	USD 20,000,000	-	-
MediaTek China Limited	Bonds	Agricultural Development Bank of China bond	Financial assets measured at amortized cost-nonscurrent	-	USD 8,997,300	-	-
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost-nonscurrent	-	USD 9,000,000	-	-
MediaTek China Limited	Funds	Project Tower Note with Lion Boat Franchise B	Financial assets measured at amortized cost-nonscurrent	-	USD 3,000,000	-	-
		Cypress Secured Lending Fund Segregated Port folio	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 3,008,781	-	USD 3,008,781

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
 For the year ended December 31, 2021

(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2021			Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	
MSI Software R&D (Shenzhen), Ltd.	Funds	Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Mao Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000
		Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Qing Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 7,860,000	-	CNY 7,860,000
		Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Kang Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000
		Fibobank (China) Co., Ltd. Yue Xiang Ying Hong Zhan Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 26,000,000	-	CNY 26,000,000
		Fibobank (China) Co., Ltd. Yue Xiang Ying Hong Tai Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 24,000,000	-	CNY 24,000,000
		Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,000,000	-	CNY 30,000,000
		Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Tai Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 43,000,000	-	CNY 43,000,000
		One 97 Communications Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,095,112	USD 46,895,209	0%	USD 46,895,209
		Mountain SP	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 4,937,208	-	USD 4,937,208
		Kun Qian (Shenzhen) Semiconductor Industry Equity Investment Fund	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 590,000,000	-	CNY 590,000,000
Lefover (HK) Limited	Capital	Maxone Semiconductor (Shenzhen) Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 3,895,601	-	USD 3,895,601
		Cloumz Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 7,376,222	-	USD 7,376,222
		AdisSemi Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 3,509,256	-	USD 3,509,256
		Recoget Limited	Equity instrument investments measured at fair value through profit or loss- noncurrent	-	USD 2,000,000	-	USD 2,000,000
		NemoBlock Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	243,737	USD 14,652,713	6%	USD 14,652,713
		Valens Semiconductor Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,000,000	USD 7,700,000	1%	USD 7,700,000
		Oneview-space Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	340,568	USD 34,478	7%	USD 34,478
		Vastai Holding Company	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,800,000	USD 11,638,080	1%	USD 11,638,080
		Transist Fintech Group	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,425,662	USD 7,000,000	2%	USD 7,000,000
		PROTEANTECS LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	251,981	USD 5,000,000	1%	USD 5,000,000
MTKG Global Holdings Co. Limited	Bonds	VisiC Technologies Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	100,907	USD 1,441,557	1%	USD 1,441,557
		Sandtek Corporation	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	706,023	USD 7,865,096	8%	USD 7,865,096
		Mama Kea Semiconductor Holdings	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,483,659	USD 3,293,011	9%	USD 3,293,011
		Carson's Convertible Note	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 10,000,000	-	USD 10,000,000
		Intulo Ventures II, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,279,332	-	USD 2,279,332
		Aniti Fund III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,197,191	-	USD 2,197,191
		Vertex Ventures (SG)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 1,986,391	-	USD 1,986,391
		Palm Drive Capital III L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 1,283,766	-	USD 1,283,766
		Hua Capital Integrated Circuit Fund L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 4,663,786	-	USD 4,663,786
		Prime Movers Growth Fund L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 3,297,834	-	USD 3,297,834
Hao Zhan (HK) Investment Ltd.	Capital	Viola Ventures VI, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 459,684	-	USD 459,684
		Intulo ventures III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 300,000	-	USD 300,000
		BCV Crypto Fund IA, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 200,330	-	USD 200,330
		USD 3y Notes Linked to a fund Due 05-May-2022	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 9,363,600	-	USD 9,363,600
		CGMHY BANK of China Credit Linked Unsecured Note	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 10,022,000	-	USD 10,022,000
		5 Year USD Dominated Credit Linked Notes linked to Bank of Communications	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 10,017,000	-	USD 10,017,000
		Banleys Bank PLC 3.25% ECL EAR DUE 31-OCT-2022 USD REGS	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 8,926,200	-	USD 8,926,200
		5 Year USD Dominated JMBH92E Linked Note	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 9,976,500	-	USD 9,976,500
		CTBC Credit Linked Notes	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 4,971,500	-	USD 4,971,500
		3 Year USD Amortizable Range Note	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,849,700	-	USD 8,849,700
Books	Callible Credit Linked Dual Range due 2023	Financial assets measured at amortized cost- current	-	USD 8,918,100	-	USD 8,918,100	
		Financial assets measured at amortized cost- noncurrent	-	USD 30,000,000	-	-	
		Financial assets measured at amortized cost- noncurrent	-	USD 5,247,850	-	-	
		Financial assets measured at amortized cost- noncurrent	-	USD 7,196,684	-	-	
China International Capital Corporation Due 2024/01/26	Financial assets measured at amortized cost- noncurrent	-	USD 10,034,700	-	-		

Note 1: 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, 2021

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 1)		
Aruba Technology Corp.	ASIX Electronics Corp.	Investments accounted for using the equity method	-	Associates	-	TWD	12,396,396	TWD	495,875	-	TWD	12,396,396	TWD	535,236
Aruba Technology Corp.	Aruba (Cayman) Inc.	Investments accounted for using the equity method	Note 2	Subsidiary	-	TWD	9,581,167	TWD	482,580	-	TWD	9,581,167	TWD	486,581
Sigmastar Technology Inc.	Sigmastar Technology Ltd.	Investments accounted for using the equity method	Note 3	Associates	-	USD	51,122,223	USD	-	-	USD	51,122,223	USD	276,776,295
Aruba Technology (Cayman) Inc.	Aruba Technology Corp.	Investments accounted for using the equity method	Note 4	Subsidiary	-	USD	61,092,908	USD	164,278,608	-	USD	61,092,908	USD	219,849,492
Hsu-Si Investment Corp.	Aruba Technology Corp.	Investments accounted for using the equity method	Note 4	Subsidiary	61,092,908	TWD	4,683,255	TWD	-	-	TWD	61,092,908	TWD	-
Hsu-Si Investment Corp.	Aruba Technology (Cayman) Inc.	Investments accounted for using the equity method	Note 4 and Note 5	Subsidiary	-	TWD	61,092,908	TWD	4,683,255	8,422,740	TWD	61,092,908	TWD	-
MediaTek Inc.	Hsu-Si Investment Corp.	Investments accounted for using the equity method	Note 6	Subsidiary	624,304,756	TWD	8,793,354	TWD	-	-	TWD	624,304,756	TWD	-
MediaTek Inc.	MediaTek Investment Singapore Pte. Ltd.	Investments accounted for using the equity method	Note 7 and Note 8	Subsidiary	2,251,157,978	TWD	184,460,781	TWD	18,951,399	-	TWD	2,251,157,978	TWD	224,583,578
MediaTek Inc.	HFI Innovation Inc.	Investments accounted for using the equity method	Note 9	Subsidiary	118,062,084	TWD	504,571	TWD	566,297	-	TWD	118,062,084	TWD	739,424
MediaTek Inc.	Fubon Financial Holding Co., Ltd. Preferred Shares B	Equity instrument investments measured at fair value through other comprehensive income-account	-	-	-	TWD	15,000,000	TWD	949,351	-	TWD	15,000,000	TWD	946,500
MediaTek Inc.	Hsu-Ta Investment Corp.	Investments accounted for using the equity method	Note 10	Subsidiary	737,515,603	TWD	11,597,759	TWD	-	-	TWD	737,515,603	TWD	7,541,670
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Investments accounted for using the equity method	Note 10	Subsidiary	111,993,960	TWD	11,244,859	TWD	4,471,355	-	TWD	111,993,960	TWD	43,982,689
MediaTek Inc.	Aruba Technology (Cayman) Inc.	Investments accounted for using the equity method	Note 5	Subsidiary	-	TWD	61,092,908	TWD	8,422,740	-	TWD	61,092,908	TWD	8,422,740
MediaTek Inc.	Fubon Financial Holding Co., Ltd. Preferred Shares C	Equity instrument investments measured at fair value through other comprehensive income-account	-	-	-	TWD	7,056,243	TWD	423,375	-	TWD	7,056,243	TWD	424,080
Gaintech Co. Limited	Berkeley Lights	Financial assets at fair value through profit or loss-current	-	-	-	USD	21,305,182	USD	-	-	USD	21,305,182	USD	-
Gaintech Co. Limited	LePower (HK) Limited	Investments accounted for using the equity method	Note 7 and Note 11	Subsidiary	3,050,000	USD	4,860	USD	82,000,000	-	USD	3,050,000	USD	-
Gaintech Co. Limited	Vanchip (Tianjin) Technology Co., Ltd.	Investments accounted for using the equity method	-	Associates	107,547,461	USD	38,127,754	USD	-	-	USD	107,547,461	USD	64,274,247
Gaintech Co. Limited	Beijing Xiami Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-account	-	-	-	USD	14,558,586	USD	-	-	USD	14,558,586	USD	-
Gaintech Co. Limited	Cloud Ranger Limited	Investments accounted for using the equity method	Note 12 and Note 13	Subsidiary	-	USD	23,139,000	USD	57,661,767	-	USD	23,139,000	USD	-
Gaintech Co. Limited	Digione Holdings Limited	Investments accounted for using the equity method	Note 8, Note 12 and Note 14-16	Subsidiary	-	USD	917,331,979	USD	-	-	USD	917,331,979	USD	924,884,325

(To be continued)

**INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK**  
For the year ended December 31, 2021

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Carrying Amount		Gains (Losses) on Disposal	Ending Balance		
					Units/Shares	Amounts	Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Amount (Note 1)				
Gaintech Co. Limited	MTXC Global Holdings Co. Limited	Investments accounted for using the equity method	Note 11 and Note 15	Subsidiary	-	USD	12	USD	-	USD	-	USD	-	12	USD	338,592,555
Gaintech Co. Limited	Celestin Capital III, L.P.	Equity instrument investments measured at fair value through other comprehensive income	Note 14	-	-	USD	-	USD	13,660,431	USD	13,660,431	USD	-	-	USD	-
Gaintech Co. Limited	Shanghai Sunmatics (C. M. AND A Investment Limited) partnership	Equity instrument investments measured at fair value through other comprehensive income	Note 6	-	-	USD	90,347,872	USD	-	USD	11,226,859	USD	-	-	USD	240,639,678
Gaintech Co. Limited	ITH Corporation	Equity instrument investments measured at fair value through other comprehensive income	-	-	-	USD	21,000,000	USD	-	USD	-	USD	-	53,889,085	USD	21,000,000
Gaintech Co. Limited	AmoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income	Note 14	-	663,176	USD	22,382,680	USD	-	USD	86,830,911	USD	5,060,820	61,249	USD	8,999,928
Gaintech Co. Limited	Ambiq Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income	Note 14	-	8,205,734	USD	15,000,000	USD	-	USD	15,000,000	USD	-	-	USD	-
Gaintech Co. Limited	Anni Fund II, L.P.	Equity instrument investments measured at fair value through other comprehensive income	Note 14	-	-	USD	10,667,930	USD	-	USD	14,429,508	USD	-	-	USD	-
Gaintech Co. Limited	Cligroup Global Market Inc.	Financial assets measured at amortized cost-investment	-	-	-	USD	20,000,000	USD	-	USD	20,000,000	USD	-	-	USD	-
Gaintech Co. Limited	Gold Rich International (Samoa) Limited	Investments accounted for using the equity method	Note 16	Subsidiary	4,290,000	USD	797,561,670	USD	-	USD	448,441,153	USD	-	-	USD	-
Gaintech Co. Limited	Hsu Kang (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	1,000,000,000	USD	178,306,742	USD	-	USD	183,806,174	USD	-	-	USD	-
Gaintech Co. Limited	Hsu Chia (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	1,000,000,000	USD	179,581,122	USD	-	USD	185,774,024	USD	-	-	USD	-
Gaintech Co. Limited	Hsu Fa (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	1,000,000,000	USD	178,851,935	USD	-	USD	184,907,275	USD	-	-	USD	-
Gaintech Co. Limited	Hsu Zhan (HK) Investment Ltd.	Investments accounted for using the equity method	Note 18	Subsidiary	-	USD	2,053,399,545	USD	-	USD	-	USD	-	2,053,399,545	USD	2,054,655,562
Gaintech Co. Limited	Mediatek Investment HK Limited	Investments accounted for using the equity method	Note 17 and Note 19	Subsidiary	-	USD	554,587,475	USD	-	USD	-	USD	-	554,587,474	USD	566,533,378
Gaintech Co. Limited	Morgan Stanley Secured Notes	Financial assets measured at amortized cost-current	Note 20	Subsidiary	-	USD	30,000,000	USD	-	USD	30,000,000	USD	-	-	USD	-
Gold Rich International (HK) Limited	Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-current	-	-	2,046,504	USD	46,283,923	USD	-	USD	88,214,284	USD	83,668,579	6,876,619	USD	110,682,377
Hsu-Ta Investment Corp.	Hsiang Fa Co.	Investments accounted for using the equity method	Note 6 and Note 7	Subsidiary	163,603,653	TWD	10,618,108	TWD	55,000,000	TWD	-	TWD	-	208,603,653	TWD	15,941,716
Hsu-Ta Investment Corp.	WPG Holdings Limited Preferred Share A	Equity instrument investments measured at fair value through other comprehensive income-current	-	-	6,300,000	TWD	287,382	TWD	-	TWD	301,385	TWD	14,003	-	TWD	-
Hsu-Ta Investment Corp.	Core Tech Resources Inc.	Investments accounted for using the equity method	Note 10	Subsidiary	102,200,000	TWD	4,470,546	TWD	-	TWD	4,464,358	TWD	-	-	TWD	-

(To be continued)

**INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK**  
For the year ended December 31, 2021

(Continued)

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 1)
MediaTek (Shenzhen) Inc.	Shanghai Yun'visa Industrial Software Group Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income	-	-	-	CNY	-	CNY	-	-	CNY	73,000,000
Hsiang Fu Co.	ENNOCONN CORPORATION 1st privately placed domestic unsecured convertible bond	Financial assets mandatorily measured at fair value through profit or loss - noncurrent	-	-	-	TWD	-	TWD	-	-	TWD	1,013,653
MediaTek Investment Singapore Pte. Ltd.	Ganesh Co. Limited	Investments accounted for using the equity method	Note 7, Note 8, Note 12 and Note 21	Subsidiary	383,813,853	USD	739,438,671	USD	-	-	USD	8,039,822,044
MediaTek Investment Singapore Pte. Ltd.	Choit Ranger Limited	Investments accounted for using the equity method	Note 12 and Note 13	Subsidiary	23,139,000	USD	41,288,058	USD	57,661,767	(3,581,002)	USD	-
MTXC Global Holdings Co., Limited	LePower (HK) Limited	Investments accounted for using the equity method	Note 11	Subsidiary	-	USD	85,050,000	USD	-	-	USD	85,430,317
Digimove Holdings Limited	Cloud Ranger Limited	Investments accounted for using the equity method	Note 13	Subsidiary	-	USD	57,661,767	USD	-	-	USD	61,076,990
Digimove Holdings Limited	Celestin Capital III, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	Note 14	-	-	USD	13,660,431	USD	-	-	USD	14,428,883
Digimove Holdings Limited	Gold Rich International (Samoa) Limited	Investments accounted for using the equity method	Note 16	Subsidiary	-	USD	448,441,153	USD	-	-	USD	439,036,567
Digimove Holdings Limited	AutoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	Note 14	Subsidiary	-	USD	80,830,959	USD	-	-	USD	80,830,959
Digimove Holdings Limited	Ambiq Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	Note 14	Subsidiary	-	USD	15,000,000	USD	-	-	USD	15,000,000
Digimove Holdings Limited	Amiti Fund II, L.P.	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	Note 14	Subsidiary	-	USD	14,429,508	USD	-	-	USD	14,429,508
MediaTek Singapore Pte. Ltd.	Core Tech Resources Inc.	Investments accounted for using the equity method	Note 10	Subsidiary	-	USD	102,200,000	USD	-	-	USD	160,561,285
MediaTek Investment HK Limited	Hsu Kang (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	-	USD	183,806,174	USD	-	-	USD	187,498,931
MediaTek Investment HK Limited	Hsu Chia (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	-	USD	185,774,024	USD	-	-	USD	189,861,833
MediaTek Investment HK Limited	Hsu Fu (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	-	USD	184,907,275	USD	-	-	USD	189,072,629
Heiki Xuhui Management Consulting Co., Ltd.	Kun Qian (Shenzhen) Semiconductor Industry Equity Investment Fund (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income - noncurrent	-	-	-	CNY	332,779,620	CNY	40,000,000	-	CNY	590,000,000
Hsu Zhan (HK) Investment Ltd.	Morgan Stanley Secured Notes	Financial assets measured at amortized cost - current	Note 20	-	-	USD	30,000,000	USD	-	-	USD	30,000,000

Note 1: 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 2: For the purpose of reorganization, Hsu-Si Investment Corp. was previously owned by Hsu-Si Investment Corp., which was previously owned by Hsu-Si Investment Corp. in January 2021. The 66% ownership of Arelha Technology (Cayman) Inc. was transferred to MediaTek Inc. in December 2021.  
 Note 3: Sigamater Technology Inc. has completed the transfer of 16.5% shareholding rights of its subsidiaries, Sigamater Technology Ltd. in February 2021. As a result, the Company lost control over Sigamater Technology Ltd. and Sigamater Technology Ltd. has become an associate of the Company. Gains on disposal include gains on disposing subsidiaries and gains on measuring at fair value.  
 Note 4: For the purpose of reorganization, the 100% ownership of Ambiq Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to EsolNet (Cayman) Inc. on January 1, 2021. By this transfer, Hsu-Si Investment Corp. acquired the ownership of EsolNet (Cayman) Inc. Arelha Technology Corp. was renamed Arelha Technology Corp. in February 2021.  
 Note 5: For the purpose of reorganization, Hsu-Si Investment Corp. was dissolved due to merger with MediaTek Inc. in January 2021.

(To be continued)

**MEDIA TEK INC. AND SUBSIDIARIES**  
**INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF NT\$800 MILLION OR 20 PERCENT OF THE CAPITAL STOCK**  
 For the year ended December 31, 2021

(Continued)

- Note 6: Proceeds from capital return.
- Note 7: Subscribed to the new shares issued.
- Note 8: For the purpose of reorganization, the 100% ownership of Digimove Holdings Limited, which was previously owned by MediaTek Inc., was transferred to MediaTek Investment Singapore Pte. Ltd. in September 2021. MediaTek Investment Singapore Pte. Ltd. issued new shares to MediaTek Inc. Moreover, the 100% ownership of Digimove Holdings Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to Gaintech Co., Limited in the same month. Gaintech Co., Limited issued new shares to MediaTek Investment Singapore Pte. Ltd.
- Note 9: The new shares issued in intellectual property (IP).
- Note 10: For the purpose of reorganization, Hsu Fa Investment Corp. spun-off the 100% ownership of Core Tech Resources Inc. to MediaTek Singapore Pte. Ltd. and MediaTek Inc. acquired new shares of the capital increase of MediaTek Singapore Pte. Ltd. in November 2021.
- Note 11: For the purpose of reorganization, Gaintech Co., Limited increased the capital of Lepower (HK) Limited. And the 100% ownership of Lepower (HK) Limited, which was previously owned by Gaintech Co., Limited, was transferred to MTKC Global Holdings Co., Limited.
- Note 12: For the purpose of reorganization, the 100% ownership of Cloud Ranger Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to Gaintech Co., Limited in September 2021. Gaintech Co., Limited issued new shares to MediaTek Investment Singapore Pte. Ltd. Moreover, the 100% ownership of Cloud Ranger Limited, which was previously owned by Gaintech Co., Limited, was transferred to Gaintech Co., Limited in the same month.
- Note 13: Gains (losses) on disposal generated from reorganization. The change of the ownership interest was accounted for as an equity transaction. The differences between the selling prices and the carrying amounts are recognized in equity.
- Note 14: For the purpose of reorganization, the ownership of WRV III, L.P. (renamed Calstar Capital III, L.P.), AutoX, Inc., Ambiq Micro, Inc. and Amihai Fund II, L.P., which were previously owned by Gaintech Co., Limited, were transferred to Digimove Holdings Limited. Digimove Holdings Limited issued new shares to Gaintech Co., Limited. Moreover, the 100% ownership of AutoX, Inc. share were sold to others.
- Note 15: The new shares issued in cash and in property (investments accounted for using the equity method and financial products).
- Note 16: For the purpose of reorganization, the 100% ownership of Gold Rich International (Simos) Limited, which was previously owned by Gaintech Co., Limited, was transferred to Digimove Holdings Limited in December 2021. Digimove Holdings Limited issued new shares to Gaintech Co., Limited.
- Note 17: For the purpose of reorganization, the 100% ownership of Hsu Chau (Simos) Investment Ltd., and Hsu Kang (Simos) Investment Ltd., which were previously owned by Gaintech Co., Limited, were transferred to MediaTek Investment HK Limited in October 2021. MediaTek Investment HK Limited issued new shares to Gaintech Co., Limited.
- Note 18: The new shares issued in cash and in property (financial products).
- Note 19: The new shares issued in cash and in property (investments accounted for using the equity method).
- Note 20: For the purpose of reorganization, the ownership of Morgan Stanley Secured Notes, which was previously owned by Gaintech Co., Limited, was transferred to Hsu Zhan (HK) Investment Ltd. issued new shares to Gaintech Co., Limited.
- Note 21: The new shares issued in cash. The related registration processes of some investment have not been completed as of December 31, 2021.



**MEDIA TEK INC. AND SUBSIDIARIES**  
**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, 2021**

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	Amount
MediaTek (Chengdu) Inc.	Building	2018.08.31	CNY 295,000,000	CNY 210,974,888	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 Wannanda Construction Group Co., Ltd., Nantong Installation Group Co., Ltd., Shanghai Daheeng Power Engineering Co., Ltd., The IT Electronics Eleventh Design & Research Institute Scientific, Technological Engineering Corporation Limited and Shanghai Zhen Nan Engineering Supervision Co., Ltd. etc.	None	-	-	Not applicable	Space requirements for staff expansion	None		
MediaTek (Wuhan) Inc.	Construction in progress	2019.10.25	CNY 371,000,000	CNY 197,162,904	Jiangsu Wannanda Construction Group Co., Ltd., Lianxing Construction Hubei Co., Ltd.	None	-	-	Not applicable	Space requirements for staff expansion	None		
MediaTek Inc.	Land and building	2021.04.28	\$ 3,260,000	\$ 3,260,000	New Century Infocomm Tech Co., Ltd.	None	-	-	Valuation report issued by the real estate appraiser	Space requirements for staff expansion	None		
Airoha Technology Corp.	Land and building	2021.11.29	\$ 1,850,000	\$ -	Winsome Development Company Limited	None	-	-	Valuation report issued by the real estate appraiser	Space requirements for staff expansion	None		
Riechek Technology Corp.	Construction in progress	2021.12.17	\$ 447,200	\$ -	Winsome Development Company Limited	None	-	-	Valuation report issued by the real estate appraiser	Space requirements for staff expansion	None		
MediaTek Inc.	Land and building	2021.12.24	\$ 925,000	\$ -	MADISON ASSET MANAGEMENT CORP.	None	-	-	Valuation report issued by the real estate appraiser	Space requirements for staff expansion	None		

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

**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, 2021**

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)	Percentage of Total Notes/Trade Receivables/(Payables)		
									Amount	Percentage of Total Notes/Trade Receivables/(Payables)	
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	Sales (Note 1)	\$ 2,787,409	0.91%	Charged by a certain period	\$ 265,965	0.79%	-	-	
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	Sales	\$ 222,348	0.07%	Charged by a certain period	\$ 184,843	0.55%	-	-	
MediaTek Inc.	HFI Innovation Inc.	Subsidiary	Sales (Note 2)	\$ 566,297	0.19%	Charged by a certain period	\$ -	-	-	-	
MediaTek Inc.	Zelus Technology (Hangzhou) Ltd.	Subsidiary	Sales	\$ 136,127	0.04%	Charged by a certain period	\$ 1,535	0.00%	-	-	
MediaTek Inc.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 4,925,135	-	75 days	\$ (1,029,885)	(3.80)%	-	-	
MediaTek Inc.	King Long Tech (Suzhou) Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 458,625	-	75 days	\$ (135,625)	(0.50)%	-	-	
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	Purchases	\$ 802,680	0.46%	Charged by a certain period	\$ (362,549)	(1.39)%	-	-	
MediaTek Singapore Pte. Ltd.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	USD 104,829,726	-	75 days	USD (27,666,561)	(4.80)%	-	-	
MediaTek Singapore Pte. Ltd.	King Long Tech (Suzhou) Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	USD 5,874,868	-	75 days	USD (1,254,819)	(0.22)%	-	-	
Airoha Technology Corp.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	CNY 508,494	-	75 days	CNY (152,563)	(13.89)%	-	-	
Airoha Technology (Suzhou) Limited	EcoNet Limited	Subsidiary	Sales	CNY 120,509,165	9.26%	Charged by a certain period	CNY -	-	-	-	
Airoha Technology (Suzhou) Limited	Airoha Technology (HK) Limited	Subsidiary	Sales	CNY 677,676,918	52.10%	Charged by a certain period	CNY 229,644,614	83.75%	-	-	
Airoha Technology (Suzhou) Limited	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	CNY 2,623,573	-	75 days	CNY (7,155,106)	(4.02)%	-	-	
Airoha Technology (HK) Limited	ASIX Electronics Corp.	Associates	Sales	\$ 205,940	5.80%	30 days	\$ 29,203	3.59%	-	-	
MediaTek (Hefei) Inc.	Airoha Technology (Suzhou) Limited	Subsidiary	Sales	CNY 42,321,568	7.69%	30 days	CNY -	-	-	-	

Note 1: License revenues mainly

Note 2: Intellectual property revenues mainly

**MEDIA TEK 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, 2021

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	\$ 184,843	-	\$ -	-	\$ 408	\$ -
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 265,965	-	\$ -	-	\$ 265,965	\$ -
MediaTek Inc.	Nephos (Hefei) Co., Ltd.	Subsidiary	\$ 430,591	-	\$ -	-	\$ -	\$ -
Airoha Technology Corp.	MediaTek Inc.	Subsidiary	\$ 362,549	-	\$ -	-	\$ 362,549	\$ -
MediaTek Bangalore Private Limited	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 153,917	-	\$ -	-	\$ 153,917	\$ -
MediaTek India Technology Pvt Ltd.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 116,997	-	\$ -	-	\$ 116,997	\$ -
MediaTek USA Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 497,238	-	\$ -	-	\$ 497,238	\$ -
MediaTek Wireless Finland Oy	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 199,274	-	\$ -	-	\$ 199,274	\$ -
MediaTek (Shenzhen) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 432,497	-	\$ -	-	\$ 432,497	\$ -
MediaTek (Chengdu) Inc	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 181,821	-	\$ -	-	\$ 181,821	\$ -
MediaTek (Shang Hai) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 193,351	-	\$ -	-	\$ 193,351	\$ -
Gaintech Co. Limited	MediaTek (Shenzhen) Inc.	Subsidiary	\$ 150,748	-	\$ -	-	\$ -	\$ -
Hsu Zhan (HK) Investment Ltd.	MediaTek Inc.	Subsidiary	\$ 8,618,791	-	\$ -	-	\$ -	\$ -
Airoha Technology (Cayman) Inc.	Airoha Technology (HK) Limited	Subsidiary	\$ 2,241,594	-	\$ -	-	\$ -	\$ -
Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	Subsidiary	\$ 2,542,697	-	\$ -	-	\$ -	\$ -
Hsu Chia (Samoa) Investment Ltd.	MediaTek (Shang Hai) Inc.	Subsidiary	\$ 1,742,668	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Hefei) Inc.	Subsidiary	\$ 348,534	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Chengdu) Inc	Subsidiary	\$ 304,967	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Wuhan) Inc.	Subsidiary	\$ 1,132,734	-	\$ -	-	\$ -	\$ -
Hsu Kang (Samoa) Investment Ltd.	MediaTek (Shenzhen) Inc.	Subsidiary	\$ 3,046,685	-	\$ -	-	\$ -	\$ -
Airoha Technology (Suzhou) Limited	Airoha Technology (HK) Limited	Subsidiary	\$ 1,000,486	-	\$ -	-	\$ 794,004	\$ -

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: The amount is from the sale of financial products mainly, but the debtor transferred debt its to MediaTek (Shenzhen) Inc. (recorded in other receivables).

Note 4: Dividend revenues (recorded in other receivables) mainly.

**MEDIATEK INC. AND SUBSIDIARIES**  
**THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES**  
**For the year ended December 31, 2021**

Attachment 8

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	\$ 265,965	By contract	0.04%
		Hsu Zhan (HK) Investment Ltd.	A	Operating revenue from related party	\$ 2,787,409		0.56%
		Airoha Technology Corp.	A	Long-term trade payables to related party	\$ 8,618,791		1.30%
		HF1 Innovation Inc.	A	Trade receivables from related party	\$ 184,843		0.03%
		MediaTek Research UK Limited	A	Trade payables to related party	\$ 362,549		0.05%
		Zelus Technology (Hangzhou) Ltd.	A	Operating revenue from related party	\$ 222,348		0.05%
		InnoFusion Technology Corp.	A	Purchases from related party	\$ 802,680		0.16%
		Nephos (Hefei) Co., Ltd.	A	Operating revenue from related party	\$ 566,297		0.11%
		MediaTek Bangalore Private Limited	A	Research and development expenses	\$ 47,022		0.01%
		MediaTek Japan Inc.	A	Operating revenue from related party	\$ 136,127		0.03%
		MediaTek India Technology Pvt. Ltd.	A	Research and development expenses	\$ 209,000		0.04%
		MediaTek Korea Inc.	C	Trade receivables from related party	\$ 156,331		0.02%
		MediaTek Sweden AB	C	Other receivables from related party	\$ 274,260		0.04%
		MediaTek USA Inc.	C	Trade payables to related party	\$ 153,917		0.02%
1	MediaTek Singapore Pte. Ltd.	MediaTek Wireless EZ-LLC	C	Research and development expenses	\$ 1,442,187	By contract	0.29%
		MTK Wireless Limited (UK)	C	Research and development expenses	\$ 192,639		0.04%
		MediaTek Finland Oy	C	Trade payables to related party	\$ 116,997		0.02%
		MediaTek (Hefei) Inc.	C	Research and development expenses	\$ 815,549		0.17%
		MediaTek (Beijing) Inc.	C	Trade payables to related party	\$ 75,528		0.01%
		MediaTek Wireless EZ-LLC	C	Research and development expenses	\$ 868,473		0.18%
		MediaTek Wireless EZ-LLC	C	Selling expenses	\$ 44,639		0.01%
		MediaTek Wireless Limited (UK)	C	Trade payables to related party	\$ 86,218		0.01%
		MediaTek Sweden AB	C	Research and development expenses	\$ 857,163		0.17%
		MediaTek USA Inc.	C	Research and development expenses	\$ 129,927		0.03%
		MediaTek USA Inc.	C	Trade payables to related party	\$ 497,238		0.08%
		MediaTek Wireless Finland Oy	C	Research and development expenses	\$ 6,034,402		1.22%
		MediaTek (Hefei) Inc.	C	Trade payables to related party	\$ 199,274		0.03%
		MediaTek (Beijing) Inc.	C	Research and development expenses	\$ 966,079		0.20%
MediaTek (Beijing) Inc.	C	Prepayments to related party	\$ 41,256	0.01%			
MediaTek (Beijing) Inc.	C	Research and development expenses	\$ 2,207,939	0.45%			
MediaTek (Beijing) Inc.	C	Prepayments to related party	\$ 60,930	0.01%			
MediaTek (Beijing) Inc.	C	Research and development expenses	\$ 2,866,353	0.58%			

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES**  
**For the year ended December 31, 2021**

(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.	HFI Innovation Inc.	C	Operating revenue from related party	\$ 65,435	By contract	0.01%
		MediaTek (Shenzhen) Inc.	C	Trade payables to related party	\$ 432,497		0.07%
			C	Research and development expenses	\$ 3,855,853		0.78%
		MediaTek (Chengdu) Inc.	C	Trade payables to related party	\$ 181,821		0.03%
			C	Research and development expenses	\$ 1,458,007		0.30%
		MediaTek (Wuhan) Inc.	C	Trade payables to related party	\$ 63,231		0.01%
			C	Research and development expenses	\$ 551,876		0.11%
		MediaTek (Shang Hai) Inc.	C	Trade payables to related party	\$ 193,351		0.03%
			C	Research and development expenses	\$ 1,727,672		0.35%
			C	Operating revenue from related party	\$ 527,783		0.11%
2	Airoha Technology (Suzhou) Limited	MediaTek (Hefei) Inc.	C	Research and development expenses	\$ 182,763	By contract	0.04%
		Airotek (Shenzhen) Inc.	C	Research and development expenses	\$ 179,696		0.04%
		Airotek (Chengdu) Inc.	C	Research and development expenses	\$ 172,783		0.04%
		Airoha Technology (HK) Limited	C	Trade receivables from related party	\$ 1,000,486		0.15%
			C	Operating revenue from related party	\$ 2,937,975		0.60%
			C	Operating revenue from related party	\$ 1,742,668		0.26%
3	Hsu Chia (Samoa) Investment Ltd.		C	Interest revenue	\$ 52,134	0.01%	
4	Hsu Kang (Samoa) Investment Ltd.	MediaTek (Shenzhen) Inc.	C	Other receivables from related party	\$ 3,046,685	By contract	0.46%
			C	Interest revenue	\$ 91,146		0.02%
5	Hsu Fa (Samoa) Investment Ltd.	MediaTek (Hefei) Inc.	C	Other receivables from related party	\$ 348,534	By contract	0.05%
		MediaTek (Chengdu) Inc.	C	Other receivables from related party	\$ 304,967		0.05%
6	Airoha Technology (Cayman) Inc.	MediaTek (Wuhan) Inc.	C	Other receivables from related party	\$ 1,132,734	By contract	0.17%
		Airoha Technology (HK) Limited	C	Other receivables from related party	\$ 2,241,594		0.34%
7	Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	C	Other receivables from related party	\$ 2,542,697	By contract	0.38%
		Hsu Zhan (HK) Investment Ltd.	C	Other payables to related party	\$ 26,290,300		3.98%
8	Gaintech Co. Limited	MediaTek (Shenzhen) Inc.	C	Other receivables from related party	\$ 150,748	By contract	0.02%
		Richtek Holding International Limited	C	Selling expenses	\$ 76,000		0.02%
9	Richtek Technology Corp.	Richtek USA Inc.	C	Operating revenue	\$ 73,543	By contract	0.01%
		Li-We Technology Corp.	C	Selling expenses	\$ 160,602		0.03%
		Richpower Microelectronics Co., Ltd.	C	Selling expenses	\$ 69,098		0.01%
		Richtek Korea LLC.	C	Research and development expenses	\$ 75,682		0.02%
			C	Selling expenses	\$ 100,825	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, 2021**

(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		
10	Hsu Zhan (HK) Investment Ltd.	MediaTek Japan Inc.	C	Other receivables from related party	\$ 48,104	By contract	0.01%
11	Airoha Technology Corp.	Airoha Technology (Suzhou) Limited	C	Trade receivables from related party	\$ 41,958		0.01%
				Operating revenue from related party	\$ 40,174		0.01%

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 NT\$ 30,000 thousand, including purchases, sales, trade payables to related party and trade receivables from related party.

**MEDIATEK INC. AND SUBSIDIARIES**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEES IN MAINLAND CHINA)**

For the year ended December 31, 2021

Attachment 9

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
				\$	\$			\$			
MediaTek Inc.	MSIAR International Technology Inc.	Note 1	Research	\$ -	\$ 300,000	-	-	\$ -	\$ (111)	Note 20	
	HF Innovation Inc.	Note 1	Intellectual property right management	\$ 1,746,918	\$ 1,180,621	174,091,821	100%	\$ 729,424	\$ (19,304)	Note 20	
	Hsiang-Fa Investment Corp.	Note 1	General investing	\$ 2,028,811	\$ 6,500,166	399,380,103	100%	\$ 7,541,670	\$ (80,874)	Note 20	
	MediaTek Investment Singapore Pte. Ltd.	Note 7	General investing	\$ 72,018,783	\$ 53,067,384	2,932,854,882	100%	\$ 224,583,578	\$ 17,646,108	Note 20	
	MediaTek Singapore Pte. Ltd.	Note 7	Research, manufacturing and sales	\$ 7,216,874	\$ 2,745,519	326,907,879	100%	\$ 43,982,690	\$ 42,881,383	Note 20	
	MSIAR Co., Ltd.	Note 15	General investing	\$ 526,142	\$ 526,142	13,350,000	100%	\$ 145,792	\$ 28,313	Note 20	
	Digimove Holdings Limited	Note 3	General investing	\$ -	\$ 36,603	-	-	\$ -	\$ 202,060	\$ (48)	Note 20 and Note 21
	Spidoom Technologies	Note 13	Intellectual property right management	\$ 4,722	\$ 4,722	146,200	100%	\$ 1,574	\$ (1,049)	Note 20	
	Reitek Technology Corp.	Note 1	Research, manufacturing and sales	\$ 21,221,922	\$ 21,221,922	148,482,806	100%	\$ 21,636,457	\$ 5,689,718	Note 20	
	Hsu-Si Investment Corp.	Note 1	General investing	\$ -	\$ 7,800,486	-	-	\$ -	\$ 1,864,705	\$ 1,864,705	Note 20
	IC Plus Corp.	Note 1	Research, manufacturing and sales	\$ 293,437	\$ -	13,025,454	19%	\$ 302,975	\$ 107,432	\$ 9,538	-
	MediaTek Capital Co.	Note 1	General investing	\$ 290,000	\$ -	29,000,000	100%	\$ 265,767	\$ (26,937)	\$ (2,6937)	Note 20
	Intellectual Property Innovation Corp.	Note 1	Intellectual property right management	\$ 30,000	\$ -	3,000,000	30%	\$ 29,981	\$ (8,734)	\$ (19)	-
	Airoha Technology Corp.	Note 1	Research, manufacturing and sales	\$ 189,384	\$ -	3,473,292	5%	\$ 219,299	\$ 1,937,323	\$ 28,823	Note 20 and Note 22
	Ariaha Technology (Cayman) Inc.	Note 2	General investing	\$ 8,422,740	\$ -	61,092,908	66%	\$ 8,422,740	\$ 2,830,877	\$ -	Note 20 and Note 23
Gaitech Co. Limited	Note 2	General investing	USD 2,660,899,738	USD 1,921,541,067	1,123,172,524	100%	USD 8,039,822,044	USD 623,273,138	\$ -	Note 20	
MediaTek Investment Singapore Pte. Ltd.	Note 2	General investing	USD -	USD 23,139,000	-	-	USD -	USD 36	\$ -	Note 20 and Note 24	
MediaTek Bangalore Private Limited	Note 4	Research	USD 339,847	USD 339,847	1,999,999	100%	USD 33,399,160	USD 7,795,689	\$ -	Note 20	
Cloud Ranger Limited	Note 5	General investing	USD 57,661,767	USD -	23,139,000	100%	USD 61,076,990	USD 36	\$ -	Note 20 and Note 24	
Gold Rich International (Sumo) Limited	Note 5	General investing	USD 448,441,153	USD -	4,290,000	100%	USD 439,036,567	USD 1,782,953	\$ -	Note 20 and Note 25	
INTELLIGO TECHNOLOGY INC.	Note 2	General investing	USD 3,168,380	USD -	8,928,270	21%	USD 3,365,440	USD 746,981	\$ -	Note 26	
Core Tech Resources Inc.	Note 3	General investing	\$ -	\$ 3,357,608	-	-	\$ -	\$ 12,957	\$ -	Note 20 and Note 27	
Hsiang Fa Co.	Note 1	General investing	\$ 4,405,188	\$ 3,955,188	208,603,653	100%	\$ 15,941,716	\$ 290,624	\$ -	Note 20	
MediaTek Bangalore Private Limited	Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 7,795,689	\$ -	Note 20	
MediaTek India Technology Pvt. Ltd.	Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 3,471,594	\$ -	Note 20	
E-Vehicle Semiconductor Technology Co., Ltd.	Note 1	Research, manufacturing and sales	\$ 16,796	\$ 16,796	7,600,000	27%	\$ 46,408	\$ (32,251)	\$ -	-	
China's Technology Corporation	Note 1	Research	\$ 827,932	\$ 857,932	110,936,991	100%	\$ 467,855	\$ (35,557)	\$ -	Note 20	
CMOS-Crystal Ltd.	Note 1	Research	\$ 18,189	\$ 18,189	25,001	20%	\$ 16,377	\$ (1,875)	\$ -	-	
Cyberon Corp.	Note 1	Research	\$ 250,737	\$ 250,737	3,431,722	30%	\$ 258,091	\$ 31,089	\$ -	-	
MediaTek Research Corp.	Note 1	Research	\$ 800	\$ 800	80,000	100%	\$ 3,371	\$ 744	\$ -	Note 20	
Imofusion Technology Corp.	Note 1	Technical services	\$ 224,539	\$ 224,539	127,000,000	100%	\$ 1,186,890	\$ 12,030	\$ -	Note 20	
MediaTek India Technology Pvt. Ltd.	Note 4	Research	USD 1,797,222	USD 1,797,222	5,699,999	100%	USD 31,214,579	USD 3,471,594	\$ -	Note 20	
MediaTek Korea Inc.	Note 9	Research	USD 2,074,740	USD 2,074,740	200,000	100%	USD 8,474,514	USD 684,865	\$ -	Note 20	
MediaTek China Limited	Note 11	General investing	USD 351,444,293	USD 351,444,293	2,730,102,500	100%	USD 837,226,355	USD 124,366,113	\$ -	Note 20	
MediaTek Japan Inc.	Note 10	Technical services	USD 61,978	USD 61,978	7,100	100%	USD 2,971,753	USD (25,744)	\$ -	Note 20	
ZENA TECHNOLOGIES INTERNATIONAL, INC.	Note 3	General investing	USD 3,200,000	USD 3,200,000	600,000	33%	USD -	USD -	\$ -	-	

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEEs IN MAINLAND CHINA)**  
**For the year ended December 31, 2021**

(Continued)

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Gaintech Co. Limited	CMC CAPITAL INVESTMENTS, L.P.	Note 2	General investing	USD 4,612,856	USD 7,215,598	-	67%	USD 3,293,738	USD (1,970,491)	-	
	Smarthead Limited	Note 15	General investing	USD 700,000	USD 700,000	700,000	100%	USD 1,589,823	USD 71,338	Note 20	
	Gold Rich International (Samoa) Limited	Note 5	General investing	USD -	USD 4,290,000	-	-	USD 1,782,953	USD -	Note 20 and Note 25	
	Ralink Technology (Samoa) Corp.	Note 5	General investing	USD -	USD 5,626,623	-	-	USD -	USD (136,461)	Note 20	
	MTK Wireless Limited (UK)	Note 12	Research	USD 135,664,604	USD 135,664,604	84,394,826	100%	USD 233,961,459	USD 16,993,023	Note 20	
	Airoha Technology (Cayman) Inc.	Note 2	General investing	USD 56,311,712	USD 56,132,213	22,886,194	25%	USD 113,057,551	USD 101,207,710	Note 20 and Note 28	
	FONTAINE CAPITAL FUND, L.P.	Note 2	General investing	USD 11,428,571	USD 17,142,857	-	57%	USD 24,113,868	USD (269,211)	-	
	MediaTek Wireless EZLLC	Note 14	Technical services	USD 13,753	USD 13,753	50	100%	USD 283,920	USD 74,416	Note 20	
	Ihsu Chia (Samoa) Investment Ltd.	Note 5	General investing	USD -	USD 156,422,064	-	-	USD -	USD 5,237,848	Note 20 and Note 29	
	Ihsu Fa (Samoa) Investment Ltd.	Note 5	General investing	USD -	USD 156,422,064	-	-	USD -	USD 5,199,483	Note 20 and Note 29	
	Ihsu Kang (Samoa) Investment Ltd.	Note 5	General investing	USD -	USD 156,422,064	-	-	USD -	USD 4,270,457	Note 20 and Note 29	
	Nephos Pte. Ltd.	Note 7	Research	USD -	USD 74,378	-	100%	USD -	USD (30,566)	Note 20	
Nephos Cayman Co. Limited	Note 2	General investing	USD 113,110,426	USD 113,110,426	113,110,426	100%	USD (3,572,547)	USD 6,646,613	Note 20		
MOUNTAIN CAPITAL FUND, L.P.	Note 2	General investing	USD 27,200,000	USD 27,200,000	-	90%	USD 44,126,575	USD -	Note 20		
CSVI VENTURES, L.P.	Note 2	General investing	USD 15,000,000	USD 12,000,000	-	39%	USD 10,482,771	USD 5,766,708	-		
INTELLIGO TECHNOLOGY INC.	Note 2	General investing	USD -	USD 8,000,000	-	-	USD -	USD 746,981	Note 26		
Bstar Technology Ltd.	Note 2	General investing	USD 2,977,673	USD 2,977,673	50,000	100%	USD 2,966,529	USD (222,795)	Note 20		
Ambiose Intelligent Corp. Limited	Note 11	Research, manufacturing and sales	USD 1,884,921	USD 1,884,921	1,884,921	22%	USD 1,905,071	USD 676,180	-		
Sigamater Technology Inc.	Note 11	General investing	USD 522,701	USD 522,701	1,511,579	100%	USD 253,661,082	USD 302,128,159	Note 20		
LePower (HK) Limited	Note 11	General investing	USD -	USD 26,851	-	-	USD -	USD 37,433	Note 20 and Note 30		
Media Tek Investment HK Limited	Note 11	General investing	USD 5,54,587,475	USD -	554,587,474	100%	USD 566,533,378	USD 3,822,883	Note 20		
Digimove Holdings Limited	Note 3	General investing	USD 917,331,979	USD -	915,638,880	100%	USD 924,884,325	USD 7,280,708	Note 20 and Note 21		
Media Tek Global Holdings Limited	Note 12	General investing	USD 500,001	USD -	500,001	100%	USD 500,018	USD 17	Note 20		
MTKC Global Holdings Co. Limited	Note 3	General investing	USD 324,337,646	USD -	-	100%	USD 338,932,355	USD 230,592	Note 20		
Ihsu Zhan (HK) Investment Limited	Note 11	General investing	USD 2,053,399,545	USD -	2,053,399,545	100%	USD 2,054,655,262	USD 1,255,717	Note 20		
Media Tek Sweden AB	Note 8	Research	GBP 19,361,957	GBP 19,361,957	1,008,371	100%	GBP 12,378,440	GBP 242,665	Note 20		
Media Tek USA Inc.	Note 6	Research	GBP 38,799,897	GBP 36,696,645	111,815	100%	GBP 115,091,361	GBP 8,922,427	Note 20		
Media Tek Wireless Finland Oy	Note 17	Research	GBP 4,733,036	GBP 4,733,036	1,000	100%	GBP 11,433,364	GBP 14,821,179	Note 20		
Mstar Semiconductor UK Ltd.	Note 12	Research and technical services	GBP 1,759,253	GBP 1,759,253	1	100%	GBP 1,734,745	GBP (12,260)	Note 20		
MStar France SAS	Note 13	Research	GBP 22,405,985	GBP 22,405,985	458,900	100%	GBP 4,209,178	GBP (38,103)	Note 20		
Gold Rich International (HK) Limited	Note 11	General investing	USD 4,190,000	USD 4,190,000	4,190,000	100%	USD 438,953,052	USD 1,783,677	Note 20		
MOMAGIC TECHNOLOGIES PRIVATE LIMITED	Note 4	Software development	USD 500,000	USD 500,000	2,385,927	23%	USD 1,399,719	USD 824,220	-		
Shadow Investment Limited	Note 5	General investing	USD 1,491,120	USD 1,491,120	15,000,000	100%	USD 2,592,849	USD 3,693	Note 20		
Airoha Technology (HK) Limited	Note 11	General investing, research, manufacturing and sales	USD 67,534,520	USD 67,534,520	67,534,520	100%	USD 99,724,669	USD 43,490,103	Note 20 and Note 31		
Media Tek Research UK Limited	Note 12	Research	USD 479,664	USD 475,664	280,000	100%	USD 827,795	USD 216,983	Note 20		
Airoha Technology Corp.	Note 1	Research, manufacturing and sales	USD 164,278,608	USD -	61,092,908	89%	USD 219,849,492	USD 69,219,072	Note 20 and Note 28		

(To be continued)



**MEDIATEK INC. AND SUBSIDIARIES**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEEs IN MAINLAND CHINA)**

For the year ended December 31, 2021

(Continued)

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note		
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount					
Airoha Technology (Suzhou) Limited	EcoNet Limited	Note 3	General investing and sales	CNY	2,639,504	CNY	2,639,504	400,000	100%	CNY 32,416,986	(1,388,034)	-	Note 20 and Note 32
				\$	-	\$	240,000	-	-	-	-	\$	2,720
Richtek Microelectronics Corp.	Richtek Europe Holding B.V.	Note 1	Research, manufacturing and sales	\$	278,032	\$	278,032	26,963,153	82%	\$ 38,973	\$ 16,816	-	Note 20
				\$	84,724	\$	84,724	2,000,000	100%	\$ 43,928	(1,266)	-	Note 20
Richtek Technology Corp.	Richtek Holding International Limited	Note 3	General investing	\$	292,264	\$	292,264	30,000	100%	\$ 41,151	\$ 1,446	-	Note 20
				\$	26,696	\$	26,696	10,000	100%	\$ 1,482	(8,452)	-	Note 20
Richtek USA Inc.	Richtek IC Design Ireland Limited	Note 6	Sales and technical services	\$	133,470	\$	133,470	1,000,000	100%	\$ 143,676	\$ 666	-	Note 20
				\$	-	\$	-	1	100%	\$ (358)	-	-	Note 20
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 907,954	EUR (34,011)	-	Note 20
				\$	-	\$	-	-	-	-	-	\$ 2,830,877	-
Hsu-Si Investment Corp.	Airoha Technology Corp.	Note 1	Research, manufacturing and sales	\$	-	\$	6,428,827	-	-	\$ -	\$ 1,937,323	-	Note 20 and Note 28
				\$	-	\$	-	-	-	-	-	\$ 12,819	-
Airoha Technology Corp.	ASIX Electronics Corp.	Note 1	Research, manufacturing and sales	\$	495,875	\$	59,579	12,396,396	20%	\$ 535,236	\$ 384,122	-	-
				\$	14,311	\$	-	650,000	1%	\$ 15,019	\$ 107,432	-	-
MTK Global Holdings Co. Limited	Airoha (Cayman) Inc.	Note 2	General investing	\$	482,580	\$	-	9,581,167	100%	\$ 486,581	\$ 12,819	-	Note 20 and Note 22
				USD	81,998,125	USD	-	85,050,000	100%	USD 85,430,317	USD 37,433	-	Note 20 and Note 30
MediaTek Wireless Finland Oy	LePower (HK) Limited	Note 11	General investing	EUR	500,000	EUR	-	500,000	100%	EUR 480,368	EUR (19,632)	-	Note 20
				USD	185,774,024	USD	-	1,000,000,000	100%	USD 189,861,833	USD 5,237,848	-	Note 20 and Note 29
MediaTek Investment HK Limited	Hsu Chia (Samsa) Investment Ltd.	Note 5	General investing	USD	184,907,275	USD	-	1,000,000,000	100%	USD 189,075,629	USD 5,199,483	-	Note 20 and Note 29
				USD	183,806,174	USD	-	1,000,000,000	100%	USD 187,498,931	USD 4,270,457	-	Note 20 and Note 29
MediaTek Singapore Pte. Ltd.	Core Tech Resources Inc.	Note 3	General investing	USD	1,604,787,723	USD	-	102,200,000	100%	USD 1,605,12,851	USD 4,612,081	-	Note 20 and Note 27

Note 1: Taiwan

Note 5: Western Samoa

Note 9: Korea

Note 13: France

Note 17: Finland

Note 21: For the purpose of reorganization, the 100% ownership of Diginose Holdings Limited, which was previously owned by MTK, was transferred to MediaTek Investment Singapore Pte. Ltd. in September 2021. Moreover, the 100% ownership of Diginose Holdings Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to Gaintech Co. Limited in the same month.

Note 22: For the purpose of reorganization, Hsu-Si Investment spun-off the 46% ownership of Airoha (Cayman) Inc. to Airoha Technology Corp. in October 2021. Moreover, Airoha Technology Corp. completed a share swap and acquired the remaining 54% ownership of Airoha (Cayman) Inc. in the same month.

Note 23: For the purpose of reorganization, Hsu-Si Investment Corp. was dissolved due to merger with MTK in December 2021. The ownership of Airoha Technology (Cayman) Inc., which was previously owned by Hsu-Si Investment Corp., was transferred to MTK.

Note 24: For the purpose of reorganization, the 100% ownership of Cloud Ronger Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to Gaintech Co. Limited in September 2021. Gaintech Co. Limited issued new shares to MediaTek Investment Singapore Pte. Ltd. Moreover, the 100% ownership of Cloud Ronger Limited, which was previously owned by Gaintech Co. Limited,

Note 25: For the purpose of reorganization, the 100% ownership of Gold Rich International (Samsa) Limited, which was previously owned by Gaintech Co. Limited, was transferred to Diginose Holdings Limited in December 2021.

Note 26: The 21% ownership of Inteligo Technology Inc., which was previously owned by Gaintech Co. Limited, was transferred to Diginose Holdings Limited in October 2021.

Note 27: For the purpose of reorganization, the 100% ownership of Core Tech Resources Inc., which was previously owned by Hsu-Ta Investment Corp., was spun-off to MediaTek Singapore Pte. Ltd. in November 2021.

(To be continued)

**MEDIA TEK INC. AND SUBSIDIARIES**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)**

For the year ended December 31, 2021

(Continued)

Note 28: For the purpose of reorganization, the 100% ownership of Airoha Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to EcoNet (Cayman) Inc. on January 1, 2021. By this transfer, Hsu-Si Investment Corp. acquired the ownership of EcoNet (Cayman) Inc. Airoha Technology Corp. was renamed Airoha Technology Corp. in February 2021. (Only Chinese name was retained.) EcoNet (Cayman) Inc. was renamed Airoha Technology (Cayman) Inc. in January 2021.

Note 29: For the purpose of reorganization, the 100% ownership of Hsu Chia (Samoa) Investment Ltd., Hsu Fa (Samoa) Investment Ltd., and Hsu Kang (Samoa) Investment Ltd., which were previously owned by Gainesh Co. Limited, were transferred to MediaTek Investment HK Limited in October 2021.

Note 30: For the purpose of reorganization, the 100% ownership of LePower (HK) Limited, which was previously owned by MTKC Global Holdings Co. Limited, was transferred to MTKC Global Holdings Co. Limited in September 2021.

Note 31: EcoNet (HK) Limited was renamed Airoha Technology (HK) Limited in February 2021.

Note 32: EcoNet (Suzhou) Limited was renamed Airoha Technology (Suzhou) Limited in February 2021.

**MEDIATEK INC. AND SUBSIDIARIES**  
**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
For the year ended December 31, 2021

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, 2021	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2021	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, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
MediaTek (Shenzhen) Inc.	Note 2	\$ 2,490,660 USD 90,000,000	MediaTek China Limited	\$ 2,490,660 USD 90,000,000	-	-	\$ 2,490,660 USD 90,000,000	\$ 2,101,718 USD 74,999,239	100%	\$ 2,101,718 USD 74,999,239	\$ 7,181,298 USD 259,496,188	-
MediaTek (Hefei) Inc.	Note 2	\$ 470,458 USD 17,000,000	MediaTek China Limited	\$ 470,458 USD 17,000,000	-	-	\$ 470,458 USD 17,000,000	\$ 135,426 USD 4,832,645	100%	\$ 135,426 USD 4,832,645	\$ 1,523,959 USD 55,068,249	-
MediaTek (Beijing) Inc.	Note 2	\$ 2,767,400 USD 100,000,000	MediaTek China Limited	\$ 2,767,400 USD 100,000,000	-	-	\$ 2,767,400 USD 100,000,000	\$ 423,894 USD 15,126,538	100%	\$ 423,894 USD 15,126,538	\$ 5,669,320 USD 204,860,867	-
MediaTek (Chengdu) Inc.	Note 2	\$ 1,378,165 USD 49,800,000	MediaTek China Limited	\$ 1,378,165 USD 49,800,000	-	-	\$ 1,378,165 USD 49,800,000	\$ 120,564 USD 4,302,304	100%	\$ 120,564 USD 4,302,304	\$ 2,239,857 USD 80,937,246	-
MediaTek (Wuhan) Inc.	Note 2	\$ 669,711 USD 24,200,000	MediaTek China Limited	\$ 459,578 USD 16,606,858	-	-	\$ 459,578 USD 16,606,858	\$ 44,957 USD 1,604,266	100%	\$ 44,957 USD 1,604,266	\$ 869,960 USD 31,436,009	-
Xuxin Investment (Shanghai) Inc.	Note 4	\$ 1,715,788 USD 62,000,000	MediaTek China Limited	\$ 1,660,440 USD 60,000,000	-	-	\$ 1,660,440 USD 60,000,000	\$ 20,956 USD 747,791	100%	\$ 20,956 USD 747,791	\$ 3,417,437 USD 123,489,087	-
MediaTek (Shanghai) Inc.	Note 2	\$ 1,293,931 CNY 297,000,000	MediaTek China Limited	\$ 1,341,337 USD 48,469,221	-	-	\$ 1,341,337 USD 48,469,221	\$ 895,239 USD 31,946,375	100%	\$ 895,239 USD 31,946,375	\$ 3,256,837 USD 117,685,809	-
MStar Software R&D (Shenzhen), Ltd.	Note 2	\$ 830,220 USD 30,000,000	MStar Co., Ltd.	\$ 830,220 USD 30,000,000	-	-	\$ 830,220 USD 30,000,000	\$ 14,315 USD 510,839	100%	\$ 14,315 USD 510,839	\$ 482,722 USD 17,443,167	-
Airoha Technology (Suzhou) Limited	Note 3	\$ 276,740 USD 10,000,000	Airoha Technology (HK) Limited	\$ 259,624 USD 9,381,500	-	-	\$ 259,624 USD 9,381,500	\$ 1,400,815 USD 49,987,719	91%	\$ 1,370,846 USD 48,918,275	\$ 1,820,050 USD 65,767,497	-
Richpower Microelectronics Co., Ltd.	Note 2	\$ 88,557 USD 3,200,000	Richtek Technology Corp.	\$ 88,557 USD 3,200,000	-	-	\$ 88,557 USD 3,200,000	\$ (17,097) USD (29,457)	100%	\$ (17,097) USD (29,457)	\$ (1,236) USD (1,947)	-
Li-We Technology Corp.	Note 2	\$ 69,185 USD 2,500,000	Richtek Technology Corp.	\$ 69,185 USD 2,500,000	-	-	\$ 69,185 USD 2,500,000	\$ (29,457) USD (29,457)	100%	\$ (29,457) USD (29,457)	\$ (1,947) USD (1,947)	-
Yuan Ke (Pingtan) Investment Fund Limited Partnership	Note 4	\$ 4,424,414 USD 159,876,218	Gaintech Co. Limited	\$ 3,586,550 USD 129,600,000	-	-	\$ 3,586,550 USD 129,600,000	\$ 334,810 USD 11,947,614	81%	\$ 298,235 USD 10,642,428	\$ 48,388,810 USD 1,748,529,658	-
Zeus Technology (Hangzhou) Ltd.	Note 3	\$ 142,521 USD 5,150,000	Gaintech Co. Limited	\$ 143,360 USD 5,180,299	-	-	\$ 143,360 USD 5,180,299	\$ 39,559 USD 1,411,661	88%	\$ 35,469 USD 1,265,686	\$ 144,647 USD 5,226,801	-
Vanchip (Tianjin) Technology Co., Ltd.	Note 3	\$ 1,568,401 CNY 360,000,000	Gaintech Co. Limited	\$ 1,106,960 USD 40,000,000	-	-	\$ 1,106,960 USD 40,000,000	\$ (427,079) USD (15,240,192)	28%	\$ (288,205) USD (10,284,502)	\$ 1,778,726 USD 64,274,247	-
Beijing Iitek Technology Co. Ltd.	Note 2	\$ 83,022 USD 3,000,000	iStar Technology Ltd.	\$ 83,022 USD 3,000,000	-	-	\$ 83,022 USD 3,000,000	\$ (270) USD (9,641)	100%	\$ (270) USD (9,641)	\$ 74,109 USD 2,677,923	-
ShenZhen ZhongChen Semiconductor Ltd.	Note 2	\$ - USD -	iStar Technology Ltd.	\$ 138,370 USD 5,000,000	-	-	\$ - USD -	\$ (5,799) USD (206,937)	-	\$ (5,799) USD (206,937)	\$ - USD -	-

(To be continued)

**MEDIA TEK INC. AND SUBSIDIARIES**  
**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
For the year ended December 31, 2021

(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, 2021	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2021	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, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Nephos (Hefei) Co. Ltd.	Note 3	\$ 1,141,553 USD 41,250,000	Nephos Cayman Co. Limited	\$ 3,156,226 USD 114,050,238	-	-	\$ 3,156,226 USD 114,050,238	\$ 18,851 USD 672,702	100%	\$ 18,851 USD 672,702	\$ 20,615 USD 744,933	-
Airotek (Shenzhen) Inc.	Note 2	\$ 26,290 USD 950,000	Airoha (Cayman) Inc.	\$ 26,290 USD 950,000	-	-	\$ 26,290 USD 950,000	\$ 6,940 USD 247,650	86%	\$ 3,847 USD 137,266	\$ 46,951 USD 1,696,577	-
Airotek (Chengdu) Inc.	Note 2	\$ 26,290 USD 950,000	Airoha (Cayman) Inc.	\$ 26,290 USD 950,000	-	-	\$ 26,290 USD 950,000	\$ 6,117 USD 218,290	86%	\$ 3,474 USD 123,976	\$ 48,199 USD 1,741,678	-
Sigmastar Technology Ltd.	Note 3	\$ 212,063 CNY 48,675,371	Sigmastar Technology Inc.	\$ 55,348 USD 2,000,000	-	-	\$ 55,348 USD 2,000,000	\$ 3,233,407 USD 115,383,268	32%	\$ 1,123,617 USD 40,095,987	\$ 7,659,507 USD 276,776,295	-
Shenzhen Sing Chen Technology Inc.	Note 2	\$ 13,070 CNY 3,000,000	Sigmastar Technology Ltd.	-	-	-	-	\$ (3,305) CNY (760,661)	32%	\$ (1,113) CNY (256,115)	\$ - CNY -	-
SigmaStar Technology Inc. (Shanghai)	Note 2	\$ 4,357 CNY 1,000,000	Sigmastar Technology Ltd.	-	-	-	-	\$ (476) CNY (109,473)	32%	\$ (160) CNY (36,860)	\$ - CNY -	-
Xuxi (Shanghai) Management Consulting Co., Ltd	Note 4	\$ 1,459,702 CNY 335,050,000	Xuxin Investment (Shanghai) Inc.	\$ 1,325,778 USD 47,906,985	-	-	\$ 1,325,778 USD 47,906,985	\$ 10,570 CNY 2,432,825	100%	\$ 10,570 CNY 2,432,825	\$ 2,625,735 CNY 602,693,178	-
Shanghai KOC Financial Management	Note 4	\$ 143,770 CNY 33,000,000	Xuxin Investment (Shanghai) Inc.	-	\$ 27,034 USD 976,861	-	\$ 27,034 USD 976,861	\$ 160 CNY 36,914	20%	\$ - CNY (49)	\$ 28,754 CNY 6,599,951	-
Hefei Xuhui Management Consulting Co., Ltd.	Note 4	\$ 1,459,484 CNY 335,000,000	Xuxi (Shanghai) Management Consulting Co., Ltd	\$ 1,325,585 USD 47,900,000	-	-	\$ 1,325,585 USD 47,900,000	\$ 10,620 CNY 2,444,326	100%	\$ 10,620 CNY 2,444,326	\$ 2,625,574 CNY 602,656,202	-
Accumulated Investment in Mainland China as of December 31, 2021				Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment						
\$ 22,816,437				\$ 27,788,469		\$ 259,209,178						
USD 824,471,962				USD 1,004,136,352		CNY -						

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=28,02319 NTD; 1 CNY=4.34484 NTD).

Other amounts are converted by the exchange rate at reporting date. (1 USD=27,674 NTD; 1 CNY=4.35667 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, 2021 AND 2020**

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, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2021 and 2020, 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 2021 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\$305,571,342 thousand as net sales, which includes sale of goods in the amount of NT\$298,550,832 thousand and services and other operating revenues in the amount of NT\$7,020,510 thousand for the year ended December 31, 2021. 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 are 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 2021 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

February 25, 2022

#### 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, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2021		December 31, 2020	
		\$	%	\$	%
<b>Current assets</b>					
Cash and cash equivalents	4, 6(1)	71,349,370	12	96,917,833	21
Financial assets at fair value through profit or loss-current	4, 5, 6(2)	1,712,245	-	1,127,766	-
Financial assets at fair value through other comprehensive income-current	4, 5, 6(3)	-	-	16,279	-
Financial assets measured at amortized cost-current	4, 6(4)	84,211	-	-	-
Trade receivables, net	4, 6(5), 6(21)	32,683,641	6	17,849,058	4
Trade receivables from related parties, net	4, 6(5), 6(21), 7	612,535	-	638,850	-
Other receivables	6(6)	5,150,696	1	4,059,124	1
Other receivables from related parties	7	275,373	-	283,583	-
Current tax assets	4, 5, 6(29)	82	-	423,416	-
Inventories, net	4, 5, 6(7)	40,813,724	7	20,902,891	4
Prepayments	6(8)	666,330	-	475,997	-
Other current assets		1,214,719	-	926,274	-
Total current assets		154,562,926	26	143,621,071	30
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss-noncurrent	4, 5, 6(2)	797,350	-	284,351	-
Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	6,517,755	1	3,897,723	1
Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	1,516,539	-	1,307,879	-
Investments accounted for using the equity method	4, 6(9)	307,861,947	52	239,201,616	51
Property, plant and equipment	4, 6(10)	29,877,083	5	20,388,079	4
Right-of-use assets	4, 6(22)	1,733,789	-	1,660,954	-
Intangible assets	4, 6(11), 6(12)	57,272,022	10	58,505,350	13
Deferred tax assets	4, 5, 6(29)	6,780,908	1	4,274,948	1
Refundable deposits	9	8,670,550	2	73,162	-
Long-term financing lease receivable, net	4, 6(21), 6(22)	1,455,784	-	130,729	-
Other non-current assets-others	9	19,230,579	3	-	-
Total non-current assets		441,714,306	74	329,724,791	70
<b>Total assets</b>		<b>\$ 596,277,232</b>	<b>100</b>	<b>\$ 473,345,862</b>	<b>100</b>

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku



## MEDIATEK INC.

## PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

	Notes	December 31, 2021	%	December 31, 2020	%
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Short-term borrowings	6(13)	45,327,350	8	16,251,740	3
Financial liabilities at fair value through profit or loss-current	4, 5, 6(2)	4,252	-	520	-
Contract liabilities-current	4, 5, 6(20)	3,409,104	1	7,852,229	2
Trade payables	7	24,456,912	4	20,290,430	4
Trade payables to related parties	6(14), 7	1,553,675	-	2,655,984	1
Other payables	4, 5, 6(29)	37,182,973	6	26,017,253	5
Current tax liabilities	4, 6(22)	7,102,836	1	1,852,008	-
Lease liabilities-current	4, 6(15), 7	155,571	-	101,898	-
Other current liabilities	4, 6(15), 7	24,628,819	4	15,954,662	3
Current portion of long-term liabilities	6(16)	2,562,795	1	2,103,031	1
Total current liabilities		146,384,287	25	93,079,755	19
<b>Non-current liabilities</b>					
Long-term borrowings	6(16)	827,660	-	-	-
Long-term payables	7	490,525	-	2,336,031	1
Long-term payables to related parties	4, 6(17)	8,618,791	2	-	-
Net defined benefit liabilities-noncurrent	7	672,027	-	729,888	-
Deposits received	4, 5, 6(29)	106,299	-	313,681	-
Deferred tax liabilities	4, 6(22)	4,966,610	1	2,938,088	1
Lease liabilities-noncurrent	4, 6(22)	1,587,347	-	1,572,046	-
Non-current liabilities-others		608,390	-	542,552	-
Total non-current liabilities		17,877,649	3	8,432,286	2
Total liabilities		164,261,936	28	101,512,041	21
<b>Equity</b>					
Share capital	6(18)				
Common stock		15,988,420	3	15,900,622	3
Capital collected in advance		483	-	2,133	-
Capital surplus	6(18), 6(19)	59,776,045	10	76,745,750	16
Retained earnings	6(18)				
Legal reserve		50,217,220	8	44,583,025	10
Undistributed earnings		252,432,501	42	173,052,205	37
Other equity	6(19)	53,656,597	9	61,606,056	13
Treasury shares	4, 6(18)	(55,970)	-	(55,970)	-
Total equity		432,015,296	72	371,833,821	79
<b>Total liabilities and equity</b>		\$ 596,277,232	100	\$ 473,345,862	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, 2021 and 2020

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

Description	Notes	2021	%	2020	%
<b>Net sales</b>	4, 5, 6(20), 7	\$ 305,571,342	100	\$ 168,337,908	100
<b>Operating costs</b>	4, 5, 6(7), 6(23), 7	(174,236,062)	(57)	(94,346,514)	(56)
<b>Gross profit</b>		131,335,280	43	73,991,394	44
<b>Unrealized gross profit on sales</b>		(566,377)	-	(41,711)	-
<b>Realized gross profit on sales</b>		163,622	-	115,258	-
<b>Gross profit, net</b>		130,932,525	43	74,064,941	44
<b>Operating expenses</b>	6(21), 6(23), 7				
Selling expenses		(9,600,509)	(3)	(7,132,681)	(5)
Administrative expenses		(6,371,111)	(2)	(3,591,677)	(2)
Research and development expenses		(63,298,834)	(21)	(47,367,434)	(28)
Expected credit gains (losses)		15,007	-	(16,001)	-
Total operating expenses		(79,255,447)	(26)	(58,107,793)	(35)
<b>Operating income</b>		51,677,078	17	15,957,148	9
<b>Non-operating income and expenses</b>					
Interest income	4, 6(24)	595,264	-	1,234,586	1
Other income	4, 6(25), 7	621,613	-	178,150	-
Other gains and losses	4, 6(26), 7	546,510	-	194,053	-
Finance costs	6(27), 7	(113,342)	-	(446,341)	-
Share of profit of subsidiaries, associates, and joint ventures accounted for using the equity method	4	67,577,219	22	26,517,121	16
Total non-operating income and expenses		69,227,264	22	27,677,569	17
<b>Net income before income tax</b>		120,904,342	39	43,634,717	26
<b>Income tax expense</b>	4, 5, 6(29)	(9,483,280)	(3)	(2,717,917)	(2)
<b>Net income</b>		111,421,062	36	40,916,800	24
<b>Other comprehensive income</b>	4, 6(9), 6(17), 6(28), 6(29)				
Items that may not be reclassified subsequently to profit or loss					
Remeasurements of the defined benefit plan		47,672	-	(69,862)	-
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		(57,688)	-	334,081	-
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		8,606,502	3	35,590,684	21
Income tax relating to those items not to be reclassified to profit or loss		(9,534)	-	13,972	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(4,763,993)	(1)	(4,761,203)	(2)
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		(2,084)	-	22,857	-
<b>Other comprehensive income, net of tax</b>		3,820,875	2	31,130,529	19
<b>Total comprehensive income</b>		\$ 115,241,937	38	\$ 72,047,329	43
Basic Earnings Per Share (in New Taiwan Dollars)	6(30)	\$ 70.56		\$ 26.01	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(30)	\$ 70.22		\$ 25.84	

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 CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	Share capital		Capital surplus	Retained earnings		Exchange differences resulting from translating the financial statements of foreign operations	Other equity		Treasury shares	Equity attributable to owners of the parent
	Common stock	Capital collected in advance		Legal reserve	Undistributed earnings		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others		
Balance as of January 1, 2020	\$ 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:	-	-	-	3,075,336	(3,075,336)	-	-	-	-	-
Legal reserve	-	-	-	(7,944,252)	(7,944,252)	-	-	-	-	(7,944,252)
Cash dividends	-	-	-	3,075,336	(11,019,588)	-	-	-	-	(7,944,252)
Total	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	-	(8,738,677)	-	-	-	-	-	-	(8,738,677)
Profit for the year ended December 31, 2020	-	-	-	-	40,916,800	(4,761,203)	35,949,040	-	-	40,916,800
Other comprehensive income for the year ended December 31, 2020	-	-	-	(57,308)	-	-	-	-	-	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	(1,300)	-	(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	(13,417)	-	1,185,977	-	3,352	-	-	767,140	-	1,185,977
Issuance of restricted stock for employees	-	-	284,705	-	-	-	-	-	-	1,041,780
Changes in other capital surplus	-	-	(49,656)	-	-	-	-	-	-	(49,656)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,625,247	(8,710,844)	70,646,473	-	-	371,833,821
Balance as of December 31, 2020	15,900,622	2,133	76,745,750	44,583,025	173,052,205	(8,710,844)	(15,625,247)	(329,573)	(55,970)	371,833,821
Appropriation and distribution of 2020 earnings:	-	-	-	5,634,195	(5,634,195)	-	-	-	-	-
Legal reserve	-	-	-	(33,398,284)	(33,398,284)	-	-	-	-	(33,398,284)
Cash dividends	-	-	-	5,634,195	(39,032,479)	-	-	-	-	(33,398,284)
Total	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	-	(25,446,312)	-	-	-	-	-	-	(25,446,312)
Profit for the year ended December 31, 2021	-	-	-	-	111,421,062	-	8,533,218	-	-	111,421,062
Other comprehensive income for the year ended December 31, 2021	-	-	-	51,650	-	(4,763,993)	8,533,218	-	-	3,820,875
Total comprehensive income	-	-	-	-	111,472,712	(4,763,993)	8,533,218	-	-	115,241,937
Share-based payment transactions	5,244	(1,650)	191,090	-	-	-	-	-	-	194,684
Adjustments due to dividends that subsidiaries received from parent company	-	-	288,382	-	-	-	-	-	-	288,382
Changes in associates and joint ventures accounted for using the equity method	-	-	1,223,848	-	-	-	-	-	-	1,223,848
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	(162,502)	-	-	-	-	-	-	(162,502)
Changes in ownership interests in subsidiaries	-	-	609,264	-	-	-	-	-	-	609,264
Issuance of restricted stock for employees	82,554	-	6,376,784	-	(17,252)	-	-	(4,761,369)	-	1,680,717
Changes in other capital surplus	-	-	(50,259)	-	-	-	-	-	-	(50,259)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	6,957,315	-	(6,957,315)	-	-	-
Balance as of December 31, 2021	15,988,420	483	59,776,045	50,217,220	252,432,501	(13,474,837)	72,222,376	(5,090,942)	(55,970)	432,015,296

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

Chairman: Ming-Kai Tsai

President: Lih-Shyng Tsai

Chief Financial Officer: David Ku

## MEDIATEK INC.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	2021	2020
<b>Cash flows from operating activities :</b>		
Profit before tax from continuing operations	\$ 120,904,342	\$ 43,634,717
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	3,311,072	2,467,665
Amortization	2,928,106	3,014,896
Expected (gains) credit	(15,007)	16,001
Gains on financial assets and liabilities at fair value through profit or loss	(117,813)	(86,654)
Interest expenses	113,342	446,341
Interest income	(595,264)	(1,234,586)
Dividend income	(40,116)	-
Share-based payment expenses	1,545,455	1,029,459
Share of profit of subsidiaries, associates, and joint ventures accounted for using the equity method	(67,577,219)	(26,517,121)
Gains on disposal of property, plant and equipment	(972)	(2,956)
Unrealized gains on sales	80	-
Realized gains on sales	(163,622)	(115,258)
Others	(204)	(28)
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	(976,587)	(349,774)
Trade receivables	(14,819,576)	(4,682,444)
Trade receivables from related parties	26,315	35,105
Other receivables	(1,147,936)	(537,042)
Other receivables from related parties	8,210	404,086
Inventories	(19,910,833)	(7,986,874)
Prepayments	(190,333)	194,678
Other current assets	(288,445)	(372,026)
Other non-current assets-others	(19,230,579)	-
Contract liabilities	(4,443,125)	6,069,085
Trade payables	4,166,482	9,250,117
Trade payables to related parties	(1,102,309)	1,284,114
Other payables	10,934,832	8,148,889
Other current liabilities	8,674,157	5,749,574
Long-term payables	-	(35,619)
Long-term payables to related parties	8,618,791	-
Net defined benefit liabilities	(10,189)	2,183
Non-current liabilities-others	(278,285)	(265,121)
Cash generated from operating activities:	30,322,770	39,561,407
Interest received	656,620	1,918,104
Dividend received	22,242,681	12,000,530
Interest paid	(114,386)	(485,895)
Income tax paid	(4,327,866)	(1,529,625)
Net cash provided by operating activities	48,779,819	51,464,521
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through other comprehensive income	(1,997,691)	(581,285)
Acquisition of financial assets measured at amortized cost	(120,703)	(828,475)
Proceeds from redemption of financial assets measured at amortized cost	113,559	83,840
Acquisition of investments accounted for using the equity method	(19,501,530)	(258,564)
Proceeds from disposal of investments accounted for using the equity method	10,466	855,101
Proceeds from capital return of investments accounted for using the equity method	1,382,800	630,000
Cash received through merger	63,799	-
Acquisition of property, plant and equipment	(13,722,045)	(2,897,907)
Proceeds from disposal of property, plant and equipment	8,032	3,508
Increase in refundable deposits	(8,597,388)	(1,010)
Acquisition of intangible assets	(3,294,683)	(3,516,943)
Proceeds from disposal of intangible assets	226	-
Net cash used in investing activities	(45,655,158)	(6,511,735)
<b>Cash flows from financing activities :</b>		
Increase (decrease) in short-term borrowings	29,075,610	(35,349,944)
Proceeds from long-term borrowings	1,385,720	-
Decrease in deposits received	(207,382)	(111,963)
Cash payment for the principal portion of the lease liabilities	(181,976)	(97,745)
Proceeds from exercise of employee stock options	107,936	569,619
Treasury stock acquired	-	(53,600)
Cash dividends	(58,873,032)	(16,670,608)
Net cash used in investing activities	(28,693,124)	(51,714,241)
Net decrease in cash and cash equivalents	(25,568,463)	(6,761,455)
Cash and cash equivalents at the beginning of the year	96,917,833	103,679,288
Cash and cash equivalents at the end of the year	\$ 71,349,370	\$ 96,917,833

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 February 25, 2022.

**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, 2021. 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”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

<u>Standards or Interpretations Numbers</u>	<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Dates</u>
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

The abovementioned standards and interpretations were issued by IASB and have been endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022 and have no material impact on the Company.



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

- (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
IAS 1	“Disclosure Initiative - Accounting Policies” (Amendment)	1 January 2023
IAS 8	“Definition of Accounting Estimates” (Amendment)	1 January 2023
IAS 12	“Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (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.

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.

**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 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 rate prevailing 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 rate 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 considered a disposal.

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.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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 comprise 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.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

(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 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:

- (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:

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

- (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.

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 dividend clearly represents a recovery of part of the cost of investment.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

c. Financial assets 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 assets 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.



**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

- 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.

**(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.



**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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:

- (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.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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 effective hedging instruments which and 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:

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

- (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.

*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.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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.

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.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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	3-5 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.

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**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:

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**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.

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**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.

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**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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:

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.

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**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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.

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.

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**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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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:

- A. the date of the plan amendment or curtailment; and
- B. 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.

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.

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**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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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.

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.



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**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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.

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.

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**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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.

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.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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.

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.

## MEDIATEK INC.

## NOTES TO FINANCIAL STATEMENTS-(Continued)

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

## 6. Contents of Significant Accounts

## (1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Checking and savings accounts	\$ 1,574,291	\$ 10,183,617
Time deposits	69,775,079	86,734,216
Total	<u>\$ 71,349,370</u>	<u>\$ 96,917,833</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, 2021	December 31, 2020
<u>Current</u>		
<u>Financial assets mandatorily measured at fair value through profit or loss</u>		
Funds	\$ 1,502,219	\$ 1,126,846
Linked deposits	210,026	-
Forward exchange contracts	-	920
Total	<u>\$ 1,712,245</u>	<u>\$ 1,127,766</u>
<u>Held for trading financial liabilities</u>		
Forward exchange contracts	<u>\$ 4,252</u>	<u>\$ 520</u>
<u>Noncurrent</u>		
<u>Financial assets mandatorily measured at fair value through profit or loss</u>		
Stocks	\$ 178,920	\$ 183,750
Linked deposits	618,430	100,601
Total	<u>\$ 797,350</u>	<u>\$ 284,351</u>

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

## MEDIATEK INC.

## NOTES TO FINANCIAL STATEMENTS-(Continued)

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

	December 31, 2021	December 31, 2020
<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	\$ 3,262,841	\$ 3,340,082
Listed company stocks	3,252,826	555,490
Unlisted company stocks	2,088	2,151
Total	\$ 6,517,755	\$ 3,897,723

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

The Company has equity instrument investments measured at fair value through other comprehensive income. Details on dividends recognized for the years ended 2021 and 2020 are as follows:

	For the years ended December 31	
	2021	2020
Related to investments held at the end of the reporting period	\$ 40,116	\$ -

	December 31, 2021	December 31, 2020
<u>Current</u>		
Bonds	\$ 84,211	\$ -

## MEDIATEK INC.

## NOTES TO FINANCIAL STATEMENTS-(Continued)

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

	December 31, 2021	December 31, 2020
<u>Noncurrent</u>		
Bonds	\$ 1,440,694	\$ 1,118,475
Time deposits	75,845	189,404
Total	<u>\$ 1,516,539</u>	<u>\$ 1,307,879</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, 2021	December 31, 2020
Trade receivables	\$ 32,693,312	\$ 17,873,736
Less: allowance for doubtful debts	(9,671)	(24,678)
Subtotal	<u>32,683,641</u>	<u>17,849,058</u>
Trade receivables from related parties	612,535	638,850
Less: allowance for doubtful debts	-	-
Subtotal	<u>612,535</u>	<u>638,850</u>
Total	<u>\$ 33,296,176</u>	<u>\$ 18,487,908</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\$33,305,847 thousand and NT\$18,512,586 thousand as of December 31, 2021 and 2020, respectively. Please refer to Note 6. (21) for more details on impairment of trade receivables for the years ended December 31, 2021 and 2020. 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\$9,110,270 thousand and NT\$2,989,981 thousand as of December 31, 2021 and 2020, 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, 2021	December 31, 2020
Factoring receivables	\$ 3,778,202	\$ 3,025,695
Others	1,372,494	1,033,429
Total	<u>\$ 5,150,696</u>	<u>\$ 4,059,124</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\$3,778,202 thousand and NT\$3,025,695 thousand as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, trade receivables derecognized were summarized (by transferee) as follows:

## A. As of December 31, 2021:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
Taishin					
International Bank	-	\$ 107,149	\$ -	\$ 107,149	\$ 181,000
BNP Paribas	-	26,432	-	26,432	155,000
CHB	-	913	-	913	1,200
CTBC	-	681	-	681	1,900
SinoPac	-	1,350	-	1,350	5,000
Total		<u>\$ 136,525</u>	<u>\$ -</u>	<u>\$ 136,525</u>	<u>\$ 344,100</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, 2020:

The Factor (Transferee)	Interest Rate (%)	Trade receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (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>

## (7) Inventories

	December 31, 2021	December 31, 2020
Raw materials	\$ 1,248,322	\$ 1,464,230
Work in progress	22,885,957	14,326,064
Finished goods	16,679,445	5,112,597
Net amount	<u>\$ 40,813,724</u>	<u>\$ 20,902,891</u>

The cost of inventories recognized in expenses amounted to NT\$174,236,062 thousand and NT\$94,346,514 thousand for the years ended December 31, 2021 and 2020, including the write-down of inventories of NT\$7,293,812 thousand and reversal of write-down of inventories of NT\$1,861,878 thousand for the year ended December 31, 2021 and 2020, respectively. The reversal of write-down was because of circumstances that caused the net realizable value of inventory to be lower than its cost no longer existed.

Inventories were not pledged.

## (8) Prepayments

	December 31, 2021	December 31, 2020
Prepaid expenses	\$ 421,882	\$ 381,070
Others	244,448	94,927
Total	<u>\$ 666,330</u>	<u>\$ 475,997</u>

**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, 2021		December 31, 2020	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Subsidiaries:				
MediaTek Investment				
Singapore Pte. Ltd.	\$ 224,583,578	100	\$ 184,460,781	100
Hsu-Si Investment Corp.	-	-	8,793,354	100
Hsu-Ta Investment Corp.	7,541,670	100	11,597,759	100
MediaTek Singapore Pte. Ltd.	43,982,690	100	11,244,859	100
MStar Co., Ltd.	145,792	100	117,897	100
HFI Innovation Inc.	729,424	100	504,571	100
MStar International Technology				
Inc.	-	-	83,377	100
Digimoc Holdings Limited	-	-	44,669	100
Spidcom Technologies	1,574	100	2,623	100
Richtek Technology Corp.	21,636,457	100	22,351,726	100
Airoha Technology Corp.	219,299	5	-	-
MediaTek Capital Co.	265,767	100	-	-
Airoha Technology (Cayman)				
Inc.	8,422,740	66	-	-
Subtotal	<u>307,528,991</u>		<u>239,201,616</u>	
Investments in associates:				
IC Plus Corp.	302,975	19	-	-
Intellectual Property Innovation				
Corp.	29,981	30	-	-
Subtotal	<u>332,956</u>		<u>-</u>	
Total	<u>\$ 307,861,947</u>		<u>\$ 239,201,616</u>	

The Company increased its investment in MediaTek Investment Singapore Pte. Ltd. through several cash injections in the aggregate amount of NT\$18,904,372 thousand from July to December 2021. Moreover, MediaTek Investment Singapore Pte. Ltd. issued new shares to the Company in exchange for the ownership of Digimoc Holdings Limited in September 2021.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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 (if any) resulting from those transfers shall be reimbursed by cash. Moreover, Hsu-Si Investment Corp returned NT\$1,310,000 thousand in June 2021 due to capital reduction, Hsu-Si Investment spun-off the 46% ownership of Airoha (Cayman) Inc. to Airoha Technology Corp., and the Company acquired 5% new shares of the capital increase of Airoha Technology Corp. in October 2021. Hsu-Ta Investment Corp. was dissolved due to merger with the Company in December 2021. The ownership of Airoha Technology (Cayman) Inc., which was previously owned by Hsu-Si Investment Corp., was transferred to the Company.

Hsu-Ta Investment Corp. spun-off the ownership of Core Tech Resources Inc. to MediaTek Singapore Pte. Ltd , and the Company acquired new shares of MediaTek Singapore Pte. Ltd. in November 2021.

The Company increased its investment in HFI Innovation Inc. by intellectual property in the amount of NT\$41,711 thousand and NT\$566,297 thousand in August 2020 and August 2021, respectively.

MStar International Technology Inc. returned NT\$72,800 thousand in April 2021 due to capital reduction. Moreover, MStar International Technology Inc. was dissolved due to merger with Hsu-Ta Investment Corp. in June 2021.

The Company established MediaTek Capital Co. by cash of NT\$290,000 thousand in July 2021.

The Company totally purchased NT\$277,158 thousand of voting shares of IC Plus Corp. from market during the period from January to February 2021 and its ownership of IC Plus Corp. has reached 19%. The Company assessed that it has significant influence over IC Plus Corp., and therefore the Company reclassified IC Plus Corp. from equity instrument investments measured at fair value through other comprehensive income-noncurrent to investments accounted for using the equity method.

The Company subscribed 30% new shares issued by Intellectual Property Innovation Corp. in the amount of NT\$30,000 thousand in December 2021.

Investments in subsidiaries and associates were not pledged.

(10)Property, plant and equipment

	December 31, 2021	December 31, 2020
Owner-occupied property, plant and equipment	<u>\$ 29,877,083</u>	<u>\$ 20,388,079</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

	Land	Buildings and facilities	Computer and				Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
			Machinery equipment	telecommunication equipment	Testing equipment	equipment			
Cost:									
As of January 1, 2021	\$ 3,966,512	\$ 14,587,244	\$ 129,395	\$ 5,883,738	\$ 8,958,413	\$ 267,077	\$ 54,035	\$ 33,846,414	
Additions-acquired separately	2,901,400	557,965	19,088	5,420,695	2,018,133	2,692,165	344,426	13,953,872	
Disposals	-	(8,604)	(1,071)	(484,741)	(84,039)	(1,324,429)	-	(1,902,884)	
Transfers	-	20,127	1,094	898	49,004	57,336	(128,459)	-	
As of December 31, 2021	\$ 6,867,912	\$ 15,156,732	\$ 148,506	\$ 10,820,590	\$ 10,941,511	\$ 1,692,149	\$ 270,002	\$ 45,897,402	
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	

## MEDIATEK INC.

## NOTES TO FINANCIAL STATEMENTS-(Continued)

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

	Land	Computer and				Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
		Buildings and facilities	Machinery equipment	telecommunication equipment	Testing equipment			
Depreciation and impairment:								
As of January 1, 2021	\$ -	\$ 4,031,158	\$ 25,678	\$ 3,875,701	\$ 5,321,843	\$ 203,955	\$ -	\$ 13,458,335
Depreciation	-	472,075	22,059	1,198,050	1,182,622	257,947	-	3,132,753
Disposals	-	(2,262)	-	(484,978)	(83,151)	(378)	-	(570,769)
As of December 31, 2021	\$ -	\$ 4,500,971	\$ 47,737	\$ 4,588,773	\$ 6,421,314	\$ 461,524	\$ -	\$ 16,020,319
As of January 1, 2020								
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
Net carrying amount as of:								
December 31, 2021	\$ 6,867,912	\$ 10,655,761	\$ 100,769	\$ 6,231,817	\$ 4,520,197	\$ 1,230,625	\$ 270,002	\$ 29,877,083
December 31, 2020	\$ 3,966,512	\$ 10,556,086	\$ 103,717	\$ 2,008,037	\$ 3,636,570	\$ 63,122	\$ 54,035	\$ 20,388,079

The 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, 2021	\$ 390,512	\$ 1,259,255	\$ 17,049,698	\$ 52,604,453	\$ 71,303,918
Additions-acquired separately	-	111,206	1,583,798	-	1,695,004
Disposals	-	(12,412)	(62,375)	-	(74,787)
As of December 31, 2021	\$ 390,512	\$ 1,358,049	\$ 18,571,121	\$ 52,604,453	\$ 72,924,135
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



## 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, 2021	\$ 390,512	\$ 988,868	\$ 11,419,188	\$ -	\$ 12,798,568
Amortization	-	164,746	2,763,360	-	2,928,106
Disposals	-	(12,412)	(62,149)	-	(74,561)
As of December 31, 2021	\$ 390,512	\$ 1,141,202	\$ 14,120,399	\$ -	\$ 15,652,113
As of January 1, 2020					
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
Net carrying amount as of:					
December 31, 2021	\$ -	\$ 216,847	\$ 4,450,722	\$ 52,604,453	\$ 57,272,022
December 31, 2020	\$ -	\$ 270,387	\$ 5,630,510	\$ 52,604,453	\$ 58,505,350

**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, 2021	December 31, 2020
Unsecured bank loans	\$ 45,327,350	\$ 16,251,740
Interest rates	(0.5)%~0.41%	0%~0.46%

## (14) Other payables

	December 31, 2021	December 31, 2020
Accrued salaries and bonuses	\$ 26,333,495	\$ 16,571,218
Accrued royalties	1,186,619	1,187,714
Other payables to related parties	32,187	57,482
Others	9,630,672	8,200,839
Total	\$ 37,182,973	\$ 26,017,253

## (15) Other current liabilities

	December 31, 2021	December 31, 2020
Refund liabilities	\$ 24,029,774	\$ 15,111,597
Others	599,045	843,065
Total	\$ 24,628,819	\$ 15,954,662

## (16) Long-term borrowings

Details of long-term loans as of December 31, 2021 are as follows:

Lenders	December 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
JP Morgan Chase Bank	\$ 827,660	0%	Effective from June 11, 2021 to September 11, 2023, principal is repaid once due.
JP Morgan Chase Bank	558,060	(0.4)%	Effective from October 26, 2021 to November 25, 2022, principal is repaid once due.
Total	1,385,720		
Less: current portion	(558,060)		
Noncurrent portion	\$ 827,660		

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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

None.

Long-term borrowings were not pledged.

(17) 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, 2021 and 2020 were NT\$867,086 thousand and NT\$793,749 thousand, respectively.

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\$4,873 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

The weighted average duration of the defined benefit obligation were 17 years and 18 years as of December 31, 2021 and 2020, respectively.

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

Pension costs recognized in profit or loss are as follows:

	For the years ended	
	December 31	
	2021	2020
Current service cost	\$ 1,315	\$ 1,184
Net interest on the net defined benefit liabilities	3,211	5,592
Total	\$ 4,526	\$ 6,776

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

	December 31, 2021	December 31, 2020
Defined benefit obligation	\$ 836,356	\$ 891,373
Plan assets at fair value	(164,329)	(161,485)
Net defined benefit liabilities	\$ 672,027	\$ 729,888

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, 2021	\$ 891,373	\$ (161,485)	\$ 729,888
Current service cost	1,315	-	1,315
Interest expenses (income)	3,922	(711)	3,211
Subtotal	5,237	(711)	4,526
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(10,139)	-	(10,139)
Actuarial gains and losses arising from changes in financial assumptions	(55,488)	-	(55,488)
Experience adjustments	20,154	-	20,154
Remeasurements of the defined benefit assets	-	(2,199)	(2,199)
Subtotal	(45,473)	(2,199)	(47,672)
Payment of benefit obligation	(14,781)	14,781	-
Contributions by employer	-	(14,715)	(14,715)
As of December 31, 2021	\$ 836,356	\$ (164,329)	\$ 672,027

## MEDIATEK INC.

## NOTES TO FINANCIAL STATEMENTS-(Continued)

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

	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

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

	December 31, 2021	December 31, 2020
Discount rate	0.82%	0.44%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31			
	2021		2020	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	\$ -	\$ (66,579)	\$ -	\$ (74,947)
Discount rate decreases by 0.5%	73,048	-	82,650	-
Rate of future salary increases by 0.5%	71,069	-	80,089	-
Rate of future salary decreases by 0.5%	-	(65,537)	-	(73,511)

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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.

(18) Equity

A. Share capital

The Company's authorized capital as of December 31, 2021 and 2020 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\$15,988,420 thousand and NT\$15,900,622 thousand divided into 1,598,841,998 shares and 1,590,062,183 shares, as of December 31, 2021 and 2020, respectively. Each share has one voting right and a right to receive dividends.

On July 5, 2021, the general shareholders' meeting approved to issue restricted stocks for employees. As of December 31, 2021, 8,381,181 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 125,822 shares and 1,341,752 shares of issued restricted stocks for employees during the years ended December 31, 2021 and 2020, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

The Company issued 359,451 new shares for the year ended December 31, 2021 at par value of NT\$10 for exercising employee stock options. The aforementioned new issued shares (NT\$483 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of December 31, 2021.

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 as of December 31, 2020.

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

## B. Capital surplus

	December 31, 2021	December 31, 2020
Additional paid-in capital	\$ 45,612,340	\$ 69,595,338
Treasury share transactions	2,048,065	1,759,683
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	839,842	1,002,344
Changes in ownership interests in subsidiaries	2,968,846	2,359,582
Donated assets	1,261	1,261
From share of changes in net assets of associates	1,223,848	-
Employee stock options	391,175	354,686
Restricted stocks for employees	6,388,981	1,320,910
Others	301,687	351,946
Total	<u>\$ 59,776,045</u>	<u>\$ 76,745,750</u>

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, 2021 and 2020, 7,794,085 shares of MTK's common shares amounting to NT\$55,970 thousand were held by the subsidiary, Hsiang Fa Co. These shares held by Hsiang Fa Co. were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.



**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

As of December 31, 2021 and 2020, 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.

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.

The 2021 general shareholders' meeting of the Company has been postponed due to the COVID-19 pandemic. But the resolutions of the distributions of earnings and the additional paid-in capital by cash have been approved by shareholders through electronic voting by June 10, 2021. Details of the 2020 and 2019 earnings distributions and dividends per share as resolved by general shareholders' meeting on July 5, 2021 and June 11, 2020, respectively, are as follows:

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

	Appropriation of earnings		Dividends per share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 5,634,195	\$ 3,075,336	-	-
Cash dividends-common stock	33,398,284	7,944,252	\$ 21.00	\$ 5.00
Total	<u>\$ 39,032,479</u>	<u>\$ 11,019,588</u>		

In addition, the general shareholders' meeting on July 5, 2021 and June 11, 2020 resolved to distribute the additional paid-in capital by cash in the amount of NT\$25,446,312 thousand and NT\$8,738,677 thousand, or NT\$16 per share and NT\$5.5 per share, respectively.

**(19) 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 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, 2021 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)
2011.08.24	2,109,871	-	-	\$ 272.6
2012.08.14	1,346,795	174,743	174,743	\$ 280.4
2013.08.22	1,436,343	281,736	281,736	\$ 368.0

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

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:

	Employee Stock Option
Expected dividend yield (%)	2.43%-3.07%
Expected volatility (%)	32.9%-38.5%
Risk free interest rate (%)	1.0479%-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:

	For the years ended December 31			
	2021		2020	
	Options (Unit)	Weighted- average Exercise Price per Share (NT\$)	Options (Unit)	Weighted- average Exercise Price per Share (NT\$)
Employee Stock Option				
Outstanding at beginning of period	879,147	\$ 316.8	2,721,463	\$ 329.0
Granted	-	-	-	-
Exercised (Note)	(359,451)	300.4	(1,721,878)	330.8
Forfeited (Expired)	(63,217)	278.7	(120,438)	391.0
Outstanding at end of period	<u>456,479</u>	334.5	<u>879,147</u>	316.9
Exercisable at end of period	<u>456,479</u>		<u>879,147</u>	
Weighted-average fair value of options granted during the period (in NT\$)	<u>\$ -</u>		<u>\$ -</u>	

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

Note: The weighted average share price at the date of exercise of those options were NT\$940.2 and NT\$640.2 for the years ended December 31, 2021 and 2020, respectively.

The information on the outstanding share-based payment plan as of December 31, 2021 and 2020 is as follows:

Date of grant	Range of Exercise Price (NT\$)	December 31, 2021		December 31, 2020	
		Outstanding stock options	Outstanding stock options	Outstanding stock options	Outstanding stock options
		Weighted-average Expected Remaining Years	Weighted-average Exercise Price per Share (NT\$)	Weighted-average Expected Remaining Years	Weighted-average Exercise Price per Share (NT\$)
2011.08.09	\$ 272.6	-	\$ 272.6	-	\$ 272.6
2012.08.09	280.4	-	280.4	-	281.9
2013.08.09	368.0	-	368.0	-	368.0

Restricted stocks plan for employees

On June 15, 2018 and July 5, 2021, the shareholders' meeting approved to issue gratuitous restricted stocks for employees, at a total of 19,200,000 and 19,080,000 common shares, respectively. 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.

MTK issued 12,259,550, 2,205,888, 17,818, 2,182,958 and 8,381,181 gratuitous restricted stocks on September 6, 2018, February 27, 2019, April 12, 2019, July 15, 2019, and August 31, 2021, 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, NT\$314.5 and NT\$824.81~NT\$901 per share, respectively. The estimated compensation expenses amounted to NT\$10,164,353 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of December 31, 2021, MTK had recognized NT\$5,068,945 thousand as compensation expense and NT\$5,090,942 thousand as unearned employee compensation, and compensation expense were recorded under salary expense and share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method, respectively, unearned employee compensation were recorded under other equity.

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

The first restricted stocks plan for employees of 2021 was evaluated under the fair value method. Assumptions used in calculating the fair value are disclosed as follows:

	<u>Restricted stocks plan for employees</u>
Expected volatility (%)	40%
Risk free interest rate (%)	0.24%
Pricing Approach	Monte Carlo Simulation

Restrictions on the rights and vesting conditions of restricted stocks for employees of the 2021 plan 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 (including Total Shareholder Return) during the vesting period, are eligible to receive the vested shares. The maximum portions of the vesting shares of 2022 are 34%, and the cumulative maximum portions of vesting shares from 2022 to 2023 and 2022 to 2024 are 67%, 100%, 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, etc., are the same as those of the common shareholders', and the rights will be exercised by the custodian organizations according to the trust contracts.

Share-based compensation expenses recognized for employee services received for the years ended December 31, 2021 and 2020 are shown in the following table:

	For the years ended December 31	
	<u>2021</u>	<u>2020</u>
Restricted stocks for employees	<u>\$ 1,545,455</u>	<u>\$ 1,029,459</u>

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

The Company did not modify or cancel any share-based payment plans for the years ended December 31, 2021 and 2020.

**(20) Sales**

Analysis of revenue from contracts with customers for the years ended December 31, 2021 and 2020 is as follows:

**A. Disaggregation of revenue**

	For the years ended December 31	
	2021	2020
Sale of goods	\$ 298,550,832	\$ 162,523,119
Services and other operating revenues	7,020,510	5,814,789
<b>Total</b>	<b>\$ 305,571,342</b>	<b>\$ 168,337,908</b>
Revenue recognition point:		
At a point in time	\$ 303,420,816	\$ 165,830,337
Satisfies the performance obligation over time	2,150,526	2,507,571
<b>Total</b>	<b>\$ 305,571,342</b>	<b>\$ 168,337,908</b>

**B. Contract balances****Contract liabilities – current**

	December 31, 2021	December 31, 2020	January 1, 2020
Sales of goods	\$ 2,971,602	\$ 7,735,068	\$ 1,468,620
Services and other operating revenues	437,502	117,161	314,524
<b>Total</b>	<b>\$ 3,409,104</b>	<b>\$ 7,852,229</b>	<b>\$ 1,783,144</b>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

**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	
	2021	2020
Revenue recognized during the period that was included in the beginning balance	\$ 7,596,679	\$ 1,193,984
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	\$ 3,158,421	\$ 7,248,437

## C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2021, and 2020, 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\$1,026,152 thousand and NT\$1,752,672 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.

## (21) Expected credit gains (losses)

	For the years ended	
	December 31	
	2021	2020
Operating expense – Expected credit gains (losses)		
Trade receivables	\$ 15,007	\$ (16,001)

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, 2021, and 2020 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:

**MEDIATEK INC.****NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**2021.12.31

	Neither past due  (Note)	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 32,597,251	\$ 72,602	\$ 7,004	\$ 7,367	\$ 9,088	\$ 32,693,312
Loss ratio	0%	0%	0%	10%	50%	
Lifetime expected credit losses	-	-	-	(737)	(8,934)	(9,671)
Carrying amount of trade receivables	\$ 32,597,251	\$ 72,602	\$ 7,004	\$ 6,630	\$ 154	\$ 32,683,641

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

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, 2021 and 2020 are as follows:



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

	Trade receivables	Financing lease receivables
As of January 1, 2021	\$ 24,678	\$ -
Reversal for the current period	(15,007)	-
As of December 31, 2021	<u>\$ 9,671</u>	<u>\$ -</u>
As of January 1, 2020	\$ 8,677	\$ -
Allowance for the current period	16,001	-
As of December 31, 2020	<u>\$ 24,678</u>	<u>\$ -</u>

**(22) Leases****A. The Company as lessee**

The Company leases various property (land and buildings), machinery equipment and transportation equipment. These leases have terms between 1 and 50 years.

**a. Right-of-use asset**

	December 31, 2021	December 31, 2020
Land	\$ 1,436,661	\$ 1,474,595
Buildings and facilities	131,279	167,127
Machinery equipment	158,384	15,131
Transportation equipment	7,465	4,101
Total	<u>\$ 1,733,789</u>	<u>\$ 1,660,954</u>

During the years ended December 31, 2021 and 2020, the additions to right-of-use assets of the Company amounted to NT\$251,567 thousand and NT\$116,518 thousand, respectively.

**b. Lease liability**

	December 31, 2021	December 31, 2020
Lease liability-current	\$ 155,571	\$ 101,898
Lease liability-noncurrent	1,587,347	1,572,046
Total	<u>\$ 1,742,918</u>	<u>\$ 1,673,944</u>

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

Please refer to Note 6. (27) for the interest on lease liability recognized during 2021 and 2020 and Note 12. (3) C. for the maturity analysis of lease liabilities as of December 31, 2021.

## c. Depreciation charge for right-of-use assets

	For the years ended	
	December 31	
	2021	2020
Land	\$ 37,934	\$ 37,934
Buildings and facilities	70,053	58,763
Machinery equipment	67,668	9,078
Transportation equipment	2,664	2,275
Office equipment	-	133
Total	\$ 178,319	\$ 108,183

## d. Income and costs relating to leasing activities

	For the years ended	
	December 31	
	2021	2020
The expense relating to short-term leases	\$ 130,329	\$ 62,964
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	\$ 2,708	\$ 3,828
Income from subleasing right-of-use assets	\$ 23,606	\$ 23,080

## e. Cash outflow relating to leasing activities

During the years ended December 31, 2021 and 2020, the Company's total cash outflows for leases amounted to NT\$338,899 thousand and NT\$188,030 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)**

	For the years ended	
	December 31	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$ 98,130	\$ 93,876
Lease income for finance leases		
Finance income on the net investment in the lease	15,657	-
Total	\$ 113,787	\$ 93,876

The undiscounted lease payments to be received for the remaining years as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Not later than one year	\$ 23,293	\$ 2,092
Later than one year and not later than two years	23,292	2,092
Later than two years and not later than three years	746,853	2,092
Later than three years and not later than four years	735,143	67,067
Later than four years and not later than five years	-	66,015
Total non-discounted lease payments	1,528,581	139,358
Less: unearned finance income of finance lease	(72,797)	(8,629)
Less: allowance for doubtful debts	-	-
Net investment in the finance lease (receivable of a finance lease)	\$ 1,455,784	\$ 130,729
Current	\$ -	\$ -
Non-Current	\$ 1,455,784	\$ 130,729

(23) Employee benefits, depreciation and amortization expenses are summarized by function as follows:

**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					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 27,824	\$ 843,788	\$ 871,612	\$ 25,589	\$ 774,936	\$ 800,525
Others	\$ 730,801	\$ 52,657,397	\$ 53,388,198	\$ 658,765	\$ 32,071,871	\$ 32,730,636
Depreciation	\$ 7,230	\$ 3,303,842	\$ 3,311,072	\$ 9,784	\$ 2,457,881	\$ 2,467,665
Amortization	\$ -	\$ 2,928,106	\$ 2,928,106	\$ 80	\$ 3,014,816	\$ 3,014,896

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.

MTK accrued employees' compensation and remuneration to directors based on a specific rate of profit of the year ended December 31, 2021. 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. The amounts of employees' compensation and remuneration to directors were NT\$1,513,219 thousand and NT\$153,213 thousand for the year ended December 31, 2021, respectively. The employees' compensation and remuneration to directors were recognized as salary expense.

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.

## MEDIATEK INC.

## NOTES TO FINANCIAL STATEMENTS-(Continued)

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

## (24) Interest income

	For the years ended December 31	
	2021	2020
Financial assets measured at amortized cost	\$ 517,531	\$ 1,126,089
Financial assets at fair value through other comprehensive income	77,733	108,497
Total	<u>\$ 595,264</u>	<u>\$ 1,234,586</u>

## (25) Other income

	For the years ended December 31	
	2021	2020
Rental income	\$ 98,130	\$ 93,876
Dividend income	40,116	-
Others	483,367	84,274
Total	<u>\$ 621,613</u>	<u>\$ 178,150</u>

## (26) Other gains and losses

	For the years ended December 31	
	2021	2020
Gains on disposal of property, plant and equipment	\$ 972	\$ 2,956
Foreign exchange gains	412,620	63,940
Gains on financial assets at fair value through profit or loss	151,293	138,315
Losses on financial liabilities at fair value through profit or loss	(4,252)	(520)
Others	(14,123)	(10,638)
Total	<u>\$ 546,510</u>	<u>\$ 194,053</u>

## (27) Finance costs

	For the years ended December 31	
	2021	2020
Interest expenses on borrowings	\$ 75,936	\$ 422,848
Interest expenses on long-term payables to related parties	13,520	-
Interest expenses on lease liabilities	23,886	23,493
Total	<u>\$ 113,342</u>	<u>\$ 446,341</u>

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

## (28) Components of other comprehensive income

For the year ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax expense	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ 47,672	\$ -	\$ 47,672	\$ (9,534)	\$ 38,138
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(57,688)	-	(57,688)	-	(57,688)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	8,606,502	-	8,606,502	-	8,606,502
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(4,763,993)	-	(4,763,993)	-	(4,763,993)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(2,084)	-	(2,084)	-	(2,084)
<b>Total</b>	<b>\$ 3,830,409</b>	<b>\$ -</b>	<b>\$ 3,830,409</b>	<b>\$ (9,534)</b>	<b>\$ 3,820,875</b>

**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 :

	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
<b>Total</b>	<b>\$ 31,116,557</b>	<b>\$ -</b>	<b>\$ 31,116,557</b>	<b>\$ 13,972</b>	<b>\$ 31,130,529</b>

**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 for the years ended December 31, 2021 and 2020, which were recognized in other comprehensive income, were reclassified to profit or loss.

**(29) Income Tax**

The major components of income tax expense are as follows:

	For the years ended	
	December 31	
	2021	2020
Current income tax	\$ 9,781,761	\$ 2,731,411
Deferred tax income	(486,058)	(22,738)
Others	187,577	9,244
Income tax expense recognized in loss	<u>\$ 9,483,280</u>	<u>\$ 2,717,917</u>

Income tax recognized in other comprehensive income

	For the years ended	
	December 31	
	2021	2020
Deferred tax expense (income)		
Remeasurements of defined benefit plans	<u>\$ 9,534</u>	<u>\$ (13,972)</u>

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	
	2021	2020
Accounting profit before tax from continuing operations	<u>\$ 120,904,342</u>	<u>\$ 43,634,717</u>
Tax at the domestic rates applicable to profits in the country concerned	24,180,869	8,726,943
Tax effect of revenues exempt from taxation	(35,216)	(21,342)
Tax effect of expenses not deductible for tax purposes	21,594	2,117
Investment tax credits	(5,172,191)	(2,025,980)
Tax effect of deferred tax assets/liabilities	(10,806,860)	(4,540,957)
Corporate income surtax on undistributed retained earnings	872,613	1,034,681
Others	422,471	(457,545)
Income tax expense recognized in loss	<u>\$ 9,483,280</u>	<u>\$ 2,717,917</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, 2021

	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	\$ 1,560,314	\$ 1,023,761	\$ -	\$ -	\$ 2,584,075
Allowance for sales returns and discounts	2,174,672	1,263,297	-	-	3,437,969
Amortization of difference for tax purpose	283,448	(19,003)	-	-	264,445
Amortization of goodwill difference for tax purpose	(2,644,084)	(686,653)	-	-	(3,330,737)
Others	(37,490)	(1,095,344)	(9,534)	914	(1,141,454)
Deferred tax income (expense)		\$ 486,058	\$ (9,534)	\$ 914	
Net deferred tax assets	\$ 1,336,860				\$ 1,814,298
Reflected in balance sheet as follows:					
Deferred tax assets	\$ 4,274,948				\$ 6,780,908
Deferred tax liabilities	\$ (2,938,088)				\$ (4,966,610)

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)

**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, 2021, the income tax returns of the Company have been assessed and approved up to 2019.

## (30) 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	
	2021	2020
A. Basic earnings per share		
Profit (in thousand NT\$)	\$ 111,421,062	\$ 40,916,800
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,579,074,576	1,573,329,335
Basic earnings per share (NT\$)	\$ 70.56	\$ 26.01
B. Diluted earnings per share		
Profit (in thousand NT\$)	\$ 111,421,062	\$ 40,916,800
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,579,074,576	1,573,329,335
Effect of dilution:		
Employees' compensation-stock (share)	1,399,199	980,921
Employee stock options (share)	462,010	1,425,487
Restricted stocks for employees (share)	5,845,245	7,875,783
Weighted average number of ordinary shares outstanding after dilution (share)	1,586,781,030	1,583,611,526
Diluted earnings per share (NT\$)	\$ 70.22	\$ 25.84

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>
Airoha Technology (HK) Limited	Subsidiary
Cloud Ranger Limited	Subsidiary
EcoNet Limited	Subsidiary
Gaintech Co. Limited	Subsidiary
MediaTek Bangalore Private Limited	Subsidiary
MediaTek India Technology Pvt. Ltd.	Subsidiary
MediaTek Korea Inc.	Subsidiary
MediaTek Singapore Pte. Ltd.	Subsidiary
MediaTek USA Inc.	Subsidiary
MediaTek Research UK Limited	Subsidiary
MTK Wireless Limited (UK)	Subsidiary
Mstar France SAS	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 1)
MStar Software R&D (Shenzhen), Ltd.	Subsidiary
Airoha Technology (Suzhou) Limited	Subsidiary
HFI Innovation Inc.	Subsidiary
Nephos (Hefei) Co., Ltd.	Subsidiary
MediaTek (Chengdu) Inc.	Subsidiary
MediaTek Research Corp.	Subsidiary
MediaTek China Limited	Subsidiary
Airoha Technology Corp.	Subsidiary
MediaTek Capital Co.	Subsidiary
(To be continued)	

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

(Continued)

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Hsu Zhan (HK) Investment Limited	Subsidiary
Cyberon Corp.	Associate
Amobile Intelligent Corp. Limited	Associate
Intelligo Technology Inc.	Associate
Sigmastar Technology Ltd. and its subsidiaries	Associate (Note 2)
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party
Andes Technology Corp.	Substantive related party (Note3)
MediaTek Foundation	Substantive related party

Note 1: 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 2: The Company lost control over Xiamen Sigmastar Technology Inc. (renamed Sigmastar Technology Ltd. in May 2021) in February 2021. As a result, Sigmastar Technology Ltd. has become an associate of the Company since that month.

Note 3: The Andes Technology Corp. became a non-related party as the chairman of MTK resigned as the chairman of Andes Technology Crop. in July 2021.

Significant transactions with the related parties

## (1) Sales

	For the years ended December 31	
	2021	2020
<u>Sale of goods</u>		
Subsidiaries	\$ 137,432	\$ 39,700
Associates	14,114	7,803
Subtotal	151,546	47,503
<u>Services and other operating revenues</u>		
Subsidiaries	3,577,795	2,082,599
Associates	4,183	-
Subtotal	3,581,978	2,082,599
Total	\$ 3,733,524	\$ 2,130,102

**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	
	2021	2020
Subsidiaries	\$ 802,680	\$ 1,963

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	
	2021	2020
Other related parties	\$ 5,383,760	\$ 3,070,193

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	
	2021	2020
Subsidiaries	\$ 318,388	\$ 163,634
Associates	21,168	31,644
Other related parties	16,772	14,892
Total	\$ 356,328	\$ 210,170

**(5) Donations Expenses**

	For the years ended December 31	
	2021	2020
Other related parties		
MediaTek Foundation	\$ 120,000	\$ -

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

## (6) Rental income

	For the years ended	
	December 31	
	2021	2020
Subsidiaries		
ILI Technology Corporation	\$ -	\$ 26,815
Airoha Technology Corp.	22,547	21,791
Others	2,599	4,730
Total	\$ 25,146	\$ 53,336

## (7) Other income due to technology service

	For the years ended	
	December 31	
	2021	2020
Subsidiaries		
EcoNet (Suzhou) Limited	\$ 24,858	\$ 24,816
Others	1,538	1,069
Total	\$ 26,396	\$ 25,885

## (8) Endorsement amount for office lease, bank financing and IP purchasing

	December 31, 2021		December 31, 2020	
	Endorsement limit	Actual amount	Endorsement limit	Actual amount
Subsidiaries				
Gaintech				
Co. Limited	\$ 24,000,000	\$ -	\$ 24,000,000	\$ -
MediaTek				
China				
Limited	9,000,000	1,786,357	9,000,000	3,161,537
Others	9,488	9,488	2,432,954	9,774
Total	\$ 33,009,488	\$ 1,795,845	\$ 35,432,954	\$ 3,171,311

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

## (9) Disposals of property, plant and equipment

	For the years ended			
	December 31			
	2021		2020	
	Carrying amount	Proceeds	Carrying amount	Proceeds
Subsidiaries	\$ -	\$ -	\$ 334	\$ 431

## (10) Trade receivables from related parties

	December 31, 2021	December 31, 2020
Subsidiaries	\$ 610,160	\$ 638,220
Associates	2,375	630
Total	\$ 612,535	\$ 638,850

## (11) Other receivables from related parties

	December 31, 2021	December 31, 2020
Subsidiaries		
Nephos (Hefei) Co., Ltd.	\$ 274,260	\$ 282,454
Others	1,113	1,129
Total	\$ 275,373	\$ 283,583

Other receivables from related parties were composed mainly of dividends income, rental income and technology service revenue.

## (12) Trade payables to related parties

	December 31, 2021	December 31, 2020
Subsidiaries	\$ 388,165	\$ 1,616,504
Other related parties	1,165,510	1,039,480
Total	\$ 1,553,675	\$ 2,655,984

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

## (13) Other payables to related parties

	December 31, 2021	December 31, 2020
Subsidiaries	\$ 25,336	\$ 10,351
Associates	6,851	5,631
Other related parties	-	41,500
Total	<u>\$ 32,187</u>	<u>\$ 57,482</u>

## (14) Other current liabilities

	December 31, 2021	December 31, 2020
Subsidiaries	<u>\$ -</u>	<u>\$ 285,423</u>

## (15) Long-term payables to related parties

Financing provided to others for the year ended December 31, 2021.

Name of the related parties	Ending Limit	Ending Balance	Total interest for the year	Interest Rate
Hsu Zhan (HK) Investment Limited	\$ 21,585,720	\$ 8,618,791	\$ 6,028	0.84%
MediaTek China Limited	-	-	7,492	0.84%

## (16) Deposits received

	December 31, 2021	December 31, 2020
Associates	<u>\$ 151</u>	<u>\$ -</u>

(17) During the year ended December 31, 2021, the Company acquired patent from Andes Technology Corp. in the amount of NT\$37,852 thousand which was recorded as intangible assets.

(18) The Company sold 3,805 shares of Digimoc Holdings Limited to MediaTek Investment Singapore Pte. Ltd. in the amount of NT\$47,027 thousand for the year ended December 31, 2021.

(19) 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.



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

## (20) Key management personnel compensation

	For the years ended	
	December 31	
	2021	2020
Short-term employee benefits (Note)	\$ 1,929,210	\$ 1,208,667
Share-based payment	433,921	173,223
Post-employment benefits	2,697	2,353
Total	<u>\$ 2,365,828</u>	<u>\$ 1,384,243</u>

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, 2021	December 31, 2020	
Financial assets measured at amortized cost-noncurrent	\$ -	\$ 9,180	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	27,180	24,000	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	23,765	22,980	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	24,900	133,244	Performance bond
Total	<u>\$ 75,845</u>	<u>\$ 189,404</u>	

**9. Contingencies and Off Balance Sheet Commitments**Significant Commitments

The Company entered into capacity reservation contracts with several suppliers. According to the contracts, the supplier shall provide agreed production capacity with the Company after prepayment by the Company.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

Legal claim contingency

- A. 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 materially affected by this case.
- B. 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 Nos. 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.

- C. 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 Nos. 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. Pursuant to the Complainant’s motion to terminate, the Administrative Law Judge issued an Initial Determination terminating MTK and its subsidiary MediaTek USA Inc. from the investigation on July 19, 2021.

- D. 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 court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the plaintiff’s voluntary dismissal on July 1, 2021.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

- E. 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.
- F. Continental Circuits LLC and Continental Circuits of Texas LLC (“Continental Circuits”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on May 28, 2021, alleging infringement of U.S. Patent Nos. 7,501,582, 8,278,560, 8,581,105, and 9,374,912. Pursuant to the plaintiff’s motion for voluntary dismissal, the court dismissed the claims against MTK with prejudice on December 10, 2021.
- G. 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 court dismissed the claims against MTK with prejudice pursuant to the plaintiff’s voluntary dismissal on August 24, 2021.
- H. DivX, LLC (“DivX”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK and its subsidiary MediaTek Singapore Pte. Ltd. on August 11, 2021, alleging claims arising out of breach of contract. Pursuant to the parties’ joint motion to dismiss the case, the court dismissed the claims against MTK and subsidiary MediaTek Singapore Pte. Ltd. with prejudice on January 28, 2022.
- I. NXP USA Inc. (“NXP”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK and subsidiary MediaTek USA Inc. on August 24, 2021, alleging infringement of U.S. Patent Nos. 10,038,518, 10,560,158, and 10,742,780. The operations of MTK and its subsidiary will not be materially affected by this case.

NXP Semiconductors Inc. (“NXP”) filed 8 complaint in the People’s Republic of China for the Nanjing Intellectual Property Court against MTK on September 26, 2021, September 27, 2021, September 29, 2021 and October 9, 2021 alleging infringement of China Patent Nos. ZL201510695445.0, ZL200580026196.0, ZL02820012.8 and ZL200780002987.9. The operations of MTK will not be materially affected by this case.

NXP USA Inc. and NXP Semiconductors NV (“NXP”) filed a complaint with the U.S. International Trade Commission against MTK and subsidiary MediaTek USA Inc. on November 1, 2021 alleging infringement of U.S. Patent Nos. 7,593,202, 8,482,136, 9,729,214, 10,904,058 and 8,558,591. The operations of MTK and its subsidiary will not be materially affected by this case.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

NXP USA Inc. (“NXP”) filed a complaint in the United States District Court for the Central District of California against MTK and subsidiary MediaTek USA Inc. on November 1, 2021, alleging infringement of the same patents listed above. The operations of MTK and its subsidiary will not be materially affected by this case.

NXP USA Inc. (“NXP”) asserted counterclaims in the United States District Court for the Central District of California against MTK and subsidiary MediaTek USA Inc. on December 15, 2021, alleging infringement of U.S. Patent Nos. 9,480,018, 10,278,224, 10,404,839 and 10,764,874. The operations of MTK and its subsidiary 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

A. Categories of financial instruments

Financial assets

	December 31, 2021	December 31, 2020
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)	11,619,865	4,401,178
Subtotal	11,619,865	4,402,098
Financial assets at fair value through other comprehensive income	6,517,755	3,914,002
Financial assets measured at amortized cost (Note 2)	104,017,879	118,197,075
Total	\$ 122,155,499	\$ 126,513,175

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

	December 31, 2021	December 31, 2020
Financial liabilities at fair value through profit or loss:		
Held for trading financial liabilities	\$ 4,252	\$ 520
Financial liabilities at amortized cost:		
Short-term borrowings	45,327,350	16,251,740
Trade payables (including related parties)	26,010,587	22,946,414
Other payables (including related parties)	37,182,973	26,017,253
Long-term payables (including current portion and related parties)	11,114,051	4,439,062
Long-term borrowings (including related parties)	1,385,720	-
Lease liabilities	1,742,918	1,673,944
Subtotal	<u>122,763,599</u>	<u>71,328,413</u>
Total	<u>\$ 122,767,851</u>	<u>\$ 71,328,933</u>

## Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss as of December 31, 2021 and 2020 in the amount of NT\$9,110,270 thousand and NT\$2,989,981 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 of NT\$9,110,270 thousand and NT\$2,989,981 thousand as of December 31, 2021 and 2020, 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:

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

- (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).  
The fair value of derivative financial instruments 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.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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:

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value through profit or loss				
Stocks	\$ 178,920	\$ -	\$ -	\$ 178,920
Funds	1,502,219	-	-	1,502,219
Linked deposits	-	-	828,456	828,456
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income				
	6,515,667	-	2,088	6,517,755
<b>Total</b>	<b>\$ 8,196,806</b>	<b>\$ -</b>	<b>\$ 830,544</b>	<b>\$ 9,027,350</b>

## MEDIATEK INC.

## NOTES TO FINANCIAL STATEMENTS-(Continued)

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

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 4,252	\$ -	\$ 4,252

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	\$ 5,222,447	\$ 920	\$ 102,752	\$ 5,326,119

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 520	\$ -	\$ 520



**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, 2021 and 2020, 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, 2021	\$	100,601	\$ 2,151	\$ 102,752
Amount recognized in profit or loss		1,269	-	1,269
Amount recognized in OCI		-	(63)	(63)
Acquisitions		840,000	-	840,000
Settlements		(113,414)	-	(113,414)
As of December 31, 2021	\$	828,456	\$ 2,088	\$ 830,544
	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

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

Total gains related to assets recognized for the years ended December 31, 2021 and 2020 amounted to NT\$1,056 thousand and NT\$601 thousand, respectively.

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, 2021:

None

As of December 31, 2020:

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, 2021	TWD to USD	Buy USD	10,000	February 2022
As of December 31, 2021	TWD to USD	Buy USD	20,000	March 2022
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, 2021 and 2020 decreases / increases by NT\$32,642 thousand and increases / decreases by NT\$3,754 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, 2021 and 2020 to increase/decrease by NT\$1,789 thousand and NT\$1,838 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, 2021 and 2020 to increase/decrease by NT\$65,156 thousand and NT\$39,119 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.

**MEDIATEK INC.**

**NOTES TO FINANCIAL STATEMENTS-(Continued)**

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

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, 2021 and 2020, receivables from top ten customers represented 44.94%, and 22.83% 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, 2021	December 31, 2020
Low credit risk	Credit risk measure belongs to IG category	12-month expected credit losses	\$ 1,524,905	\$ 1,118,475
	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			
	Other impaired evidence			
Simplified method (Note)	(Note)	Lifetime expected credit losses	\$ 34,761,631	\$ 18,643,315

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

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of December 31, 2021</u>				
Short-term borrowings	\$ 45,332,426	\$ -	\$ -	\$ 45,332,426
Trade payables (including related parties)	26,010,587	-	-	26,010,587
Other payables (including related parties)	37,179,652	-	-	37,179,652
Lease liabilities	178,251	353,807	1,675,881	2,207,939
Long-term borrowings	558,060	827,660	-	1,385,720
Long-term payables (including related parties)	2,077,133	9,399,105	-	11,476,238
Total	<u>\$ 111,336,109</u>	<u>\$ 10,580,572</u>	<u>\$ 1,675,881</u>	<u>\$ 123,592,562</u>

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<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>

Derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
<u>As of December 31, 2021</u>			
Net settlement			
Forward exchange contracts	\$ (4,252)	\$ -	\$ (4,252)



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

	Less than 1 year	1 to 5 years	Total
<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>

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, 2021:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2021	\$ 16,251,740	\$ -	\$ 1,673,944	\$ 313,681	\$ 18,239,365
Cash flows	29,075,610	1,385,720	(181,976)	(207,382)	30,071,972
Non-cash movement	-	-	250,950	-	250,950
As of December 31, 2021	<u>\$ 45,327,350</u>	<u>\$ 1,385,720</u>	<u>\$ 1,742,918</u>	<u>\$ 106,299</u>	<u>\$ 48,562,287</u>

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	<u>\$ 16,251,740</u>	<u>\$ 1,673,944</u>	<u>\$ 313,681</u>	<u>\$ 18,239,365</u>

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

## (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, 2021		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 3,049,764	27.674	\$ 84,399,362
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 2,050,232	27.674	\$ 56,738,121
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

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\$412,620 thousand and NT\$63,940 thousand for the years ended December 31, 2021 and 2020, 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.**

**NOTES TO 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, 2021: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2021: Please refer to Attachment 2.
- C. Securities held as of December 31, 2021: 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, 2021: 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, 2021: 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, 2021: 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, 2021: 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, 2021: 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.

**MEDIATEK INC.**

**NOTES TO 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.

(4) Main shareholder information

None.

**MEDIA TEK INC.**  
**FINANCING PROVIDED TO OTHERS**  
**For the year ended December 31, 2021**

Attachment 1

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	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	\$ 1,768,840 CNY 400,000,000	\$ 1,742,668 CNY 400,000,000	\$ 1,742,668 CNY 400,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	-	\$ 5,176,782 CNY 1,197,350,742	\$ 5,176,782 CNY 1,197,350,742
		MediaTek China Limited	Other receivables from related party	Yes	\$ 654,071 CNY 150,000,000	\$ 653,501 CNY 150,000,000	-	0.45%~ 3.00%	Short-term financing	-	Operating Capital	-	-	-	\$ 5,176,782 CNY 1,197,350,742	\$ 5,176,782 CNY 1,197,350,742
2	Hsu Kang (Samoa) Investment Ltd. (Note 1)	MediaTek (Shenzhen) Inc.	Other receivables from related party	Yes	\$ 3,092,441 CNY 699,315,000	\$ 3,046,685 CNY 699,315,000	\$ 3,046,685 CNY 699,315,000	3.00%	Short-term financing	-	Operating Capital	-	-	-	\$ 5,121,946 CNY 1,184,667,553	\$ 5,121,946 CNY 1,184,667,553
		MediaTek (Hebei) Inc.	Other receivables from related party	Yes	\$ 353,768 CNY 80,000,000	\$ 348,534 CNY 80,000,000	\$ 348,534 CNY 80,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	-	\$ 5,152,629 CNY 1,191,764,369	\$ 5,152,629 CNY 1,191,764,369
3	Hsu Fa (Samoa) Investment Ltd. (Note 1)	MediaTek (Chengdu) Inc.	Other receivables from related party	Yes	\$ 309,547 CNY 70,000,000	\$ 304,967 CNY 70,000,000	\$ 304,967 CNY 70,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	-	\$ 5,152,629 CNY 1,191,764,369	\$ 5,152,629 CNY 1,191,764,369
		MediaTek (Wuhan) Inc.	Other receivables from related party	Yes	\$ 1,149,746 CNY 260,000,000	\$ 1,132,734 CNY 260,000,000	\$ 1,132,734 CNY 260,000,000	3.00%	Short-term financing	-	Operating Capital	-	-	-	\$ 5,152,629 CNY 1,191,764,369	\$ 5,152,629 CNY 1,191,764,369
4	MediaTek China Limited (Note 2)	MediaTek Inc.	Other receivables from related party	Yes	\$ 21,735,480 USD 780,000,000	\$ - USD 780,000,000	\$ - USD 780,000,000	0.84%	Short-term financing	-	Operating Capital	-	-	-	\$ 42,605,073 USD 1,528,926,740	\$ 42,605,073 USD 1,528,926,740
		MediaTek Inc.	Other receivables from related party	Yes	\$ 21,645,000 USD 780,000,000	\$ 21,585,720 USD 780,000,000	\$ 8,618,791 USD 311,440,000	0.84%	Short-term financing	-	Operating Capital	-	-	-	\$ 55,732,000 USD 2,000,000,000	\$ 55,732,000 USD 2,000,000,000
5	Hsu Zhan (HK) Investment Ltd. (Note 1)	MediaTek Japan Inc.	Other receivables from related party	Yes	\$ 735,587 JPY 300,000,000	\$ 72,138 JPY 300,000,000	\$ 48,092 JPY 200,000,000	1.00%	Short-term financing	-	Operating Capital	-	-	-	\$ 55,732,000 USD 2,000,000,000	\$ 55,732,000 USD 2,000,000,000

Note 1: The operating procedures of financing provided to others of Hsu Chia (Samoa) Investment Ltd., Hsu Kang (Samoa) Investment Ltd. and Hsu Zhan (HK) 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: The operating procedures of financing provided to others of MediaTek China Limited required:

A. The total amount for lending and the amount for lending to MediaTek Inc. shall not exceed 200% of the lender's net worth.

Note 3: 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, 2021**

Attachment 2

No.	Endorsor/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	\$ 79,523,861 (Note 1)	\$ 9,782 USD 342,857	\$ 9,488 USD 342,857	\$ 9,488 USD 342,857	\$ -	0.00%	\$198,809,652 (Note 1)	Y	-	-
		Gaintech Co. Limited	A	\$ 79,523,861 (Note 1)	\$ 24,000,000	\$ 24,000,000	\$ -	-	6.04%		Y	-	-
		MediaTek China Limited	A	\$ 79,523,861 (Note 1)	\$ 9,000,000	\$ 9,000,000	\$ 1,786,357	\$ -	2.26%		Y	-	-
		Richtek Technology Corp.	A	\$ 79,523,861 (Note 1)	\$ 2,425,135 USD 85,000,000	\$ -	\$ -	\$ -	0.00%		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.



**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
**MEDEKATK INC.**  
 For the year ended December 31, 2021

(Continued)

Hold Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2021			Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	
Hiang Fa Co.	Stocks	Mars Semiconductor Corp.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,103,982	\$ 183,678	8%	\$ 183,678
		Taiwan Capital Buffalo Fund Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	231,500,000	\$ 258,728	5%	\$ 258,728
		FaceHeart Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	60,000,000	\$ 17,294	15%	\$ 17,294
		International Trust Machines Corporation.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,500,000	\$ 6,284	2%	\$ 6,284
		Mixseed Technology Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	600,000	\$ 30,000	15%	\$ 30,000
		Mesh Cooperative Ventures Fund LP	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	\$ 24,000	-	\$ 24,000
		ENNOCON CORPORATION (1st. privately placed domestic unsecured convertible bond)	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	\$ 1,013,653	-	\$ 1,013,653
		ACSP TECHNOLOGY CORP.	Equity instrument investments measured at fair value through other comprehensive income- current	327,707	\$ 5,243	1%	\$ 5,243
		ANDES TECHNOLOGY CORPORATION	Equity instrument investments measured at fair value through other comprehensive income- current	63,275	\$ 33,915	0%	\$ 33,915
		FUBON Financial Holding Co., Ltd., Preferred Stock B	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	3,333,000	\$ 210,312	0%	\$ 210,312
Hua-Ta Investment Corp.	Stocks	FUBON Financial Holding Co., Ltd., Preferred Stock C	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	77,284	\$ 4,645	0%	\$ 4,645
		Chalosse Finance Co., Ltd. Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,000,000	\$ 203,000	0%	\$ 203,000
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	5,800,000	\$ 283,910	1%	\$ 283,910
		China Life Insurance Company Limited Cumulative Subordinated bond-109-1	Financial assets measured at amortized cost- noncurrent	-	\$ 290,000	-	\$ -
Core Tech Resources Inc.	Bonds	Callable Credit Linked Dual Range due 2023	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,918,100	-	USD 8,918,100
		1Y USD Callable Puttable Step Up Note	Financial assets measured at amortized cost- current	-	USD 10,000,000	-	USD -
		Link Wood Limited	Equity instrument investments measured at fair value through other comprehensive income- current	1,381,818	USD 1,381,818	9%	USD 1,381,818
		WILBER INC FUND VI LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	3,000	USD 1,659,550	2%	USD 1,659,550
		INNOVATION WORKS LIMITED	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,000,000	USD 136,000	4%	USD 136,000
		AutoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	61,249	USD 8,999,928	0%	USD 8,999,928
		EasyLogic Technology Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	842,734	USD 971,129	4%	USD 971,129
		Imoviz Technologies Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	668,428	USD 4,237,834	1%	USD 4,237,834
		Eysprtra, Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,383,695	USD 2,640,657	11%	USD 2,640,657
		IIF Corporation	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	53,889,085	USD 21,000,000	16%	USD 21,000,000
Gimtech Co. Limited	Capital	JAFCO V3-(B) FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 36,932	-	USD 36,932
		China Walden Venture Investments II, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 13,713,592	-	USD 13,713,592
		ALL-STAR INVESTMENT FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,082,771	-	USD 2,082,771
		NOZOMI FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 287	-	USD 287
		INNOVATION WORKS DEVELOPMENT FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 20,654,672	-	USD 20,654,672
		Shanghai Walden Venture Capital Enterprise	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 71,797,111	-	USD 71,797,111
		CHINA BROADBAND CAPITAL PARTNERS II, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 12,594,180	-	USD 12,594,180
		CHINA BROADBAND CAPITAL PARTNERS III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 15,133,960	-	USD 15,133,960
		SOFTBANK PRINCEVILLE INVESTMENTS L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 4,886,293	-	USD 4,886,293
		PVG GCN VENTURES, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 3,540,262	-	USD 3,540,262
Gimtech Co. Limited	Capital	Shanghai Summitview IC M AND A Investment Limited partnership	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 240,639,678	-	USD 240,639,678
		Beijing Integrated Circuit Industry International Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 8,490,800	-	USD 8,490,800
		China Prosperity Capital Mobile Internet Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 6,831,100	-	USD 6,831,100
		All-Stars Private Investment Cayman Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 41,000,000	-	USD 41,000,000
		ADPU USD Master Fund III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 35,429,929	-	USD 35,429,929
		China Walden Venture Investments III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 48,156,960	-	USD 48,156,960
		Phi Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 6,863,731	-	USD 6,863,731
		Bain Capital Tech Opportunities Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 3,772,454	-	USD 3,772,454
		Suzhou Foshu Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,410,450	-	USD 2,410,450
		III STRATEGIC M&A FUND, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 1,485,396	-	USD 1,485,396
Gimtech Co. Limited	Bonds	Vickers Venture Co-Investment LLC	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,238,463	-	USD 2,238,463
		AMobile Intelligent Corp. Limited convertible bonds	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 700,000	-	USD 700,000
		Agricultural Development Bank of China bond	Financial assets measured at amortized cost- noncurrent	-	USD 8,997,300	-	USD -
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 9,000,000	-	USD -
		Chalosse 2020 offshore USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 30,000,000	-	USD -
		Project Tower Note with Lion Best	Financial assets measured at amortized cost- noncurrent	-	USD 10,000,000	-	USD -

(To be continued)



**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
**For the year ended December 31, 2021**

(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2021			Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	
Gaintech Co. Limited	Funds	Cypres Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 3,084,000	-	USD 3,084,000
		Industrial and Commercial Bank of China-jh yi yue hsin 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-jh yi yue hsin (F) Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,000,000	-	CNY 30,000,000
		ICBC "Sui Xin E" RMB financial products	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,000,000	-	CNY 30,000,000
		ICBC "ICBC Tong Li" series of Sui Xin E RMB financial products	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,000,000	-	CNY 30,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Xi Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 6,000,000	-	CNY 6,000,000
		ICBC Finance "Hexin" Fixed Income Products with Closed-end Net-value	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 10,000,000	-	CNY 10,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Zun Rong Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,593,120	-	CNY 50,593,120
		ICBC 90 days Sustained Profitable Fixed-income Products "Xin Tian Yi"	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Qiang Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 20,150,642	-	CNY 20,150,642
MediaTek (Beijing) Inc.	Funds	ICBC "Xin Wen I" one-month open financial products	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 240,259,763	-	CNY 240,259,763
		Hebei Changjiang Xio new energy industry investment fund partnership firm (limited partnership)	Equity instrument investments measured at fair value through other comprehensive income- non-current	-	CNY 36,240,066	-	CNY 36,240,066
		Shanghai Internet Of Things YC Fund II	Equity instrument investments measured at fair value through other comprehensive income- non-current	644,251	CNY 56,194,165	1%	CNY 56,194,165
		Adaps Technology Co., Ltd	Equity instrument investments measured at fair value through profit or loss- non-current	1,539,011	CNY 2,876,935	8%	CNY 2,876,935
		Shenzhen ORVIBO Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- non-current	1,419,593	CNY 51,105,348	2%	CNY 51,105,348
		Orbbec Inc.	Equity instrument investments measured at fair value through other comprehensive income- non-current	2,174,040	CNY 74,702,771	1%	CNY 74,702,771
		ICBC Xintanyu 7-day holding profit fixed income open corporate financial products	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 20,000,000	-	CNY 20,000,000
		Shanghai Yiqi Information Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- non-current	-	CNY 4,824,217	-	CNY 4,824,217
		Ningbo ABAX Sensing	Equity instrument investments measured at fair value through other comprehensive income- non-current	-	CNY 19,152,717	-	CNY 19,152,717
		Hainan zhikelaite consulting partnership	Equity instrument investments measured at fair value through other comprehensive income- non-current	-	CNY 976,873	-	CNY 976,873
Xuxin Investment (Shanghai) Inc.	Capital	Hangzhou Ultraeption Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- non-current	-	CNY 8,675,155	-	CNY 8,675,155
		HEVC Advance LLC	Equity instrument investments measured at fair value through other comprehensive income- non-current	-	USD 3,929,660	-	USD 3,929,660
		Trust fund	Financial assets mandatorily measured at fair value through profit or loss- non-current	-	USD 41,616,324	-	USD 41,616,324
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Xi Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 10,000,000	-	CNY 10,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 48,580,000	-	CNY 48,580,000
		Appler Holding, Inc.	Equity instrument investments measured at fair value through other comprehensive income- non-current	517,920	USD 5,948,582	1%	USD 5,948,582
		ScaleFlux International	Equity instrument investments measured at fair value through other comprehensive income- non-current	2,096,587	USD 15,642,824	4%	USD 15,642,824
		Valens Semiconductor Ltd.	Equity instrument investments measured at fair value through other comprehensive income- non-current	846,010	USD 6,484,617	1%	USD 6,484,617
		Ambiq Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income- non-current	3,809,900	USD 6,964,459	2%	USD 6,964,459
		Transset Technology Inc.	Equity instrument investments measured at fair value through other comprehensive income- non-current	1,970,316	USD 11,900,709	7%	USD 11,900,709
MediaTek (Wuhan) Inc.	Funds	BACR 3.95 05/30/25	Debt instrument investments measured at fair value through other comprehensive income- non-current	-	CNY 50,586,500	-	CNY 50,586,500
		BOC 3.30 04/17/22	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-
		BCHNA 3.15 09/21/22	Financial assets measured at amortized cost- current	-	CNY 30,000,000	-	-
		ADBCH 3.18 11/06/22	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-
		ADBCH 3.4 11/06/24	Financial assets measured at amortized cost- non-current	-	CNY 50,000,000	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- non-current	-	CNY 50,000,000	-	-
		ACAAP 3.4 01/30/26	Financial assets measured at amortized cost- non-current	-	CNY 50,000,000	-	-
		ADBCH 2.6 08/11/23	Financial assets measured at amortized cost- non-current	-	CNY 50,000,000	-	-
		QNBK 3.63 09/24/23	Financial assets measured at amortized cost- non-current	-	CNY 50,010,000	-	-
		QNBK 3.2 03/11/23	Financial assets measured at amortized cost- non-current	-	CNY 50,000,000	-	-
Hsu Chia (Samoa) Investment Ltd.	Bonds	ADBCH 2.9 11/02/24	Financial assets measured at amortized cost- non-current	-	CNY 50,000,000	-	-
		3YNCI y CNY Dual Range Accrual Notes link TWD-29 LIBOR < 5%	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 49,365,000	-	CNY 49,365,000
		3YNCI y CNY Dual Range Accrual Notes link TWD-29 LIBOR < 5.25%	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 39,492,000	-	CNY 39,492,000
		3YNCI y CNY Deominated Range Accrual Notes linked TWD-29.4	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 28,588,200	-	CNY 28,588,200
		3YNCI y CNY Dual Range Accrual Notes link TWD-29.5 Swap Rate = 3.40%	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 48,605,000	-	CNY 48,605,000
		BACR 3.95 05/30/25	Debt instrument investments measured at fair value through other comprehensive income- non-current	-	CNY 50,586,500	-	CNY 50,586,500
		BOC 3.30 04/17/22	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-
		BOCI Note	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-
		BCHNA 3.15 09/21/22	Financial assets measured at amortized cost- current	-	CNY 60,000,000	-	-

(To be continued)

**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
For the year ended December 31, 2021

(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2021			Fair Value	Note
				Units/Shares	Carrying Amount	Percentage of Ownership(%)		
Hsu Fa (Sumoa) Investment Ltd.	Bonds	FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		ADBCH 2.6081/1.23	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		SG 3.2 2027/9/4	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.63 09/24/23	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.2 03/12/23	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		ADBCH 2.9 11/02/24	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		ADBCH 3.18 11/06/22	Financial assets measured at amortized cost-nonrecurrent	-	CNY 47,000,000	-	-	-
		ADBCH 3.4 11/06/24	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		ACAPF 3.4 01/30/26	Financial assets measured at amortized cost-nonrecurrent	-	CNY 38,007,600	-	-	-
Hsu Kang (Sumoa) Investment Ltd.	Bonds	QNBK 3.63 09/24/23	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		ADBCH 2.9 11/02/24	Financial assets measured at amortized cost-nonrecurrent	-	CNY 50,000,000	-	-	-
		ADBCH 2.9 11/02/24	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 445,978,156	-	CNY	445,978,156
		Shanghai Shansheng Chuangxin investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 70,115,392	-	CNY	70,115,392
		Shanghai SummitView IC M AND A Investment Limited Partnership II	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 34,601,637	-	CNY	34,601,637
		Nanjing AmosAI Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 73,000,000	-	CNY	73,000,000
		Shanghai UniVista Industrial Software Group Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 43,500,000	-	CNY	43,500,000
		Industrial and Commercial Bank of China-Jih y wuh ban III plan B	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 22,600,000	-	CNY	22,600,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		ICBC "HAPPY LIFE" - Assets Rotation	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
Mediatek (Shenzhen) Inc.	Funds	ICBC "Happy Life III" (Section F)	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Tai Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Jin Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 35,000,000	-	CNY	35,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Ye Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 33,300,000	-	CNY	33,300,000
		China Merchants Bank Zhaorui JI Tianli (Balance) No.3	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying An Jin Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying An Hong Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 30,000,000	-	CNY	30,000,000
		China Merchants Bank Zhaorui Yue Tianli (Balance) No. 1	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		China Merchants Bank Zhaorui Jinding 12	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
Rieheek Technology Corp.	Stocks	ICBC "HAPPY LIFE" - 30 days profit	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	16,000,000	\$ 100,800	9%	\$ 100,800	-
		DYNA RECH CO., LTD.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	531,300	\$ 24,898	10%	\$ 24,898	-
		Asia Global Venture Capital II	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	6,876,619	USD 110,682,377	2%	USD 110,682,377	-
		Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	21,268,150	USD 342,320,753	5%	USD 342,320,753	-
		Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 219,660,883	-	CNY	219,660,883
		Shanghai Shansheng Chuangxin investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 200,000	-	CNY	200,000
		Zhu Hai City Yuan Tan Information Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 30,000,000	-	CNY	30,000,000
		Shanghai Summit View Pujing Equity Investment Limited Partnership II	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 20,000,000	-	CNY	20,000,000
		ICBCCS collective asset management plan "RUZUIN"	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		ICBC Guaranteed Income Financial Product "Sui Xin F"	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 30,000,000	-	CNY	30,000,000
Gold Rich International (HK) Limited	Stocks	ICBC "HAPPY LIFE" - 30 days profit	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	13,317,758	RMB 683,200,985	6%	RMB 683,200,985	-
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		Space Mobility Ltd.	Equity instrument investments measured at fair value through other comprehensive income-current	-	CNY 50,000,000	-	CNY	50,000,000
		Callable Range Accrual Note	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 8,926,200	-	USD	8,926,200
		Morgan Stanley Secured Notes	Financial assets measured at amortized cost-current	-	USD 20,000,000	-	USD	20,000,000
		Agricultural Development Bank of China bond	Financial assets measured at amortized cost-nonrecurrent	-	USD 8,997,300	-	USD	8,997,300
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost-nonrecurrent	-	USD 9,000,000	-	USD	9,000,000
		Project Tower Note with Lion Best Tranche B	Financial assets measured at amortized cost-nonrecurrent	-	USD 3,000,000	-	USD	3,000,000
		Cypress Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 3,008,781	-	USD	3,008,781
Mediatek (Shanghai) Inc.	Funds	ICBC "HAPPY LIFE" - 30 days profit	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		ICBC "HAPPY LIFE" - 30 days profit	Equity instrument investments measured at fair value through other comprehensive income-nonrecurrent	-	CNY 50,000,000	-	CNY	50,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Hong Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 30,000,000	-	CNY	30,000,000
		FubonBank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	Financial assets mandatorily measured at fair value through profit or loss-current	-	CNY 50,000,000	-	CNY	50,000,000
		Space Mobility Ltd.	Equity instrument investments measured at fair value through other comprehensive income-current	-	CNY 50,000,000	-	CNY	50,000,000
		Callable Range Accrual Note	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 8,926,200	-	USD	8,926,200
		Morgan Stanley Secured Notes	Financial assets measured at amortized cost-current	-	USD 20,000,000	-	USD	20,000,000
		Agricultural Development Bank of China bond	Financial assets measured at amortized cost-nonrecurrent	-	USD 8,997,300	-	USD	8,997,300
Mediatek China Limited	Bonds	China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost-nonrecurrent	-	USD 9,000,000	-	USD	9,000,000
		Project Tower Note with Lion Best Tranche B	Financial assets measured at amortized cost-nonrecurrent	-	USD 3,000,000	-	USD	3,000,000
		Cypress Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss-current	-	USD 3,008,781	-	USD	3,008,781

(To be continued)

**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
**For the year ended December 31, 2021**

(Continued)

Held Company Name	Securities Type	Securities Name	Financial Statement Account		December 31, 2021		Note
			Units/Shares	Carrying Amount	Percentage of Ownership(%)	Four value	
MSI Software R&D (Shenzhen), Ltd.	Funds	Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Mao Hao	-	CNY 50,000,000	-	CNY 50,000,000	-
		Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Qing Hao	-	CNY 7,860,000	-	CNY 7,860,000	-
		Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Kang Hao	-	CNY 50,000,000	-	CNY 50,000,000	-
	Funds	Fibobank (China) Co., Ltd. Yue Xiang Ying Hong Zhan Hao	-	CNY 26,000,000	-	CNY 26,000,000	-
		Fibobank (China) Co., Ltd. Yue Xiang Ying Hong Tai Hao	-	CNY 24,000,000	-	CNY 24,000,000	-
		Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Yuan Hao	-	CNY 30,000,000	-	CNY 30,000,000	-
		Fibobank (China) Co., Ltd. Yue Xiang Ying Fu Tai Hao	-	CNY 50,000,000	-	CNY 50,000,000	-
	Stocks	One 97 Communications Limited	2,095,112	USD 46,895,209	0%	USD 46,895,209	-
		Mountain SP	-	USD 4,937,208	-	USD 4,937,208	-
	MOUNTAIN CAPITAL FUND L.P.	Capital	Kun Qian (Shenzhen) Semiconductor Industry Equity Investment Fund	-	CNY 590,000,000	-	CNY 590,000,000
Maxone Semiconductor (Suzhou) Co., Ltd.			-	USD 3,895,601	-	USD 3,895,601	-
Capital		Cloumz Limited	-	USD 7,376,222	-	USD 7,376,222	-
		AditiSemi Inc.	-	USD 3,509,256	-	USD 3,509,256	-
		Recoget Limited	-	USD 2,000,000	-	USD 2,000,000	-
		NemoBlade Ltd.	243,737	USD 14,652,713	6%	USD 14,652,713	-
		Valens Semiconductor Ltd.	1,000,000	USD 7,700,000	1%	USD 7,700,000	-
		Oneview-space Ltd.	340,568	USD 34,478	7%	USD 34,478	-
		Vesta Holding Company	1,800,000	USD 11,638,080	1%	USD 11,638,080	-
		Transist FinTech Group	1,425,662	USD 7,000,000	2%	USD 7,000,000	-
PROTEANTECS LTD.	251,981	USD 5,000,000	1%	USD 5,000,000	-		
MTKG Global Holdings Co. Limited	Stocks	VisiC Technologies Ltd.	100,907	USD 1,441,557	1%	USD 1,441,557	-
		Sandtek Corporation	706,023	USD 7,865,096	8%	USD 7,865,096	-
	Bonds	Mama Kea Semiconductor Holdings	2,483,659	USD 3,293,011	9%	USD 3,293,011	-
		Carsons Convertible Note	-	USD 10,000,000	-	USD 10,000,000	-
	Capital	Intulo Ventures II L.P.	-	USD 2,279,332	-	USD 2,279,332	-
		Aniti Fund III, L.P.	-	USD 2,197,191	-	USD 2,197,191	-
		Vertex Ventures (SG)	-	USD 1,986,391	-	USD 1,986,391	-
		Palm Drive Capital III L.P.	-	USD 1,283,766	-	USD 1,283,766	-
		Hua Capital Integrated Circuit Fund L.P.	-	USD 4,663,786	-	USD 4,663,786	-
		Prime Movers Growth Fund L.P.	-	USD 3,297,834	-	USD 3,297,834	-
Viola Ventures VI, L.P.		-	USD 459,684	-	USD 459,684	-	
Intulo ventures III, L.P.		-	USD 300,000	-	USD 300,000	-	
Hsu Zhan (HK) Investment Ltd.	Linked Deposits	BCV Crypto Fund IA, L.P.	-	USD 200,330	-	USD 200,330	-
		5 Year USD Denominated Credit Linked Note	-	USD 9,363,600	-	USD 9,363,600	-
	Bonds	CGMHY BANK of China Credit Linked Unsecured Note	-	USD 10,022,000	-	USD 10,022,000	-
		5 Year USD Denominated Credit Linked Notes linked to Bank of Communications	-	USD 10,017,000	-	USD 10,017,000	-
		Banleys Bank PLC 3.25% ECL EAR DUE 31-OCT-2022 USD REGS	-	USD 8,926,200	-	USD 8,926,200	-
		5 Year USD Denominated JMBH92E Linked Note	-	USD 9,976,500	-	USD 9,976,500	-
		CTBC Credit Linked Notes	-	USD 4,971,500	-	USD 4,971,500	-
		3 Year USD Amortizable Range Note	-	USD 8,849,700	-	USD 8,849,700	-
		Callable Credit Linked Dual Range due 2023	-	USD 8,918,100	-	USD 8,918,100	-
		Morgan Stanley Secured Notes	-	USD 30,000,000	-	USD 30,000,000	-
BCFINA 2.5 12/5/2024 (BCFINA 2024)	-	USD 5,247,850	-	USD 5,247,850	-		
2.75% VIGOROUS CHAMP INTL LTD DUE 02/06/25	-	USD 7,196,684	-	USD 7,196,684	-		
China International Capital Corporation Due 2024/01/26	-	USD 10,034,700	-	USD 10,034,700	-		

Note 1: 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**  
**MEDEATEK INC.**  
**For the year ended December 31, 2021**

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 1)		
Aruba Technology Corp.	ASIX Electronics Corp.	Investments accounted for using the equity method	-	Associates	-	TWD	12,396,396	TWD	495,875	-	TWD	12,396,396	TWD	535,236
Aruba Technology Corp.	Aruba (Cayman) Inc.	Investments accounted for using the equity method	Note 2	Subsidiary	-	TWD	9,581,167	TWD	482,580	-	TWD	9,581,167	TWD	486,581
Sigmastar Technology Inc.	Sigmastar Technology Ltd.	Investments accounted for using the equity method	Note 3	Associates	-	USD	51,112,223	USD	-	115,500,096	USD	57,459,921	USD	276,776,295
Aruba Technology (Cayman) Inc.	Aruba Technology Corp.	Investments accounted for using the equity method	Note 4	Subsidiary	-	USD	61,092,908	USD	164,278,608	-	USD	-	USD	219,849,492
Hsu-Si Investment Corp.	Aruba Technology Corp.	Investments accounted for using the equity method	Note 4	Subsidiary	61,092,908	TWD	4,683,255	TWD	-	4,683,255	TWD	-	TWD	-
Hsu-Si Investment Corp.	Aruba Technology (Cayman) Inc.	Investments accounted for using the equity method	Note 4 and Note 5	Subsidiary	-	TWD	61,092,908	TWD	4,683,255	8,422,740	TWD	8,422,740	TWD	-
MediaTek Inc.	Hsu-Si Investment Corp.	Investments accounted for using the equity method	Note 6	Subsidiary	624,304,756	TWD	8,793,354	TWD	-	TWD	1,533,298	TWD	-	TWD
MediaTek Inc.	MediaTek Investment Singapore Pte. Ltd.	Investments accounted for using the equity method	Note 7 and Note 8	Subsidiary	2,251,157,978	TWD	184,460,781	TWD	18,951,399	-	TWD	-	TWD	224,583,578
MediaTek Inc.	HFI Innovation Inc.	Investments accounted for using the equity method	Note 9	Subsidiary	118,062,084	TWD	504,571	TWD	566,297	-	TWD	-	TWD	739,424
MediaTek Inc.	Fubon Financial Holding Co., Ltd. Preferred Shares B	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	-	TWD	15,000,000	TWD	949,351	-	TWD	-	TWD	946,500
MediaTek Inc.	Hsu-Ta Investment Corp.	Investments accounted for using the equity method	Note 10	Subsidiary	737,515,603	TWD	11,597,759	TWD	-	4,471,355	TWD	4,471,355	TWD	7,541,670
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Investments accounted for using the equity method	Note 10	Subsidiary	111,993,960	TWD	11,244,859	TWD	214,913,919	4,471,355	TWD	-	TWD	43,982,689
MediaTek Inc.	Aruba Technology (Cayman) Inc.	Investments accounted for using the equity method	Note 5	Subsidiary	-	TWD	61,092,908	TWD	8,422,740	-	TWD	-	TWD	8,422,740
MediaTek Inc.	Fubon Financial Holding Co., Ltd. Preferred Shares C	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	-	TWD	7,056,243	TWD	423,375	-	TWD	-	TWD	454,080
Gaintech Co. Limited	Berkeley Lights	Financial assets at fair value through profit or loss-current	-	-	-	USD	21,306,182	USD	-	13,515,573	USD	21,305,182	USD	-
Gaintech Co. Limited	LePower (HK) Limited	Investments accounted for using the equity method	Note 7 and Note 11	Subsidiary	3,050,000	USD	4,860	USD	82,000,000	81,998,125	USD	81,998,125	USD	-
Gaintech Co. Limited	Vanchip (Tianjin) Technology Co., Ltd.	Investments accounted for using the equity method	-	Associates	107,547,461	USD	38,127,754	USD	-	32,840,108	USD	662,016	USD	64,274,247
Gaintech Co. Limited	Beijing Xiaomi Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	3,400,000	USD	14,558,586	USD	-	11,350,907	USD	7,364,765	USD	-
Gaintech Co. Limited	Chouai Ranger Limited	Investments accounted for using the equity method	Note 12 and Note 13	Subsidiary	-	USD	23,139,000	USD	57,661,767	57,661,767	USD	61,262,769	USD	-
Gaintech Co. Limited	Digimove Holdings Limited	Investments accounted for using the equity method	Note 8, Note 12 and Note 14-16	Subsidiary	-	USD	917,331,979	USD	-	-	USD	-	USD	924,884,325

(To be continued)

**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, 2021

MEDiatek Inc.

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Gains (Losses) on Disposal		Ending Balance	
					Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Amount	Units/Shares	Amount (Note 1)
Gaintech Co. Limited	MTXC Global Holding Co. Limited	Investments accounted for using the equity method	Note 11 and Note 15	Subsidiary	-	USD 324,337,645	12	USD	-	USD	-	-	12	USD 338,592,555
Gaintech Co. Limited	Celesta Capital III, L.P.	Equity instrument investments measured at fair value through other comprehensive income	Note 14	-	-	USD 12,016,056	-	USD	13,660,431	USD	-	-	-	USD
Gaintech Co. Limited	Shanghai Samptec (C. M. AND A Investment Limited partnership	Equity instrument investments measured at fair value through other comprehensive income	Note 6	-	-	USD 90,347,872	-	USD	-	USD	-	-	-	USD 240,639,678
Gaintech Co. Limited	ITH Corporation	Equity instrument investments measured at fair value through other comprehensive income	-	-	-	USD 21,000,000	-	USD	-	USD	-	-	-	USD 21,000,000
Gaintech Co. Limited	AutoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income	Note 14	-	652,176	USD 22,382,680	-	USD	86,830,911	USD	-	-	53,889,085	USD 8,999,828
Gaintech Co. Limited	Amibj Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income	Note 14	-	8,205,734	USD 15,000,000	-	USD	15,000,000	USD	-	-	-	USD
Gaintech Co. Limited	Amni Fund II, L.P.	Equity instrument investments measured at fair value through other comprehensive income	Note 14	-	-	USD 10,667,930	-	USD	14,429,508	USD	-	-	-	USD
Gaintech Co. Limited	Clugroup Global Market Inc.	Financial assets measured at amortized cost	-	-	-	USD 20,000,000	-	USD	20,000,000	USD	-	-	-	USD
Gaintech Co. Limited	Gold Rich International (Samoa) Limited	Investments accounted for using the equity method	Note 16	Subsidiary	4,290,000	USD 797,561,670	-	USD	448,441,153	USD	-	-	-	USD
Gaintech Co. Limited	Hsu Kang (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	1,000,000,000	USD 178,306,742	-	USD	183,806,174	USD	-	-	-	USD
Gaintech Co. Limited	Hsu Chia (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	1,000,000,000	USD 179,581,122	-	USD	185,774,024	USD	-	-	-	USD
Gaintech Co. Limited	Hsu Fa (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	1,000,000,000	USD 178,851,935	-	USD	184,907,275	USD	-	-	-	USD
Gaintech Co. Limited	Hsu Zhan (HK) Investment Ltd.	Investments accounted for using the equity method	Note 18	Subsidiary	-	USD 2,053,399,545	-	USD	-	USD	-	-	2,053,399,545	USD 2,054,655,262
Gaintech Co. Limited	MediaTek Investment HK Limited	Investments accounted for using the equity method	Note 17 and Note 19	Subsidiary	-	USD 554,587,474	-	USD	-	USD	-	-	554,587,474	USD 566,533,378
Gaintech Co. Limited	Morgan Stanley Secured Notes	Financial assets measured at amortized cost	Note 20	Subsidiary	-	USD 30,000,000	-	USD	30,000,000	USD	-	-	-	USD
Gold Rich International (HK) Limited	Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income	-	-	2,046,504	USD 46,283,923	-	USD	882,14,284	USD	-	83,668,579	6,876,619	USD 110,682,377
Hsu-Ta Investment Corp.	Hsang Fa Co.	Investments accounted for using the equity method	Note 6 and Note 7	Subsidiary	163,603,653	TWD 10,618,108	55,000,000	TWD	-	TWD	-	-	208,603,653	TWD 15,941,716
Hsu-Ta Investment Corp.	WPG Holdings Limited Preferred Share A	Equity instrument investments measured at fair value through other comprehensive income	-	-	6,300,000	TWD 287,382	-	TWD	301,385	TWD	-	14,003	-	TWD
Hsu-Ta Investment Corp.	Core Tech Resources Inc.	Investments accounted for using the equity method	Note 10	Subsidiary	102,200,000	TWD 4,470,546	-	TWD	4,464,358	TWD	-	-	-	TWD

(To be continued)

**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, 2021

(Continued)

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 1)
MediaTek (Shenzhen) Inc.	Shanghai Uni-Vista Industrial Software Group Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income	-	-	-	CNY	-	CNY	-	-	-	CNY
Hsiang Fu Co.	ENNOCONN CORPORATION 1st privately placed domestic unsecured convertible bond	Financial assets mandatorily measured at fair value through profit or loss - non-current	-	-	-	TWD	-	TWD	-	-	-	TWD
MediaTek Investment Singapore Pte. Ltd.	Gainesh Co. Limited	Investments accounted for using the equity method	Note 7, Note 8, Note 12 and Note 21	Subsidiary	383,813,853	USD	739,438,671	USD	-	-	1,123,172,524	USD
MediaTek Investment Singapore Pte. Ltd.	Choil Ranger Limited	Investments accounted for using the equity method	Note 12 and Note 13	Subsidiary	23,139,000	USD	41,288,058	USD	57,661,787	USD	(3,581,002)	USD
MTSC Global Holdings Co. Limited	LePower (HK) Limited	Investments accounted for using the equity method	Note 11	Subsidiary	-	USD	85,050,000	USD	-	USD	-	USD
Digimove Holdings Limited	Cloud Ranger Limited	Investments accounted for using the equity method	Note 13	Subsidiary	-	USD	23,139,000	USD	-	USD	-	USD
Digimove Holdings Limited	Cebeta Capital III, L.P.	Equity instrument investments measured at fair value through other comprehensive income - non-current	Note 14	-	-	USD	13,660,431	USD	-	USD	-	USD
Digimove Holdings Limited	God Rich International (Samoa) Limited	Investments accounted for using the equity method	Note 16	Subsidiary	-	USD	4,290,000	USD	-	USD	-	USD
Digimove Holdings Limited	AuoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income - non-current	Note 14	Subsidiary	-	USD	550,095	USD	-	USD	-	USD
Digimove Holdings Limited	Ambiq Microsystems, Inc.	Equity instrument investments measured at fair value through other comprehensive income - non-current	Note 14	Subsidiary	-	USD	8,205,734	USD	-	USD	-	USD
Digimove Holdings Limited	Amiti Fund II, L.P.	Equity instrument investments measured at fair value through other comprehensive income - non-current	Note 14	Subsidiary	-	USD	14,429,508	USD	-	USD	-	USD
MediaTek Investment Singapore Pte. Ltd.	Core Tech Resources Inc.	Investments accounted for using the equity method	Note 10	Subsidiary	-	USD	102,200,000	USD	-	USD	-	USD
MediaTek Investment HK Limited	Hsu Kang (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	-	USD	183,806,174	USD	-	USD	-	USD
MediaTek Investment HK Limited	Hsu Chia (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	-	USD	185,774,024	USD	-	USD	-	USD
MediaTek Investment HK Limited	Hsu Fa (Samoa) Investment Ltd.	Investments accounted for using the equity method	Note 17	Subsidiary	-	USD	184,907,275	USD	-	USD	-	USD
Heiki Xuhui Management Consulting Co., Ltd.	Kun Qun (Shenzhen) Securities/wholly owned subsidiary of Heiki Xuhui Management Consulting Co., Ltd. (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income - non-current	-	-	-	CNY	332,779,620	CNY	80,000,000	CNY	40,000,000	CNY
Hsu Zhan (HK) Investment Ltd.	Morgan Stanley Secured Notes	Financial assets measured at amortized cost - current	Note 20	-	-	USD	30,000,000	USD	-	USD	-	USD

Note 1: 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 2: For the purpose of reorganization, Hsu-Si Investment Corp. transferred 54% ownership of Airoha Technology Corp. to Airoha Technology Corp. in October 2021. Moreover, Airoha Technology Corp. completed a share swap and acquired the remaining 54% ownership of Airoha Technology Corp. in the same month.  
 Note 3: Sigmaster Technology Inc. has completed the transfer of 16.5% shareholding rights of its subsidiaries, Sigmaster Technology Ltd. and Sigmaster Technology Ltd. in February 2021. As a result, the Company lost control over Sigmaster Technology Ltd. and Sigmaster Technology Ltd. has become an associate of the Company. Gains on disposal include gains on disposing subsidiaries and gains on measuring at fair value.  
 Note 4: For the purpose of reorganization, the 100% ownership of Airoha Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to EooNet (Cayman) Inc. on January 1, 2021. By this transfer, Hsu-Si Investment Corp. acquired the ownership of EooNet (Cayman) Inc. Airoha Technology Corp. was renamed Airoha Technology Corp. in February 2021.  
 Note 5: For the purpose of reorganization, Hsu-Si Investment Corp. was dissolved due to merger with MediaTek Inc. in December 2021. The 66% ownership of Airoha Technology (Cayman) Inc. which was previously owned by Hsu-Si Investment Corp., was transferred to MediaTek Inc.

(To be continued)

**MEDIA TEK INC.**  
**INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF NT\$900 MILLION OR 20 PERCENT OF THE CAPITAL STOCK**  
 For the year ended December 31, 2021

(Continued)

- Note 6: Proceeds from capital return.
- Note 7: Subscribed to the new shares issued.
- Note 8: For the purpose of reorganization, the 100% ownership of Digimove Holdings Limited, which was previously owned by Media Tek Inc., was transferred to Media Tek Investment Singapore Pte. Ltd. in September 2021. Media Tek Investment Singapore Pte. Ltd. issued new shares to Media Tek Inc. Moreover, the 100% ownership of Digimove Holdings Limited, which was previously owned by Media Tek Investment Singapore Pte. Ltd., was transferred to Gaintech Co., Limited in the same month. Gaintech Co., Limited issued new shares to Media Tek Investment Singapore Pte. Ltd.
- Note 9: The new shares issued in intellectual property (IP).
- Note 10: For the purpose of reorganization, Hsu-Ta Investment Corp. spun-off the 100% ownership of Core Tech Resources Inc. to Media Tek Singapore Pte. Ltd. and Media Tek Inc. acquired new shares of the capital increase of Media Tek Singapore Pte. Ltd. in November 2021.
- Note 11: For the purpose of reorganization, Gaintech Co., Limited increased the capital of Lepower (HK) Limited. And the 100% ownership of Lepower (HK) Limited, which was previously owned by Gaintech Co., Limited, was transferred to MTKC Global Holdings Co., Limited.
- Note 12: For the purpose of reorganization, the 100% ownership of Cloud Ranger Investment Singapore Pte. Ltd., was transferred to Gaintech Co., Limited in September 2021. Gaintech Co., Limited issued new shares to Media Tek Investment Singapore Pte. Ltd. Moreover, the 100% ownership of Cloud Ranger Limited, which was previously owned by Gaintech Co., Limited, was transferred to Digimove Holdings Limited in the same month.
- Note 13: Gains (losses) on disposal generated from reorganization. The change of the ownership interest was accounted for as an equity transaction. The differences between the selling prices and the carrying amounts are recognized in equity.
- Note 14: For the purpose of reorganization, the ownership of WRV III, L.P. (renamed Celestia Capital III, L.P.), AutoX, Inc., Ambiq Micro, Inc. and Amih Fund II, L.P., which were previously owned by Gaintech Co., Limited, were transferred to Digimove Holdings Limited. Digimove Holdings Limited issued new shares to Gaintech Co., Limited. Moreover, part of AutoX, Inc. share were sold to others.
- Note 15: The new shares issued in cash and in property (investments accounted for using the equity method and financial products).
- Note 16: For the purpose of reorganization, the 100% ownership of Gold Rich International (Samoa) Limited, which was previously owned by Gaintech Co., Limited, was transferred to Digimove Holdings Limited in December 2021. Digimove Holdings Limited issued new shares to Gaintech Co., Limited.
- Note 17: For the purpose of reorganization, the 100% ownership of Hsu Char (Samoa) Investment Ltd., and Hsu Kang (Samoa) Investment Ltd., which were previously owned by Gaintech Co., Limited, were transferred to Media Tek Investment HK Limited in October 2021. Media Tek Investment HK Limited issued new shares to Gaintech Co., Limited.
- Note 18: The new shares issued in cash and in property (financial products).
- Note 19: The new shares issued in cash and in property (investments accounted for using the equity method).
- Note 20: For the purpose of reorganization, the ownership of Morgan Stanley Secured Notes, which was previously owned by Gaintech Co., Limited, was transferred to Hsu Zhan (HK) Investment Ltd. Hsu Zhan (HK) Investment Ltd. issued new shares to Gaintech Co., Limited.
- Note 21: The new shares issued in cash. The related registration processes of some investment have not been completed as of December 31, 2021.

**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, 2021**

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	Amount
MediaTek (Chengdu) Inc.	Building	2018.08.31	CNY 295,000,000	CNY 210,974,888	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 Wannanda Construction Group Co., Ltd., Nantong Installation Group Co., Ltd., Shanghai Daheeng Power Engineering Co., Ltd., The IT Electronics Eleventh Design & Research Institute Scientific, Technological Engineering Corporation Limited and Shanghai Zhen Nan Engineering Supervision Co., Ltd. etc.	None	-	-	\$-	Not applicable	Space requirements for staff expansion	None	
MediaTek (Wuhan) Inc.	Construction in progress	2019.10.25	CNY 371,000,000	CNY 197,162,904	Jiangsu Wannanda Construction Group Co., Ltd., Lianxing Construction Hubei Co., Ltd.	None	-	-	\$-	Not applicable	Space requirements for staff expansion	None	
MediaTek Inc.	Land and building	2021.04.28	\$ 3,260,000	\$ 3,260,000	New Century Infocomm Tech Co., Ltd.	None	-	-	\$-	Valuation report issued by the real estate appraiser	Space requirements for staff expansion	None	
Airoha Technology Corp.	Land and building	2021.11.29	\$ 1,850,000	\$ -	Winsome Development Company Limited	None	-	-	\$-	Valuation report issued by the real estate appraiser	Space requirements for staff expansion	None	
Riechek Technology Corp.	Construction in progress	2021.12.17	\$ 447,200	\$ -	Winsome Development Company Limited	None	-	-	\$-	Valuation report issued by the real estate appraiser	Space requirements for staff expansion	None	
MediaTek Inc.	Land and building	2021.12.24	\$ 925,000	\$ -	MADISON ASSET MANAGEMENT CORP.	None	-	-	\$-	Valuation report issued by the real estate appraiser	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, 2021**

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)	Notes/Trade Receivables (Payables)		
									Amount	Percentage of Total Notes/Trade Receivables (Payables)	
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	Sales (Note 1)	\$ 2,787,409	0.91%	Charged by a certain period	\$ 265,965	0.79%	-		
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	Sales	\$ 222,348	0.07%	Charged by a certain period	\$ 184,843	0.55%	-		
MediaTek Inc.	HFI Innovation Inc.	Subsidiary	Sales (Note 2)	\$ 566,297	0.19%	Charged by a certain period	\$ -	-	-		
MediaTek Inc.	Zelus Technology (HangZhou) Ltd.	Subsidiary	Sales	\$ 136,127	0.04%	Charged by a certain period	\$ 1,535	0.00%	-		
MediaTek Inc.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 4,925,135	-	75 days	\$ (1,029,885)	(3.80)%	-		
MediaTek Inc.	King Long Tech (Suzhou) Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 458,625	-	75 days	\$ (135,625)	(0.50)%	-		
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	Purchases	\$ 802,680	0.46%	Charged by a certain period	\$ (362,549)	(1.39)%	-		
MediaTek Singapore Pte. Ltd.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	USD 104,829,726	-	75 days	USD (27,666,561)	(4.80)%	-		
MediaTek Singapore Pte. Ltd.	King Long Tech (Suzhou) Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	USD 5,874,868	-	75 days	USD (1,254,819)	(0.22)%	-		
Airoha Technology Corp.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	CNY 508,494	-	75 days	CNY (152,563)	(13.89)%	-		
Airoha Technology (Suzhou) Limited	EcoNet Limited	Subsidiary	Sales	CNY 120,509,165	9.26%	Charged by a certain period	CNY -	-	-		
Airoha Technology (Suzhou) Limited	Airoha Technology (HK) Limited	Subsidiary	Sales	CNY 677,676,918	52.10%	Charged by a certain period	CNY 229,644,614	83.75%	-		
Airoha Technology (Suzhou) Limited	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	CNY 26,232,573	-	75 days	CNY (7,155,106)	(4.02)%	-		
Airoha Technology (HK) Limited	ASIX Electronics Corp.	Associates	Sales	\$ 205,940	5.80%	30 days	\$ 29,203	3.59%	-		
MediaTek (Hefei) Inc.	Airoha Technology (Suzhou) Limited	Subsidiary	Sales	CNY 42,321,568	7.69%	30 days	CNY -	-	-		

Note 1: License revenues mainly

Note 2: Intellectual property 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, 2021**

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	\$ 184,843	-	\$ -	\$ -	\$ 408	\$ -
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 265,965	-	\$ -	\$ -	\$ 265,965	\$ -
MediaTek Inc.	Nephos (Hefei) Co., Ltd.	Subsidiary	\$ 430,591	-	\$ -	\$ -	\$ -	\$ -
Airoha Technology Corp.	MediaTek Inc.	Subsidiary	\$ 362,549	-	\$ -	\$ -	\$ 362,549	\$ -
MediaTek Bangalore Private Limited	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 153,917	-	\$ -	\$ -	\$ 153,917	\$ -
MediaTek India Technology Pvt. Ltd.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 116,997	-	\$ -	\$ -	\$ 116,997	\$ -
MediaTek USA Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 497,238	-	\$ -	\$ -	\$ 497,238	\$ -
MediaTek Wireless Finland Oy	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 199,274	-	\$ -	\$ -	\$ 199,274	\$ -
MediaTek (Shenzhen) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 432,497	-	\$ -	\$ -	\$ 432,497	\$ -
MediaTek (Chengdu) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 181,821	-	\$ -	\$ -	\$ 181,821	\$ -
MediaTek (Shang Hai) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 193,351	-	\$ -	\$ -	\$ 193,351	\$ -
Gaintech Co. Limited	MediaTek (Shenzhen) Inc.	Subsidiary	\$ 150,748	-	\$ -	\$ -	\$ -	\$ -
Hsu Zhan (HK) Investment Ltd.	MediaTek Inc.	Subsidiary	\$ 8,618,791	-	\$ -	\$ -	\$ -	\$ -
Airoha Technology (Cayman) Inc.	Airoha Technology (HK) Limited	Subsidiary	\$ 2,241,594	-	\$ -	\$ -	\$ -	\$ -
Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	Subsidiary	\$ 2,542,697	-	\$ -	\$ -	\$ -	\$ -
Hsu Chia (Samoa) Investment Ltd.	MediaTek (Shang Hai) Inc.	Subsidiary	\$ 1,742,668	-	\$ -	\$ -	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Hefei) Inc.	Subsidiary	\$ 348,534	-	\$ -	\$ -	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Chengdu) Inc.	Subsidiary	\$ 304,967	-	\$ -	\$ -	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Wuhan) Inc.	Subsidiary	\$ 1,132,734	-	\$ -	\$ -	\$ -	\$ -
Hsu Kang (Samoa) Investment Ltd.	MediaTek (Shenzhen) Inc.	Subsidiary	\$ 3,046,685	-	\$ -	\$ -	\$ -	\$ -
Airoha Technology (Suzhou) Limited	Airoha Technology (HK) Limited	Subsidiary	\$ 1,000,486	-	\$ -	\$ -	\$ 794,004	\$ -

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: The amount is from the sale of financial products mainly, but the debtor transferred debt its to MediaTek (Shenzhen) Inc. (recorded in other receivables).

Note 4: Dividend revenues (recorded in other receivables) mainly.

**MEDIA TEK INC.**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)**  
**For the year ended December 31, 2021**

Attachment 8

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
MediaTek Inc.	MSIAR International Technology Inc.	Note 1	Research	\$ -	\$ 300,000	-	-	\$ -	\$ (111)	Note 20	
	HF Innovation Inc.	Note 1	Intellectual property right management	\$ 1,746,918	\$ 1,180,621	174,091,821	100%	\$ 729,424	\$ (19,304)	Note 20	
	Hsu-Ts Investment Corp.	Note 1	General investing	\$ 2,028,811	\$ 6,500,166	399,380,103	100%	\$ 7,541,670	\$ (80,874)	Note 20	
	MediaTek Investment Singapore Pte. Ltd.	Note 7	General investing	\$ 72,018,783	\$ 53,067,384	2,932,854,882	100%	\$ 224,583,578	\$ 17,646,108	Note 20	
	MediaTek Singapore Pte. Ltd.	Note 7	Research, manufacturing and sales	\$ 7,216,874	\$ 2,745,519	326,907,879	100%	\$ 43,982,690	\$ 42,881,383	Note 20	
	MSIAR Co., Ltd.	Note 15	General investing	\$ 526,142	\$ 526,142	13,350,000	100%	\$ 145,792	\$ 28,313	Note 20	
	Digimove Holdings Limited	Note 3	General investing	\$ -	\$ 36,603	-	-	\$ -	\$ 202,060	\$ (48)	Note 20 and Note 21
	Spidoom Technologies	Note 13	Intellectual property right management	\$ 4,722	\$ 4,722	146,200	100%	\$ 1,574	\$ (1,049)	\$ (1,049)	Note 20
	Reitek Technology Corp.	Note 1	Research, manufacturing and sales	\$ 21,221,922	\$ 21,221,922	148,482,806	100%	\$ 21,636,457	\$ 5,689,718	\$ 5,421,880	Note 20
	Hsu-SI Investment Corp.	Note 1	General investing	\$ -	\$ 7,800,486	-	-	\$ -	\$ 1,864,705	\$ 1,864,705	Note 20
	IC Plus Corp.	Note 1	Research, manufacturing and sales	\$ 293,437	\$ -	13,025,454	19%	\$ 302,975	\$ 107,432	\$ 9,538	-
	MediaTek Capital Co.	Note 1	General investing	\$ 290,000	\$ -	29,000,000	100%	\$ 265,767	\$ (26,937)	\$ (26,937)	Note 20
	Intellectual Property Innovation Corp.	Note 1	Intellectual property right management	\$ 30,000	\$ -	3,000,000	30%	\$ 29,981	\$ (8,734)	\$ (19)	-
	Airoha Technology Corp.	Note 1	Research, manufacturing and sales	\$ 189,384	\$ -	3,473,292	5%	\$ 219,299	\$ 1,937,323	\$ 28,823	Note 20 and Note 22
	Ariaha Technology (Cayman) Inc.	Note 2	General investing	\$ 8,422,740	\$ -	61,092,908	66%	\$ 8,422,740	\$ 2,830,877	\$ -	Note 20 and Note 23
Gaintech Co. Limited	Note 2	General investing	USD 2,660,899,738	USD 1,921,541,067	1,123,172,524	100%	USD 8,039,822,044	USD 623,273,138	\$ -	Note 20	
MediaTek Investment Singapore Pte. Ltd.		Note 2	General investing	USD -	USD 23,139,000	-	-	USD -	USD 36	Note 20 and Note 24	
MediaTek Bangalore Private Limited		Note 4	Research	USD 339,847	USD 339,847	1,999,999	100%	USD 33,399,160	USD 7,795,689	Note 20	
Cloud Ranger Limited		Note 5	General investing	USD 57,661,767	USD -	23,139,000	100%	USD 61,076,990	USD 36	Note 20 and Note 24	
Digimove Holdings Limited		Note 5	General investing	USD 448,441,153	USD -	4,290,000	100%	USD 439,036,567	USD 1,782,953	Note 20 and Note 25	
Gold Rich International (Sumo) Limited		Note 2	General investing	USD 3,168,380	USD -	8,928,270	21%	USD 3,365,440	USD 746,981	Note 26	
INTELLIGO TECHNOLOGY INC.		Note 3	General investing	\$ -	\$ 3,357,608	-	-	\$ -	\$ 12,957	Note 20 and Note 27	
Core Tech Resources Inc.		Note 1	General investing	\$ 4,405,188	\$ 3,955,188	208,603,653	100%	\$ 15,941,716	\$ 290,624	Note 20	
Hsiang Fu Co.		Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 7,795,689	Note 20	
MediaTek Bangalore Private Limited		Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 3,471,594	Note 20	
MediaTek India Technology Pvt. Ltd.		Note 1	Research, manufacturing and sales	\$ 16,796	\$ 16,796	7,600,000	27%	\$ 46,408	\$ (32,251)	Note 20	
E-Vehicle Semiconductor Technology Co., Ltd.		Note 1	Research, manufacturing and sales	\$ 827,932	\$ 857,932	110,936,991	100%	\$ 467,855	\$ (35,557)	Note 20	
China's Technology Corporation		Note 1	Research	\$ 18,189	\$ 18,189	25,001	20%	\$ 16,377	\$ (1,875)	-	
CMOS-Crystal Ltd.		Note 1	Research	\$ 250,737	\$ 250,737	3,431,722	30%	\$ 258,091	\$ 31,089	-	
Cyberon Corp.		Note 1	Research	\$ 800	\$ 800	80,000	100%	\$ 3,371	\$ 744	Note 20	
MediaTek Research Corp.		Note 1	Research	\$ 224,539	\$ 224,539	127,000,000	100%	\$ 1,186,890	\$ 12,030	Note 20	
Imofusion Technology Corp.		Note 4	Technical services	USD 1,797,222	USD 1,797,222	5,699,999	100%	USD 31,214,579	USD 3,471,594	Note 20	
MediaTek India Technology Pvt. Ltd.		Note 9	Research	USD 2,074,740	USD 2,074,740	200,000	100%	USD 8,474,514	USD 684,865	Note 20	
MediaTek Korea Inc.		Note 11	General investing	USD 351,444,293	USD 351,444,293	2,730,102,500	100%	USD 837,226,355	USD 124,366,113	Note 20	
MediaTek China Limited		Note 10	Technical services	USD 61,978	USD 61,978	7,100	100%	USD 2,971,753	USD (25,744)	Note 20	
MediaTek Japan Inc.		Note 3	General investing	USD 3,200,000	USD 3,200,000	600,000	33%	USD -	USD -	-	
ZENA TECHNOLOGIES INTERNATIONAL, INC.		Note 3	General investing	USD 3,200,000	USD 3,200,000	600,000	33%	USD -	USD -	-	

(To be continued)

**MEDIA TEK INC.**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)**  
**For the year ended December 31, 2021**

(Continued)

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Gaintech Co. Limited	CMC CAPITAL INVESTMENTS, L.P.	Note 2	General investing	USD 4,612,856	USD 7,215,598	-	67%	USD 3,293,738	USD (1,970,491)	-	
	Smarthead Limited	Note 15	General investing	USD 700,000	USD 700,000	700,000	100%	USD 1,589,823	USD 71,338	Note 20	
	Gold Rich International (Samoa) Limited	Note 5	General investing	USD -	USD 4,290,000	-	-	USD -	USD 1,782,953	Note 20 and Note 25	
	Ralink Technology (Samoa) Corp.	Note 5	General investing	USD -	USD 5,626,623	-	-	USD -	USD (136,461)	Note 20	
	MTK Wireless Limited (UK)	Note 12	Research	USD 135,664,604	USD 135,664,604	84,394,826	100%	USD 233,961,459	USD 16,993,023	Note 20	
	Airoha Technology (Cayman) Inc.	Note 2	General investing	USD 56,311,712	USD 56,132,213	22,886,194	25%	USD 113,057,551	USD 101,207,710	Note 20 and Note 28	
	FONTAINE CAPITAL FUND, L.P.	Note 2	General investing	USD 11,428,571	USD 17,142,857	-	57%	USD 24,113,868	USD (269,211)	-	
	MediaTek Wireless EZLLC	Note 14	Technical services	USD 13,753	USD 13,753	50	100%	USD 283,920	USD 74,416	Note 20	
	Ihsu Chia (Samoa) Investment Ltd.	Note 5	General investing	USD -	USD 156,422,064	-	-	USD -	USD 5,237,848	Note 20 and Note 29	
	Ihsu Fa (Samoa) Investment Ltd.	Note 5	General investing	USD -	USD 156,422,064	-	-	USD -	USD 5,199,483	Note 20 and Note 29	
	Ihsu Kang (Samoa) Investment Ltd.	Note 5	General investing	USD -	USD 156,422,064	-	-	USD -	USD 4,270,457	Note 20 and Note 29	
	Nephos Pte. Ltd.	Note 7	Research	USD -	USD 74,378	-	100%	USD -	USD (30,566)	Note 20	
Nephos Cayman Co. Limited	Note 2	General investing	USD 113,110,426	USD 113,110,426	113,110,426	100%	USD (3,572,547)	USD 6,646,613	Note 20		
MOUNTAIN CAPITAL FUND, L.P.	Note 2	General investing	USD 27,200,000	USD 27,200,000	-	90%	USD 44,126,575	USD -	Note 20		
CSVI VENTURES, L.P.	Note 2	General investing	USD 15,000,000	USD 12,000,000	-	39%	USD 10,482,771	USD 5,766,708	-		
INTELLIGO TECHNOLOGY INC.	Note 2	General investing	USD -	USD 8,000,000	-	-	USD -	USD 746,981	Note 26		
Bstar Technology Ltd.	Note 2	General investing	USD 2,977,673	USD 2,977,673	50,000	100%	USD 2,966,529	USD (222,795)	Note 20		
Ambiote Intelligent Corp. Limited	Note 11	Research, manufacturing and sales	USD 1,884,921	USD 1,884,921	1,884,921	22%	USD 1,905,071	USD 676,180	-		
Sigamstar Technology Inc.	Note 11	General investing	USD 522,701	USD 522,701	1,511,579	100%	USD 253,661,082	USD 302,128,159	Note 20		
LePower (HK) Limited	Note 11	General investing	USD -	USD 26,831	-	-	USD -	USD 37,433	Note 20 and Note 30		
Media Tek Investment HK Limited	Note 11	General investing	USD 554,387,475	USD -	554,387,474	100%	USD 566,533,378	USD 3,822,883	Note 20		
Digimove Holdings Limited	Note 3	General investing	USD 917,331,979	USD -	915,638,880	100%	USD 924,884,325	USD 7,280,708	Note 20 and Note 21		
Media Tek Global Holdings Limited	Note 12	General investing	USD 500,001	USD -	500,001	100%	USD 500,018	USD 17	Note 20		
MTKC Global Holdings Co. Limited	Note 3	General investing	USD 324,337,646	USD -	-	100%	USD 338,922,355	USD 230,592	Note 20		
Ihsu Zhan (HK) Investment Limited	Note 11	General investing	USD 2,053,399,545	USD -	2,053,399,545	100%	USD 2,054,652,262	USD 1,255,717	Note 20		
Media Tek Sweden AB	Note 8	Research	GBP 19,361,957	GBP 19,361,957	1,008,371	100%	GBP 12,378,440	GBP 242,665	Note 20		
Media Tek USA Inc.	Note 6	Research	GBP 38,799,897	GBP 36,696,645	111,815	100%	GBP 115,091,561	GBP 8,922,427	Note 20		
Media Tek Wireless Finland Oy	Note 17	Research	GBP 4,733,036	GBP 4,733,036	1,000	100%	GBP 11,433,364	GBP 1,482,179	Note 20		
Mstar Semiconductor UK Ltd.	Note 12	Research and technical services	GBP 1,759,253	GBP 1,759,253	1	100%	GBP 1,734,745	GBP (12,260)	Note 20		
MStar France SAS	Note 13	Research	GBP 22,405,985	GBP 22,405,985	458,900	100%	GBP 4,209,178	GBP (38,103)	Note 20		
Gold Rich International (HK) Limited	Note 11	General investing	USD 4,190,000	USD 4,190,000	4,190,000	100%	USD 438,953,052	USD 1,785,677	Note 20		
MOMAGIC TECHNOLOGIES PRIVATE LIMITED	Note 4	Software development	USD 500,000	USD 500,000	2,385,927	23%	USD 1,399,719	USD 824,220	-		
Shadow Investment Limited	Note 5	General investing	USD 1,491,120	USD 1,491,120	15,000,000	100%	USD 2,592,849	USD 3,693	Note 20		
Airoha Technology (HK) Limited	Note 11	General investing, research, manufacturing and sales	USD 67,534,520	USD 67,534,520	67,534,520	100%	USD 99,724,669	USD 43,490,103	Note 20 and Note 31		
Media Tek Research UK Limited	Note 12	Research	USD 479,664	USD 475,664	280,000	100%	USD 827,795	USD 216,983	Note 20		
Airoha Technology Corp.	Note 1	Research, manufacturing and sales	USD 164,278,608	USD -	61,092,908	89%	USD 219,849,492	USD 69,219,072	Note 20 and Note 28		
MTK Wireless Limited (UK)											
Gold Rich International (Samoa) Limited											
Smarthead Limited											
Airoha Technology (Cayman) Inc.											

(To be continued)

MEDIA TEK INC.

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)

For the year ended December 31, 2021

(Continued)

Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Airoha Technology (Shenzhen) Limited	EcoNet Limited	Note 3	General investing and sales	CNY 2,639,504	CNY 2,639,504	400,000	100%	CNY 32,416,986	CNY (1,888,034)	Note 20 and Note 32	
	Li-Yu Investment Corp.	Note 1	General investing	\$ -	\$ 240,000	-	-	\$ -	\$ 2,720	Note 20	
Richtek Microelectronics Corp.	Richtek Microelectronics Corp.	Note 1	Research, manufacturing and sales	\$ 278,032	\$ 278,032	26,965,133	82%	\$ 38,973	\$ 16,816	Note 20	
	Richtek Europe Holding B.V.	Note 16	General investing	\$ 84,724	\$ 84,724	2,000,000	100%	\$ 43,928	\$ (1,266)	Note 20	
Richtek Technology Corp.	Richtek Holding International Limited	Note 3	General investing	\$ 292,264	\$ 292,264	30,000	100%	\$ 41,151	\$ 1,446	Note 20	
	Richtek Korea LLC.	Note 9	Research and technical services	\$ 26,696	\$ 26,696	10,000	100%	\$ 1,482	\$ (8,452)	Note 20	
Richtek USA Inc.	Richtek USA Inc.	Note 6	Sales and technical services	\$ 133,470	\$ 133,470	1,000,000	100%	\$ 143,676	\$ 666	Note 20	
	Richtek IC Design Ireland Limited	Note 18	Research	\$ -	\$ -	1	100%	\$ (358)	\$ -	Note 20	
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 907,954	EUR (34,011)	Note 20	
	Airoha Technology (Cayman) Inc.	Note 2	General investing	\$ -	\$ -	-	-	\$ -	\$ 2,830,877	Note 20, Note 22 and Note 28	
Hsu-Si Investment Corp.	Airoha Technology Corp.	Note 1	Research, manufacturing and sales	\$ -	\$ 6,428,827	-	-	\$ -	\$ 1,937,323	Note 20 and Note 28	
	Airoha (Cayman) Inc.	Note 2	General investing	\$ -	\$ 59,579	-	-	\$ -	\$ 12,819	Note 20 and Note 22	
Airoha Technology Corp.	ASIX Electronics Corp.	Note 1	Research, manufacturing and sales	\$ 495,875	\$ -	12,396,396	20%	\$ 535,236	\$ 384,122	-	
	IC Plus Corp.	Note 1	Research, manufacturing and sales	\$ 14,311	\$ -	650,000	1%	\$ 15,019	\$ 107,432	-	
MTKC Global Holdings Co. Limited	Airoha (Cayman) Inc.	Note 2	General investing	\$ 482,580	\$ -	9,581,167	100%	\$ 486,581	\$ 12,819	Note 20 and Note 22	
	LePower (HK) Limited	Note 11	General investing	USD 81,998,125	USD -	85,050,000	100%	USD 85,430,317	USD 37,433	Note 20 and Note 30	
MediaTek Wireless Finland Oy	MediaTek Germany GmbH	Note 19	Technical services	EUR 500,000	EUR -	500,000	100%	EUR 480,568	EUR (19,632)	Note 20	
	Hsu Chia (Samoa) Investment Ltd.	Note 5	General investing	USD 185,774,024	USD -	1,000,000,000	100%	USD 189,861,833	USD 5,237,848	Note 20 and Note 29	
MediaTek Investment HK Limited	Hsu Fa (Samoa) Investment Ltd.	Note 5	General investing	USD 184,907,275	USD -	1,000,000,000	100%	USD 189,072,629	USD 5,199,483	Note 20 and Note 29	
	Hsu Kang (Samoa) Investment Ltd.	Note 5	General investing	USD 183,806,174	USD -	1,000,000,000	100%	USD 187,498,931	USD 4,270,457	Note 20 and Note 29	
MediaTek Singapore Pte. Ltd.	Core Tech Resources Inc.	Note 3	General investing	USD 160,478,723	USD -	102,200,000	100%	USD 160,561,285	USD 461,208	Note 20 and Note 27	

Note 1: Taiwan

Note 5: Western Samoa

Note 9: Korea

Note 13: France

Note 17: Finland

Note 21: For the purpose of reorganization, the 100% ownership of Diginose Holdings Limited, which was previously owned by MTK, was transferred to MediaTek Investment Singapore Pte. Ltd. in September 2021. Moreover, the 100% ownership of Diginose Holdings Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to Gaintech Co. Limited in the same month.

Note 22: For the purpose of reorganization, Hsu-Si Investment spun-off the 46% ownership of Airoha (Cayman) Inc. to Airoha Technology Corp., and MTK acquired 5% new shares issued by Airoha Technology Corp. in October 2021. Moreover, Airoha Technology Corp. completed a share swap and acquired the remaining 54% ownership of Airoha (Cayman) Inc. in the same month.

Note 23: For the purpose of reorganization, Hsu-Si Investment Corp. was dissolved due to merger with MTK in December 2021. The ownership of Airoha Technology (Cayman) Inc., which was previously owned by Hsu-Si Investment Corp., was transferred to MTK.

Note 24: For the purpose of reorganization, the 100% ownership of Cloud Ranger Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to Gaintech Co. Limited in September 2021. Gaintech Co. Limited issued new shares to MediaTek Investment Singapore Pte. Ltd. Moreover, the 100% ownership of Cloud Ranger Limited, which was previously owned by Gaintech Co. Limited,

Note 25: For the purpose of reorganization, the 100% ownership of Gold Rich International (Samoa) Limited, which was previously owned by Gaintech Co. Limited,

Note 26: The 21% ownership of Inteligo Technology Inc., which was previously owned by Gaintech Co. Limited,

Note 27: For the purpose of reorganization, the 100% ownership of Core Tech Resources Inc., which was previously owned by Hsu-Tai Investment Corp., was spun-off to MediaTek Singapore Pte. Ltd. in November 2021.

(To be continued)

**MEDIA TEK INC.**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA)**

For the year ended December 31, 2021

(Continued)

Note 28: For the purpose of reorganization, the 100% ownership of Airola Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to EcoNet (Cayman) Inc. on January 1, 2021. By this transfer, Hsu-Si Investment Corp. acquired the ownership of EcoNet (Cayman) Inc. Airola Technology Corp. was renamed Airola Technology Corp. in February 2021. (Only Chinese name was retained.) EcoNet (Cayman) Inc. was renamed Airola Technology (Cayman) Inc. in January 2021.

Note 29: For the purpose of reorganization, the 100% ownership of Hsu Chia (Samoa) Investment Ltd., Hsu Fa (Samoa) Investment Ltd., and Hsu Kang (Samoa) Investment Ltd., which were previously owned by Gainesh Co. Limited, were transferred to MediaTek Investment HK Limited in October 2021.

Note 30: For the purpose of reorganization, the 100% ownership of LePower (HK) Limited, which was previously owned by Gainesh Co. Limited, was transferred to MTKC Global Holdings Co. Limited in September 2021.

Note 31: EcoNet (HK) Limited was renamed Airola Technology (HK) Limited in February 2021.

Note 32: EcoNet (Suzhou) Limited was renamed Airola Technology (Suzhou) Limited in February 2021.

**MEDIA TEK INC.**  
**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
For the year ended December 31, 2021

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, 2021	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2021	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, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
MediaTek (Shenzhen) Inc.	Note 2	\$ 2,490,660 USD 90,000,000	MediaTek China Limited	\$ 2,490,660 USD 90,000,000	- -	- -	\$ 2,490,660 USD 90,000,000	\$ 2,101,718 USD 74,999,239	100%	\$ 2,101,718 USD 74,999,239	\$ 7,181,298 USD 259,496,188	-
MediaTek (Hefei) Inc.	Note 2	\$ 470,458 USD 17,000,000	MediaTek China Limited	\$ 470,458 USD 17,000,000	- -	- -	\$ 470,458 USD 17,000,000	\$ 135,426 USD 4,832,645	100%	\$ 135,426 USD 4,832,645	\$ 1,523,959 USD 55,068,249	-
MediaTek (Beijing) Inc.	Note 2	\$ 2,767,400 USD 100,000,000	MediaTek China Limited	\$ 2,767,400 USD 100,000,000	- -	- -	\$ 2,767,400 USD 100,000,000	\$ 423,894 USD 15,126,538	100%	\$ 423,894 USD 15,126,538	\$ 5,669,320 USD 204,860,867	-
MediaTek (Chengdu) Inc.	Note 2	\$ 1,378,165 USD 49,800,000	MediaTek China Limited	\$ 1,378,165 USD 49,800,000	- -	- -	\$ 1,378,165 USD 49,800,000	\$ 120,564 USD 4,302,304	100%	\$ 120,564 USD 4,302,304	\$ 2,239,857 USD 80,937,246	-
MediaTek (Wuhan) Inc.	Note 2	\$ 669,711 USD 24,200,000	MediaTek China Limited	\$ 459,578 USD 16,606,858	- -	- -	\$ 459,578 USD 16,606,858	\$ 44,957 USD 1,604,266	100%	\$ 44,957 USD 1,604,266	\$ 869,960 USD 31,436,009	-
Xuxin Investment (Shanghai) Inc.	Note 4	\$ 1,715,788 USD 62,000,000	MediaTek China Limited	\$ 1,660,440 USD 60,000,000	- -	- -	\$ 1,660,440 USD 60,000,000	\$ 20,956 USD 747,791	100%	\$ 20,956 USD 747,791	\$ 3,417,437 USD 123,489,087	-
MediaTek (Shanghai) Inc.	Note 2	\$ 1,293,931 CNY 297,000,000	MediaTek China Limited	\$ 1,341,337 USD 48,469,221	- -	- -	\$ 1,341,337 USD 48,469,221	\$ 895,239 USD 31,946,375	100%	\$ 895,239 USD 31,946,375	\$ 3,256,837 USD 117,685,809	-
MStar Software R&D (Shenzhen), Ltd.	Note 2	\$ 830,220 USD 30,000,000	MStar Co., Ltd.	\$ 830,220 USD 30,000,000	- -	- -	\$ 830,220 USD 30,000,000	\$ 14,315 USD 510,839	100%	\$ 14,315 USD 510,839	\$ 482,722 USD 17,443,167	-
Airoha Technology (Suzhou) Limited	Note 3	\$ 276,740 USD 10,000,000	Airoha Technology (HK) Limited	\$ 259,624 USD 9,381,500	- -	- -	\$ 259,624 USD 9,381,500	\$ 1,400,815 USD 49,987,719	91%	\$ 1,370,846 USD 48,918,275	\$ 1,820,050 USD 65,767,497	-
Richpower Microelectronics Co., Ltd.	Note 2	\$ 88,557 USD 3,200,000	Richtek Technology Corp.	\$ 88,557 USD 3,200,000	- -	- -	\$ 88,557 USD 3,200,000	\$ (17,097) USD (29,457)	100%	\$ (17,097) USD (29,457)	\$ (1,236) USD (1,947)	-
Li-We Technology Corp.	Note 2	\$ 69,185 USD 2,500,000	Richtek Technology Corp.	\$ 69,185 USD 2,500,000	- -	- -	\$ 69,185 USD 2,500,000	\$ (29,457) USD (29,457)	100%	\$ (29,457) USD (29,457)	\$ (1,947) USD (1,947)	-
Yuan Ke (Pingtan) Investment Fund Limited Partnership	Note 4	\$ 4,424,414 USD 159,876,218	Gaintech Co. Limited	\$ 3,586,550 USD 129,600,000	- -	- -	\$ 3,586,550 USD 129,600,000	\$ 334,810 USD 11,947,614	81%	\$ 298,235 USD 10,642,428	\$ 48,388,810 USD 1,748,529,658	-
Zelus Technology (Hangzhou) Ltd.	Note 3	\$ 142,521 USD 5,150,000	Gaintech Co. Limited	\$ 143,360 USD 5,180,299	- -	- -	\$ 143,360 USD 5,180,299	\$ 39,559 USD 1,411,661	88%	\$ 35,469 USD 1,265,686	\$ 144,647 USD 5,226,801	-
Vanchip (Tianjin) Technology Co., Ltd.	Note 3	\$ 1,568,401 CNY 360,000,000	Gaintech Co. Limited	\$ 1,106,960 USD 40,000,000	- -	- -	\$ 1,106,960 USD 40,000,000	\$ (427,079) USD (15,240,192)	28%	\$ (288,205) USD (10,284,502)	\$ 1,778,726 USD 64,274,247	-
Beijing Iitek Technology Co. Ltd.	Note 2	\$ 83,022 USD 3,000,000	iStar Technology Ltd.	\$ 83,022 USD 3,000,000	- -	- -	\$ 83,022 USD 3,000,000	\$ (270) USD (9,641)	100%	\$ (270) USD (9,641)	\$ 74,109 USD 2,677,923	-
ShenZhen ZhongChen Semiconductor Ltd.	Note 2	\$ - USD -	iStar Technology Ltd.	\$ 138,370 USD 5,000,000	- -	- -	\$ 138,370 USD 5,000,000	\$ (5,799) USD (206,937)	-	\$ (5,799) USD (206,937)	\$ - USD -	-

(To be continued)

**MEDIA TEK INC.**  
**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
For the year ended December 31, 2021

(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		Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2021	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, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
				as of January 1, 2021	as of December 31, 2021	Outflow	Inflow						
Nephos (Hefei) Co., Ltd.	Note 3	\$ 1,141,553 USD 41,250,000	Nephos Cayman Co. Limited	\$ 3,156,226 USD 114,050,238	\$ 3,156,226 USD 114,050,238	-	-	\$ 18,851 USD 672,702	\$ 18,851 USD 672,702	100%	\$ 20,615 USD 744,933	\$ -	
Airotek (Shenzhen) Inc.	Note 2	\$ 26,290 USD 950,000	Airotek (Cayman) Inc.	\$ 26,290 USD 950,000	\$ 26,290 USD 950,000	-	-	\$ 3,847 USD 137,266	\$ 3,847 USD 137,266	86%	\$ 46,951 USD 1,696,577	\$ -	
Airotek (Chengdu) Inc.	Note 2	\$ 26,290 USD 950,000	Airotek (Cayman) Inc.	\$ 26,290 USD 950,000	\$ 26,290 USD 950,000	-	-	\$ 3,474 USD 123,976	\$ 3,474 USD 123,976	86%	\$ 48,199 USD 1,741,678	\$ -	
SigmaStar Technology Ltd.	Note 3	\$ 212,063 CNY 48,675,371	SigmaStar Technology Inc.	\$ 55,348 USD 2,000,000	\$ 55,348 USD 2,000,000	-	-	\$ 3,233,407 USD 115,383,268	\$ 3,233,407 USD 115,383,268	32%	\$ 7,659,507 USD 276,776,295	\$ -	
Shenzhen Sing Chen Technology Inc.	Note 2	\$ 13,070 CNY 3,000,000	SigmaStar Technology Ltd.	-	-	-	-	\$ (3,305) CNY (760,661)	\$ (3,305) CNY (760,661)	32%	\$ -	\$ -	
SigmaStar Technology Inc. (Shanghai)	Note 2	\$ 4,357 CNY 1,000,000	SigmaStar Technology Ltd.	-	-	-	-	\$ (476) CNY (109,473)	\$ (476) CNY (109,473)	32%	\$ -	\$ -	
Xuxi (Shanghai) Management Consulting Co., Ltd	Note 4	\$ 1,459,702 CNY 335,050,000	Xuxin Investment (Shanghai) Inc.	\$ 1,325,778 USD 47,906,985	\$ 1,325,778 USD 47,906,985	-	-	\$ 10,570 CNY 2,432,825	\$ 10,570 CNY 2,432,825	100%	\$ 2,625,735 CNY 602,693,178	\$ -	
Shanghai KOC Financial Management	Note 4	\$ 143,770 CNY 33,000,000	Xuxin Investment (Shanghai) Inc.	-	\$ 27,034 USD 976,861	\$ 27,034 USD 976,861	-	\$ 160 CNY 36,914	\$ 160 CNY 36,914	20%	\$ 28,754 CNY 6,599,951	\$ -	
Hefei Xuhui Management Consulting Co., Ltd.	Note 4	\$ 1,459,484 CNY 335,000,000	Xuxi (Shanghai) Management Consulting Co., Ltd	\$ 1,325,585 USD 47,900,000	\$ 1,325,585 USD 47,900,000	-	-	\$ 10,620 CNY 2,444,326	\$ 10,620 CNY 2,444,326	100%	\$ 2,625,574 CNY 602,656,202	\$ -	

Accumulated Investment in Mainland China as of December 31, 2021		Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment	
\$	22,816,437	\$	27,788,469	\$	259,209,178
USD	824,471,962	USD	1,004,136,352		

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=28.02319 NTD; 1 CNY=4.34484 NTD).

Other amounts are converted by the exchange rate at reporting date. (1 USD=27,674 NTD; 1 CNY=4.35667 NTD)



MEDIATEK INC.  
1. STATEMENT OF CASH AND CASH EQUIVALENTS  
As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Item	Description	Amount	Amount in Foreign Currencies	Note
Bank Deposits				
Foreign currency deposits		\$ 253,530	USD 8,302 CNY 4,076 EUR 191 JPY 8	1. Cash and cash equivalents were not pledged. 2. USD1=NTD27.674 CNY1=NTD4.35667 EUR1=NTD31.49578 JPY1=NTD0.24046
Savings and checking deposits		<u>1,320,761</u>		
Subtotal		<u>1,574,291</u>		
Time Deposits				
Time Deposits - NT Dollars		31,500,000		
Time Deposits - US Dollars		<u>38,275,079</u>	USD 1,383,070	
Subtotal		<u>69,775,079</u>		
Total		<u>\$ 71,349,370</u>		

MEDIATEK INC.

2. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Financial Instruments	Description	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		\$ 456,192	
KGI Fuli Strategic Fund		69,339,442	854,184		1,046,027	
Subtotal			1,164,281		1,502,219	
Linked Deposits						
ENNOCNN CORPORATION 3rd Unsecured Convertible Bond		-	210,000		210,026	
Total			\$ 1,374,281		\$ 1,712,245	
Financial liabilities at fair value through profit or loss						
Held for trading financial liabilities			Contract Amount			
Forward exchange contracts - purchase US dollars			USD 30,000	2021.12-2022.3	\$ (4,252)	

MEDIATEK INC.  
**3. STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT**  
 As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Financial Instruments	Description	Amount	Interest Rate	Period	Note
3.875% LENOVO GROUP LTD DUE 160322		\$ 63,815	1.205%	2020/11/16 - 2022/03/16	
Taichung Commercial Bank Bond		20,396	3.89%	2021/03/11 - 2022/12/05	
Total		<u>\$ 84,211</u>			

MEDIATEK INC.

4. STATEMENT OF TRADE RECEIVABLES AND TRADE RECEIVABLES FROM RELATED PARTIES

As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Client	Description	Amount	Note
Trade receivables			
Client A		\$ 6,074,088	
Client B		3,330,623	
Client C		2,680,758	
Client D		1,900,003	
Others	The amount of individual client in others does not exceed 5% of the account balance.	18,707,840	
Subtotal		<u>32,693,312</u>	
Less: Allowance for doubtful debts		<u>(9,671)</u>	
Net amount		<u>32,683,641</u>	
Trade receivables from related parties			
MediaTek Singapore Pte. Ltd.		265,965	
Airoha Technology Corp.		184,843	
Nephos (Hefei) Co., Ltd.		156,331	
Other	The amount of individual client in others does not exceed 5% of the account balance.	5,396	
Subtotal		<u>612,535</u>	
Total		<u>\$ 33,296,176</u>	

MEDIATEK INC.  
5. STATEMENT OF OTHER RECEIVABLES AND OTHER RECEIVABLES FROM  
RELATED PARTIES  
As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Factoring receivables		\$ 3,778,202	
VAT deductibles		1,183,130	
Interest receivables		147,950	
Others		41,414	
Total		<u>\$ 5,150,696</u>	
Other receivables from related parties			
Nephos (Hefei) Co., Ltd.	Technical service revenue	274,260	
Others	The amount of individual item in others does not exceed 5% of the account balance.	1,113	
Total		<u>\$ 275,373</u>	

MEDIATEK INC.  
6. STATEMENT OF INVENTORIES  
As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$ 2,575,983	\$ 2,584,311	Inventories were not pledged.
Work in process		32,875,365	81,395,892	
Finished goods		23,812,262	52,636,449	
Total		59,263,610	<u>\$ 136,616,652</u>	
Less : Allowance for inventory valuation losses		<u>(18,449,886)</u>		
Net Amount		<u>\$ 40,813,724</u>		

MEDIATEK INC.  
7. STATEMENT OF PREPAYMENTS AND OTHER CURRENT ASSETS  
As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments			
Prepaid expenses		\$ 421,882	
Payment in advance		189,281	
Others	The amount of individual item in others does not exceed 5% of the account balance.	55,167	
Subtotal		<u>666,330</u>	
Other Current Assets			
Temporary payments of tax	Sales tax and withholding income tax	1,032,732	
Others	The amount of individual item in others does not exceed 5% of the account balance.	181,987	
Subtotal		<u>1,214,719</u>	
Total		<u>\$ 1,881,049</u>	

MEDIATEK INC.

8. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT  
For the year ended December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance		Acquisition		Disposal		Reclassification		Adjustments	Ending Balance		Collateral	Note
	Units	Fair Value	Units	Amount	Units	Amount	Units	Amount		Units	Fair Value		
Financial assets mandatorily measured at fair value through profit or loss													
Stock													
Shin Kong Financial Holding Co., Ltd., Preferred Stock A	4,200,000	\$ 183,750	-	-	-	\$ -	-	\$ -	\$ (4,830)	4,200,000	\$ 178,920	None	
Linked Deposits													
EVA Air-4th Credit Linked Structural Product	-	100,601	-	-	-	(100,000)	-	-	(601)	-	-	None	
WALSIN TECHNOLOGY CORPORATION 1st Unsecured Convertible Bond	-	-	-	130,000	-	-	-	-	177	-	130,177	None	
TAIWAN MASK CORPORATION 3rd Unsecured Convertible Bond	-	-	-	150,000	-	(12,600)	-	-	546	-	137,946	None	
Merry Electronics Co., Ltd. 3rd Unsecured Convertible Bond	-	-	-	200,000	-	-	-	-	178	-	200,178	None	
ENNOCONN CORPORATION 3rd Unsecured Convertible Bond	-	-	-	110,000	-	-	-	(110,000)	-	-	-	None	
Shin Kong Financial Holding Co., Ltd. 5th Convertible Bond	-	-	-	150,000	-	-	-	-	129	-	150,129	None	
Subtotal		100,601		740,000		(112,600)		(110,000)	429		618,430		
Total		\$ 284,351		\$ 740,000		\$ (112,600)		\$ (110,000)	\$ (4,401)		\$ 797,350		



MEDIATEK INC.  
9. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT  
For the year ended December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance		Acquisition		Disposal		Acquired through business combinations		Adjustments	Ending Balance		Accumulated Impairment	Collateral	Note
	Units	Fair Value	Units	Amount	Units	Amount	Units	Amount		Units	Fair Value			
Equity instrument investments measured at fair value through other comprehensive income														
<b>Funds</b>														
Cathay No.1 Real Estate Investment Trust	81,200,000	\$ 1,519,252	-	\$ -	-	\$ -	-	\$ -	\$ (32,480)	81,200,000	\$ 1,486,772	Not applicable	None	
Cathay No.2 Real Estate Investment Trust	64,503,000	1,283,610	-	-	-	-	-	-	(18,706)	64,503,000	1,264,904	Not applicable	None	
Fubon No.1 Real Estate Investment Trust	16,744,000	307,587	-	-	-	-	-	-	(7,534)	16,744,000	300,053	Not applicable	None	
Fubon No.2 Real Estate Investment Trust	13,421,000	229,633	-	-	-	-	-	-	(18,521)	13,421,000	211,112	Not applicable	None	
Subtotal		<u>3,340,082</u>							<u>(77,241)</u>		<u>3,262,841</u>			
<b>Stocks</b>														
EosTek Limited (Cayman)	640,000	2,151	-	-	-	-	-	-	(63)	640,000	2,088	Not applicable	None	
Chailase Finance Co., Ltd. Preferred Stock A	2,750,000	273,900	-	-	-	-	-	-	5,225	2,750,000	279,125	Not applicable	None	
WT Microelectronics Preferred Stock A	5,800,000	281,590	-	-	-	-	-	-	(243)	8,241,000	403,397	Not applicable	None	
Shin Kong Financial Holding Co., Ltd., Preferred Stock B	-	-	6,444,000	264,296	-	-	2,441,000	122,050	(2,025)	12,888,000	552,251	Not applicable	None	
WPG Holdings Limited Preferred Share A	-	-	5,160,000	247,770	-	-	6,444,000	289,980	16,707	10,900,000	540,095	Not applicable	None	
FUBON Financial Holding Co., Ltd., Preferred Stock A	-	-	15,000,000	949,351	-	-	5,740,000	275,618	(2,851)	15,000,000	946,500	Not applicable	None	
FUBON Financial Holding Co., Ltd., Preferred Stock B	-	-	1,786,666	112,899	-	-	-	-	(5,521)	1,786,666	107,378	Not applicable	None	
FUBON Financial Holding Co., Ltd., Preferred Stock C	-	-	7,056,243	423,375	-	-	-	-	705	7,056,243	424,080	Not applicable	None	
Subtotal		<u>557,641</u>		<u>1,997,691</u>				<u>687,648</u>	<u>11,934</u>		<u>3,254,914</u>			
Total		<u>\$ 3,897,723</u>		<u>\$ 1,997,691</u>		<u>\$ -</u>		<u>\$ 687,648</u>	<u>(65,307)</u>		<u>\$ 6,517,755</u>			

MEDIA TEK INC.

10. STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - NONCURRENT

As of December 31, 2021

(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	\$ 8,866	0.755%	2019/05/12 - 2023/08/07	Please refer to Note 8 of the notes to the financial statements.
	Customs clearance deposits	3,179	0.755%	2019/05/12 - 2023/05/12	
Mega Bank	Science Park Administration Lease execution deposits	14,900	0.1% - 0.765%	2021/01/13 - 2023/01/27	
	Customs clearance deposits	24,000	0.59%	2020/08/30 - 2022/08/30	
ING Bank	Performance bond	24,900	0.200%	2021/11/08 - 2022/12/03	
	Subtotal	<u>75,845</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	580,000			
	3.5% WEIBO CORP DUE 050724	268,510			
	1.375% TENCENT MUSIC ENT GRP DUE 030925	157,481			
	3.075% BAIDU INC DUE 070425	44,703			
	YAGEO Corporation 2nd unsecured corporate bond	<u>100,000</u>			
	Subtotal	<u>1,440,694</u>			
	Total	<u>\$ 1,516,539</u>			

MEDIATEK INC.  
11. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
For the year ended December 31, 2021

(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	\$ 184,460,781	681,696,904	\$ 28,351,943	-	\$ (5,886,465)	\$ 17,657,319	2,932,854,882	100%	\$ 224,583,578	\$ 76.58	None	
Hsu-Si Investment Corp.	624,304,756	8,793,354	-	1,919,657	(624,304,756)	(12,577,716)	1,864,705	-	-	-	-	None	
Hsu-Ta Investment Corp.	737,515,603	11,597,759	109,000,000	2,059,279	(447,135,500)	(5,746,118)	(369,250)	399,380,103	100%	7,541,670	18.88	None	
MStar International Technology Inc.	30,000,000	83,377	-	-	(30,000,000)	(83,266)	(111)	-	-	-	-	None	
HFI Innovation Inc.	118,062,084	504,571	56,629,737	566,297	-	(402,676)	61,232	174,691,821	100%	729,424	4.18	None	
MediaTek Singapore Pte. Ltd.	111,993,960	11,244,859	214,913,919	4,561,516	-	(14,726,508)	42,902,823	326,907,879	100%	43,982,690	134.54	None	
Digmoc Holdings Limited	3,805	44,669	-	3,717	(3,805)	(48,338)	(48)	-	100%	-	-	None	
Mstar Co., Ltd.	13,350,000	117,896	-	-	-	(417)	28,313	13,350,000	100%	145,792	10.92	None	
Spidecom Technologies	146,200	2,623	-	-	-	-	(1,049)	146,200	100%	1,574	10.77	None	
Richtek Technology Corp.	148,482,806	22,351,726	-	168,484	-	(6,305,633)	5,421,880	148,482,806	100%	21,636,457	145.72	None	
IC Plus Corp.	-	-	13,025,454	293,437	-	-	9,538	13,025,454	19%	302,975	23.26	None	
MediaTek Capital Co.	-	-	29,000,000	302,679	-	(9,975)	(26,937)	29,000,000	100%	265,767	9.16	None	
Intellectual Property Innovation Corp.	-	-	3,000,000	30,000	-	-	(19)	3,000,000	30%	29,981	9.99	None	
Airoha Technology Corp.	-	-	3,473,292	223,135	-	(32,659)	28,823	3,473,292	5%	219,299	63.14	None	
Airoha Technology (Cayman) Inc.	-	-	61,092,908	8,422,740	-	-	-	61,092,908	66%	8,422,740	137.87	None	
Total		\$ 239,201,615		\$ 46,902,884		\$ (45,819,771)	\$ 67,572,219			\$ 307,861,947			

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 NON-CURRENT ASSETS

As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Property, plant and equipment		<u>\$ 29,877,083</u>	Please refer to Note 6(10) of the notes to the financial statements.
Intangible assets		<u>\$ 57,272,022</u>	Please refer to Note 6(11) of the notes to the financial statements.
Other non-current assets			
Deferred tax assets		\$ 6,780,908	
Refundable deposits		8,670,550	
Long-term financing lease receivable, net		1,455,784	
Other non-current assets-others		<u>19,230,579</u>	
Total		<u>\$ 36,137,821</u>	

MEDIATEK INC.  
13. RIGHT-OF-USE ASSET  
As of December 31, 2021

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	250,985	34,264	(57,747)	227,502	
Machinery equipment	27,235	210,921	-	238,156	
Transportation equipment	8,506	6,382	(5,321)	9,567	
Total	<u>\$ 1,837,189</u>	<u>\$ 251,567</u>	<u>\$ (63,068)</u>	<u>\$ 2,025,688</u>	
Amortization and impairment					
Land	\$ 75,868		\$ -	\$ 113,802	
Buildings and facilities	83,858	70,053	(57,688)	96,223	
Machinery equipment	12,104	67,668	-	79,772	
Transportation equipment	4,405	2,664	(4,967)	2,102	
Total	<u>\$ 176,235</u>	<u>\$ 178,319</u>	<u>\$ (62,655)</u>	<u>\$ 291,899</u>	

MEDIATEK INC.  
14. STATEMENT OF SHORT-TERM BORROWINGS  
As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Type	Description	Amount	Contract Period	Interest Rate	Loan Commitments	Collateral	Note
Unsecured loans							
Citibank		\$ 5,534,800	2021/12/6 - 2022/1/5	0.40%	USD 350,000	None	
First Commercial Bank		2,767,400	2021/12/1 - 2022/1/3	0.40%	TWD 3,000,000	None	
China Construction Bank		4,151,100	2021/12/13 - 2022/1/10	0.41%	USD 250,000	None	
Sumitomo Mitsui Banking		2,767,400	2021/12/30 - 2022/1/28	0.41%	USD 140,000	None	
Chartered Bank		3,892,320	2021/05/28 - 2022/11/25	(0.50)% - (0.40)%	USD 160,000	None	
Crédit Agricole Corporate and Investment Bank		15,351,630	2021/07/26 - 2022/09/27	(0.50)%	USD 700,000	None	
Hongkong Bank		4,203,900	2021/07/26 - 2022/07/26	0.00%	USD 350,000	None	
DBS Bank		5,547,600	2021/12/28 - 2022/12/28	(0.32)%	USD 400,000	None	
JPMorgan chase bank		1,111,200	2021/11/26 - 2022/11/27	(0.4)%	USD 350,000	None	
Total		<u>\$ 45,327,350</u>					

MEDIATEK INC.

15. STATEMENT OF TRADE PAYABLES AND TRADE PAYABLES TO RELATED PARTIES

As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Supplier	Description	Amount	Note
Trade payables			
Vendor A		\$ 4,900,117	
Vendor B		2,240,837	
Vendor C		2,095,193	
Vendor D		1,830,319	
Vendor E		1,354,279	
Vendor F		1,287,124	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	10,749,043	
Subtotal		<u>24,456,912</u>	
Trade payables to related parties			
King Yuan Electronics Co., Ltd.		\$ 1,029,885	
King Long Tech (Suzhou) Ltd.		135,625	
Airoha Technology Corp.		362,549	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	25,616	
Subtotal		<u>1,553,675</u>	
Total		<u>\$ 26,010,587</u>	

MEDIATEK INC.  
16. STATEMENT OF OTHER PAYABLES  
As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other Payables			
Accrued salaries and bonuses		\$ 26,333,495	
Selling expenses		1,876,589	
Other payables to related parties		32,187	
Others	The amount of individual item in others does not exceed 5% of the account balance.	8,940,702	
Total		<u>\$ 37,182,973</u>	



MEDIATEK INC.  
 17. STATEMENT OF OTHER CURRENT LIABILITIES  
 As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other current liabilities			
Refund liabilities		\$ 24,029,774	
Temporary receipts		<u>599,045</u>	
Total		<u><u>\$ 24,628,819</u></u>	

MEDIATEK INC.  
18. STATEMENT OF LEASE LIABILITIES  
As of December 31, 2021

Item	Lease term	Discount rates (annual)	Ending Balance	Note
Land	2019/01/01 - 2068/04/30	1.480%	\$ 1,465,662	
Buildings and facilities	2019/01/01 - 2040/06/30	0.405%~1.48%	132,005	
Machinery equipment	2021/03/25 - 2024/03/24	0.480%	137,768	
Transportation equipment	2021/04/06 - 2024/12/05	0.48%~0.73%	<u>7,483</u>	
Total			1,742,918	
Less: current portion			<u>(155,571)</u>	
Noncurrent portion			<u>\$ 1,587,347</u>	

MEDIATEK INC.  
 19. STATEMENT OF LONG-TERM BORROWINGS  
 As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Type	Description	Amount	Contract Period	Interest Rate	Loan Commitments	Collateral	Note
Unsecured loans							
	JPMorgan chase bank	\$ 827,660	2021/6/11 - 2023/9/11	0.00%	TWD 1,400,000	None	
	JPMorgan chase bank	558,060	2021/10/26 - 2022/11/25	(0.4)%	USD 400,000	None	
	Total	1,385,720					
		(558,060)					
	Noncurrent portion	\$ 827,660					

MEDIATEK INC.  
 20. STATEMENT OF OTHER NON-CURRENT LIABILITIES  
 As of December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Long-term payables		\$ 490,525	
Long-term payables to related parties		8,618,791	
Net defined benefit liabilities - noncurrent		672,027	
Deposits received		106,299	
Deferred tax liabilities		4,966,610	
Others	The amount of individual item in others does not exceed 5% of the account balance.	608,390	
Total		<u>\$ 15,462,642</u>	

MEDIATEK INC.  
 21. STATEMENT OF NET SALES  
 For the year ended December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Units (Die)	Amount	Note
Sales of goods - multimedia chip and mobile phone chip	5,045,985,436	\$ 298,550,832	
Services and other revenues		<u>7,020,510</u>	
Net operating revenues		<u>\$ 305,571,342</u>	

MEDIATEK INC.  
22. STATEMENT OF OPERATING COSTS  
For the year ended December 31, 2021

(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	\$ 2,163,203		
Add: Raw material purchased	121,828,770		
Less: Raw material, end of year	<u>(2,575,983)</u>		
Direct material used		\$ 121,415,990	
Manufacturing Expenses	<u>47,522,747</u>	<u>47,522,747</u>	
Manufacturing Costs		168,938,737	
Add: Work in process, beginning of year	22,607,826		
Work in process purchased	20,824,008		
Less: Work in process, end of year	<u>(32,875,365)</u>	<u>10,556,469</u>	
Cost of Finished Goods		179,495,206	
Add: Finished goods, beginning of year	7,287,936		
Finished goods purchased	3,167,580		
Less: Finished goods, end of year	<u>(23,812,262)</u>		
Transferred to operating expenses	<u>(664,481)</u>	<u>(14,021,227)</u>	
Subtotal		165,473,979	
Other Operating Costs			
The write-down of inventories		7,293,812	
Gain on sales of scrap		<u>(5,187)</u>	
Others		<u>1,473,458</u>	
Total Operating Costs		<u>\$ 174,236,062</u>	

MEDIATEK INC.  
23. STATEMENT OF OPERATING EXPENSES  
For the year ended December 31, 2021

(Amounts in Thousands of New Taiwan Dollars)

Item	Research and Development Expenses	Administrative Expenses	Selling Expenses
Payroll expenses	\$ 45,828,911	\$ 3,682,116	\$ 889,668
Depreciation	2,731,863	571,118	861
Amortization	2,877,982	49,143	981
Service fee and advertisement expenses	2,457,952	581,382	2,929,697
License fee	931,430	-	5,153,916
Design and experiment expenses	3,842,764	7,547	-
Others	4,627,932	1,479,805	625,386
Total	<u>\$ 63,298,834</u>	<u>\$ 6,371,111</u>	<u>\$ 9,600,509</u>

MEDIA TEK INC.

24. STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION, AND AMORTIZATION EXPENSES

For the years ended December 31, 2021 and 2020

(Amounts in Thousands of New Taiwan Dollars)

Function Nature	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expenses (Note)						
Payroll	\$ 660,527	\$ 50,400,694	\$ 51,061,221	\$ 608,800	\$ 30,406,320	\$ 31,015,120
Labor and health	52,749	1,605,688	1,658,437	38,271	1,163,127	1,201,398
Pension	27,824	843,788	871,612	25,589	774,936	800,525
Board compensation	-	168,618	168,618	-	70,655	70,655
Others	17,525	651,015	668,540	11,694	502,424	514,118
Depreciation	7,230	3,303,842	3,311,072	9,784	2,457,881	2,467,665
Amortization	-	2,928,106	2,928,106	80	3,014,816	3,014,896

NOTE:

1. For the years end December 31, 2021 and 2020, the Company had 9,944 and 9,089 employees, respectively, which included 6 non-employee directors for both years.
2. Employee benefits expenses in average were NT\$5,459,791 dollars and NT\$3,691,639 dollars for the years ended December 31, 2021 and 2020, respectively.
3. Payroll expenses in average were NT\$5,137,937 dollars and NT\$3,414,634 dollars for the years ended December 31, 2021 and 2020, respectively.
4. The adjustment of average payroll increased by 50% for the year ended December 31, 2021.
5. The Company did not have supervisors either in 2021 or 2020. Therefore, there was no compensation to the supervisor.

(To be continued)



(Continued)

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 compensation 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 compensation to directors for the year. The rules state 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 compensation 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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