

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

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

Notice to Readers

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

## REPRESENTATION LETTER

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

Very truly yours,

MediaTek Inc.

Chairman: Ming-Kai Tsai

March 19, 2021

English Translation of a Report Originally Issued in Chinese

**Independent Auditors' Report**

To the Board of Directors and Shareholders  
of MediaTek Inc.

**Opinion**

We have audited the accompanying consolidated balance sheets of MediaTek Inc. and its subsidiaries as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MediaTek Inc. and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition

MediaTek Inc. and its subsidiaries recognized NT\$322,145,988 thousand as net sales, which includes sale of goods in the amount of NT\$317,493,721 thousand and services and other operating revenues in the amount of NT\$4,652,267 thousand for the year ended December 31, 2020. Main source of revenue comes from sales of chips. Due to the fact that the product portfolio and the pricing methods are varied and sales discounts are usually directly included or indirectly implied in purchase orders or in practice, it is necessary for the Company to judge and determine the performance obligation of a contract, the timing of its satisfaction, and the estimate of the variable considerations. As a result, we determined the matter to be a key audit matter.

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Others**

We have audited and expressed an unqualified opinion on the parent company only financial statements of MediaTek Inc. as of and for the years ended December 31, 2020 and 2019.

Kuo, Shao-Pin

Fuh, Wen-Fun

Ernst & Young, Taiwan

March 19, 2021

### Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese

**MEDIATEK INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**As of December 31, 2020 and 2019**

(Amounts in thousands of New Taiwan Dollars)

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

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

English Translation of Financial Statements Originally Issued in Chinese

**MEDIATEK INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**As of December 31, 2020 and 2019**

(Amounts in thousands of New Taiwan Dollars)

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

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the years ended December 31, 2020 and 2019**

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

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

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

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

Description	Equity attributable to owners of the parent										Non-controlling interests	Total equity
	Share capital		Capital surplus	Retained earnings		Other equity			Treasury shares	Equity attributable to owners of the parent		
	Common stock	Capital collected in advance		Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others				
Balance as of January 1, 2019	\$ 15,915,070	\$ -	\$ 85,237,214	\$ 39,431,639	\$ 108,577,764	\$ (1,222,342)	\$ 26,428,344	\$ (1,365,498)	\$ (55,970)	\$ 272,946,221	\$ 1,379,686	\$ 274,325,907
Appropriation and distribution of 2018 earnings:												
Legal reserve	-	-	-	2,076,050	(2,076,050)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(9,525,233)	-	-	-	-	(9,525,233)	-	(9,525,233)
Total	-	-	-	2,076,050	(11,601,283)	-	-	-	-	(9,525,233)	-	(9,525,233)
Cash dividends distributed from capital surplus	-	-	(4,762,617)	-	-	-	-	-	-	(4,762,617)	-	(4,762,617)
Profit for the year ended December 31, 2019	-	-	-	-	23,032,721	-	-	-	-	23,032,721	171,589	23,204,310
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(58,130)	(2,727,299)	32,648,943	-	-	29,863,514	(42,491)	29,821,023
Total comprehensive income	-	-	-	-	22,974,591	(2,727,299)	32,648,943	-	-	52,896,235	129,098	53,025,333
Share-based payment transactions	1,744	3,780	26,686	-	-	-	-	-	-	32,210	115,930	148,140
Adjustments due to dividends that subsidiaries received from parent company	-	-	70,147	-	-	-	-	-	-	70,147	-	70,147
Changes in associates and joint ventures accounted for using the equity method	-	-	9,810	-	-	-	-	-	-	9,810	-	9,810
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	992	-	(997,074)	-	-	-	-	(996,082)	24,480	(971,602)
Changes in ownership interests in subsidiaries	-	-	(11,520)	-	-	-	-	-	-	(11,520)	-	(11,520)
Issuance of restricted stock for employees	(20,341)	-	1,692,596	-	37,237	-	-	268,785	-	1,978,277	-	1,978,277
Changes in other capital surplus	-	-	128,895	-	-	-	-	-	-	128,895	-	128,895
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,738,608	-	(8,754,607)	-	-	(15,999)	-	(15,999)
Balance as of December 31, 2019	15,896,473	3,780	82,392,203	41,507,689	127,729,843	(3,949,641)	50,322,680	(1,096,713)	(55,970)	312,750,344	1,649,194	314,399,538
Appropriation and distribution of 2019 earnings:												
Legal reserve	-	-	-	3,075,336	(3,075,336)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(7,944,252)	-	-	-	-	(7,944,252)	-	(7,944,252)
Total	-	-	-	3,075,336	(11,019,588)	-	-	-	-	(7,944,252)	-	(7,944,252)
Cash dividends distributed from capital surplus	-	-	(8,738,677)	-	-	-	-	-	-	(8,738,677)	-	(8,738,677)
Profit for the year ended December 31, 2020	-	-	-	-	40,916,800	-	-	-	-	40,916,800	521,773	41,438,573
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(57,308)	(4,761,203)	35,949,040	-	-	31,130,529	10,279	31,140,808
Total comprehensive income	-	-	-	-	40,859,492	(4,761,203)	35,949,040	-	-	72,047,329	532,052	72,579,381
Share-based payment transactions	18,866	(1,647)	603,448	-	-	-	-	-	-	620,667	253,978	874,645
Treasury stock acquired	-	-	-	-	-	-	-	-	(53,600)	(53,600)	-	(53,600)
Treasury stock retired	(1,300)	-	(5,657)	-	(46,643)	-	-	-	53,600	-	-	-
Adjustments due to dividends that subsidiaries received from parent company	-	-	81,845	-	-	-	-	-	-	81,845	-	81,845
Changes in associates and joint ventures accounted for using the equity method	-	-	(9,810)	-	(99,498)	-	-	-	-	(109,308)	-	(109,308)
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	1,001,352	-	-	-	-	-	-	1,001,352	231,821	1,233,173
Changes in ownership interests in subsidiaries	-	-	1,185,977	-	-	-	-	-	-	1,185,977	583,585	1,769,562
Issuance of restricted stock for employees	(13,417)	-	284,705	-	3,352	-	-	767,140	-	1,041,780	-	1,041,780
Changes in other capital surplus	-	-	(49,636)	-	-	-	-	-	-	(49,636)	-	(49,636)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,625,247	-	(15,625,247)	-	-	-	-	-
Balance as of December 31, 2020	\$ 15,900,622	\$ 2,133	\$ 76,745,750	\$ 44,583,025	\$ 173,052,205	\$ (8,710,844)	\$ 70,646,473	\$ (329,573)	\$ (55,970)	\$ 371,833,821	\$ 3,250,630	\$ 375,084,451

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the years ended December 31, 2020 and 2019**

(Amounts in thousands of New Taiwan Dollars)

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

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**1. Organization and Operation**

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

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

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

**3. Newly Issued or Revised Standards and Interpretations**

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

**4. Summary of Significant Accounting Policies**

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

Preparation principle of consolidated financial statement

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

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

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

If loses control of a subsidiary, it:

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The consolidated entities are listed as follows:

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

(To be continued)

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

(Continued)

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

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(Continued)

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

(To be continued)

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

(Continued)

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

(To be continued)

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

(Continued)

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

(To be continued)

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

(Continued)

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

(To be continued)

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

(Continued)

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

(To be continued)

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

(Continued)

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

*Foreign currency transactions*

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

*Translation of financial statements in foreign currency*

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

Cash and cash equivalents

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Financial instruments

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

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

(1) Financial instruments: Recognition and Measurement

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

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

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

a. Financial assets measured at amortized cost

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

**(2) Impairment of financial assets**

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The loss allowance is measured as follows:

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

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

**(3) Derecognition of financial assets**

A financial asset is derecognized when:

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**(4) Financial liabilities and equity**

**A. Classification between liabilities or equity**

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

**B. Equity instruments**

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

**C. Financial liabilities**

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

**a. Financial liabilities at fair value through profit or loss**

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

A financial liability is classified as held for trading if:

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

**(5) Offsetting of financial instruments**

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

*Derivative instrument*

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

Inventories

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

*Investments accounted for using the equity method*

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

Property, plant and equipment

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

Investment property

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

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

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

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

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

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

Leases

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**A. The Company as a lessee**

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

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

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

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

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

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

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

**B. The Company as a lessor**

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

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

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

*Intangible assets*

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

**Impairment of non-financial assets**

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

Treasury shares

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

Provisions

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

Sales returns and allowances (Refund liabilities)

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

Revenue recognition

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Sale of goods

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

Refund liability is also recognized during the period specified in the contract.

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

Rendering of services

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

Silicon intellectual property license

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

Post-employment benefits

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

Share-based payment transactions

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

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

Income taxes

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

A. Current income tax

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

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

B. Deferred tax

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

*Business combinations and goodwill*

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

*Non-current assets held for sale*

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

**5. Significant Accounting Judgments, Estimates and Assumptions**

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Estimates and assumptions

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

**A. Fair value of Level 3 financial instruments**

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

**B. Valuation of inventory- estimation of obsolescence provision**

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

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

**C. Income tax**

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

**D. Revenue recognition - sales returns and discounts**

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

**6. Contents of Significant Accounts**

**(1) Cash and cash equivalents**

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

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

Cash and cash equivalents were not pledged.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(2) Financial assets and financial liabilities at fair value through profit or loss**

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

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

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(4) Financial assets measured at amortized cost**

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

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

**(5) Trade receivables and trade receivables from related parties**

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

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

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

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

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

**(6) Other receivables**

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

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

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

**A. As of December 31, 2020:**

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

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

B. As of December 31, 2019:

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

## (7) Inventories

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

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

Inventories were not pledged.

## (8) Prepayments

	December 31, 2020	December 31, 2019
Prepaid expenses	\$ 541,919	\$ 864,904
Input tax	229,322	187,474
Others	678,160	497,707
Total	<u>\$ 1,449,401</u>	<u>\$ 1,550,085</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, 2020		December 31, 2019	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
VanChip (TianJin)				
Technology Co., Ltd.	\$ 1,086,946	30	\$ -	-
FONTAINE CAPITAL				
FUND, L.P.	2,831,721	57	1,180,774	57
Others	892,634	-	1,074,961	-
Subtotal	<u>4,811,301</u>		<u>2,255,735</u>	
Investments in jointly controlled entities:				
Yuan Ke (Pingtan) Investment				
Fund Limited Partnership	<u>45,856,538</u>	81	<u>11,360,790</u>	81
Total	<u>\$ 50,667,839</u>		<u>\$ 13,616,525</u>	

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

**A. Investments in associates**

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

**B. Investments in jointly controlled entities**

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

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

**(10) Property, plant and equipment**

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

## (11) Investment property

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

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

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

(To be continued)

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

(Continued)

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

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(12) Intangible assets

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
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	<u>\$ 772,487</u>	<u>\$ 777,061</u>	<u>\$ 5,114,146</u>	<u>\$ 20,909,970</u>	<u>\$ 65,357,866</u>	<u>\$ 92,931,530</u>
As of January 1, 2019	\$ 772,487	\$ 3,540,539	\$ 5,114,146	\$ 10,712,618	\$ 65,462,080	\$ 85,601,870
Additions-acquired separately	-	253,156	-	1,114,145	-	1,367,301
Disposals	-	(94,496)	-	(185,550)	-	(280,046)
Transfers	-	(2,965,856)	-	2,947,685	-	(18,171)
Exchange differences	-	(2,890)	-	(34,184)	(11,803)	(48,877)
As of December 31, 2019	<u>\$ 772,487</u>	<u>\$ 730,453</u>	<u>\$ 5,114,146</u>	<u>\$ 14,554,714</u>	<u>\$ 65,450,277</u>	<u>\$ 86,622,077</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**(13) Impairment testing of goodwill**

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

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

Key assumptions used in value-in-use calculations

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Sensitivity to changes in assumptions

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

(14) Short-term borrowings

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

(15) Other payables

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

(16) Other current liabilities

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

(17) Long-term borrowings

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

None

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

**(18) Post-employment benefits plans**

Defined contribution plan

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

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

Defined benefits plan

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

Pension costs recognized in profit or loss are as follows:

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

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

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

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

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

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1, 2020	\$ 1,170,583	\$ (301,584)	\$ 868,999
Current service cost	6,812	-	6,812
Interest expenses (income)	10,173	(2,607)	7,566
Subtotal	16,985	(2,607)	14,378
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	14,138	-	14,138
Actuarial gains and losses arising from changes in financial assumptions	73,451	-	73,451
Experience adjustments	(8,071)	-	(8,071)
Remeasurements of the defined benefit assets	-	(7,611)	(7,611)
Subtotal	79,518	(7,611)	71,907
Payment of benefit obligation	(11,471)	6,030	(5,441)
Contributions by employer	-	(17,167)	(17,167)
Disposal of subsidiary	(23,474)	916	(22,558)
As of December 31, 2020	\$ 1,232,141	\$ (322,023)	\$ 910,118

  

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1, 2019	\$ 1,090,597	\$ (286,932)	\$ 803,665
Current service cost	6,471	-	6,471
Interest expenses (income)	13,199	(2,595)	10,604
Past service cost	3,002	-	3,002
Subtotal	22,672	(2,595)	20,077
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	21,902	-	21,902
Actuarial gains and losses arising from changes in financial assumptions	83,359	-	83,359
Experience adjustments	(22,235)	-	(22,235)
Remeasurements of the defined benefit assets	-	(9,891)	(9,891)
Subtotal	83,026	(9,891)	73,135
Payment of benefit obligation	(25,712)	17,091	(8,621)
Contributions by employer	-	(19,257)	(19,257)
Subtotal	1,170,583	(301,584)	868,999
Overestimate on book	2	-	2
As of December 31, 2019	\$ 1,170,585	\$ (301,584)	\$ 869,001

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

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

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

Sensitivity analysis for significant assumptions is shown below:

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

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

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

**(19) Equity****A. Share capital**

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

**B. Capital surplus**

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

**C. Treasury shares**

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

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

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

**D. Retained earnings and dividend policy**

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

- a. reserve for tax payments;
- b. offset accumulated losses in previous years, if any;
- c. legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds MTK's total capital stock;
- d. allocation or reverse of special reserves as required by law or government authorities;
- e. the remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

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

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

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

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

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

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

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

**E. Non-controlling interests**

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(20) Share-based payment plans

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

Share-based payment plans in MTK

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

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

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

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

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

**Restricted stocks plan for employees of MTK**

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

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

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

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

Share-based payment plans of Subsidiaries

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

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

	Compensatory Stock Option Plan
Expected dividend yield (%)	0.00%
Expected volatility (%)	38.13%
Risk free interest rate (%)	0.68%
Expected life (Years)	4.08-4.13 years

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

On May 8, 2019 and March 5, 2018, the Board of Directors of subsidiary Xiamen Sigmastar Technology Inc. resolved to issue share capital for employees with consideration in a total number of 3,269,004 units and 13,974,405 units, respectively.

New common shares and share capital of Airoha (Cayman) Inc., ILI Technology Holding Corporation and Xiamen Sigmastar Technology Inc. would be issued for their respective restricted stocks plans. During the vesting period, employees may not transfer the restricted stocks to others, and the voting rights of the restricted stocks will be exercised by the custodian organizations on behalf of employees according to the trust contract. If the employees receiving the grant of restricted stocks terminate employment within the vesting period, the restricted stocks during the vesting period are clawed back by the Company.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Total units of restricted stocks issued by subsidiaries were 13,546,795 units (including 4,623,500 units without restrictions) and the total fair value amounted to NT\$136,239 thousand and CNY\$40,096 thousand for the year ended December 31, 2018. The grant dates were from March 2018 to December 2018 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 9,949,200 units (including 4,623,500 units without restrictions) and 12,274,536 units (including 4,623,500 units without restrictions) as of December 31, 2020 and 2019, respectively.

Total units of restricted stocks issued by subsidiaries were 52,101,809 units (including 1,528,953 units without restrictions) and the total fair value amounted to NT\$534,455 thousand and CNY\$44,791 thousand for the year ended December 31, 2019. The grant dates were from January 2019 to December 2019 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 6,944,209 units (including 1,528,953 units without restrictions) and 7,201,409 units (including 1,528,953 units without restrictions) as of December 31, 2020 and 2019, respectively.

Total units of restricted stocks issued by subsidiaries were 1,675,142 units and the total fair value amounted to NT\$125,837 thousand and CNY\$5,391 thousand for the year ended December 31, 2020. The grant dates were from January 2020 to December 2020 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 350,000 units as of December 31, 2020.

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

	Restricted stocks plan for employee
Expected dividend yield (%)	0.00%
Expected volatility (%)	32.87%-45.46%
Risk free interest rate (%)	0.19%-0.51%
Expected life (Years)	0.02-0.81 years

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

New common shares of Airoha (Cayman) Inc. would be issued for respective stocks allotment plans with gratuitous issue price. The rights of the new stocks and the common shares is the same. The options may be granted to qualified employees of Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc.

For the year ended December 31, 2020, total units of the stocks issued by subsidiaries were 1,082,454 units and the total fair value was NT\$107,212 thousand which was estimated using the asset method.

Share-based compensation expenses recognized for employee services received for the years ended December 31, 2020 and 2019 are shown in the following table:

	For the years ended	
	December 31	
	2020	2019
Employee stock options	\$ 2,672	\$ 2,490
Restricted stocks for employees	1,280,765	2,016,629
Total	<u>\$ 1,283,437</u>	<u>\$ 2,019,119</u>

Except for the share-based payment plan of Airoha Technology Corp. whose vesting period had been advanced to December 31, 2020, the Company did not modify or cancel any other share-based payment plans during the year ended December 31, 2020 and 2019. The amendment of Airoha's share-based payment plan did not incur any incremental fair value.

**(21) Sales**

Analysis of revenue from contracts with customers for the years ended December 31, 2020 and 2019 is as follows:

**A. Disaggregation of revenue**

	For the years ended	
	December 31	
	2020	2019
Sale of goods	\$ 317,493,721	\$ 242,284,500
Services and other operating revenues	4,652,267	3,937,231
Total	<u>\$ 322,145,988</u>	<u>\$ 246,221,731</u>

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

	For the years ended December 31	
	2020	2019
Revenue recognition point:		
At a point in time	\$ 319,280,778	\$ 242,807,182
Satisfies the performance obligation over time	2,865,210	3,414,549
Total	<u>\$ 322,145,988</u>	<u>\$ 246,221,731</u>

**B. Contract balances**

## Contract liabilities - current

	December 31, 2020	December 31, 2019	January 1, 2019
Sales of goods	\$ 11,560,361	\$ 2,368,770	\$ 1,265,696
Services and other operating revenues	132,556	324,760	243,178
Total	<u>\$ 11,692,917</u>	<u>\$ 2,693,530</u>	<u>\$ 1,508,874</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31	
	2020	2019
Revenue recognized during the period that was included in the beginning balance	<u>\$ 2,045,287</u>	<u>\$ 886,060</u>
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ 11,214,599</u>	<u>\$ 1,845,705</u>

**C. Transaction price allocated to unsatisfied performance obligations**

As of December 31, 2020 and 2019, no disclosure of the unsatisfied performance obligations is needed as the contract terms with customers about the sales of goods are all shorter than one year. Besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations about rendering of services are NT\$1,752,672 thousand and NT\$3,471,523 thousand. The Company recognizes revenues in accordance with the stage of completion of the contracts. Those contracts are expected to be completed within the next 1 to 2 years.

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

## (22) Expected credit gains (losses)

	For the years ended	
	December 31	
	2020	2019
Operating expense – Expected credit gains (losses)		
Trade receivables	\$ (8,092)	\$ 15,732

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its receivables (including note receivables, trade receivables and trade receivables from related parties) and financing lease receivable, net at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2020 and 2019 is as follow:

The Company considers the grouping of receivables by counterparties' credit ratings, geographical regions and industry sectors. Loss allowance is measured by using a provision matrix. Details are as follows:

2020.12.31

	Neither past due	Past due				Total
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 31,994,934	\$ 600,113	\$ 389,804	\$ 42,960	\$ 104,157	\$ 33,131,968
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(4,001)	(39,314)	(43,315)
Carrying amount of trade receivables	\$ 31,994,934	\$ 600,113	\$ 389,804	\$ 38,959	\$ 64,843	\$ 33,088,653

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**2019.12.31

	Neither past due		Past due				Total
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days		
Gross carrying amount	\$ 25,411,552	\$ 1,160,329	\$ 118,262	\$ 119,960	\$ 110,442	\$ 26,920,545	
Loss ratio	0%	0%	0%	0%-10%	20%-100%		
Lifetime expected credit losses	-	-	-	(11,821)	(79,453)	(91,274)	
Carrying amount of trade receivables	\$ 25,411,552	\$ 1,160,329	\$ 118,262	\$ 108,139	\$ 30,989	\$ 26,829,271	

Note: Not any of the Company's note receivables, trade receivables from related parties or financing lease receivable was past due.

The movements in the provision for impairment of receivables and financing lease receivable for the years ended December 31, 2020 and 2019 are as follows:

	Note receivables	Trade receivables	Financing lease receivable
As of January 1, 2020	\$ -	\$ 91,274	\$ -
Allowance for the current period	-	8,092	-
Disposal of subsidiary	-	(54,960)	-
Effect of changes in exchange rate	-	(1,091)	-
As of December 31, 2020	\$ -	\$ 43,315	\$ -
As of January 1, 2019	\$ -	\$ 107,395	\$ -
Reversal for the current period	-	(15,732)	-
Effect of changes in exchange rate	-	(389)	-
As of December 31, 2019	\$ -	\$ 91,274	\$ -

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(23) Leases

A. The Company as lessee

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

a. Right-of-use asset

	December 31, 2020	December 31, 2019
Land	\$ 1,773,010	\$ 1,759,111
Buildings and facilities	1,111,563	1,047,076
Machinery equipment	15,130	24,209
Transportation equipment	15,283	26,162
Office equipment	19,776	34,348
Total	<u>\$ 2,934,762</u>	<u>\$ 2,890,906</u>

During the years ended December 31, 2020 and 2019, the additions to right-of-use assets of the Company amounted to NT\$541,254 thousand and NT\$702,039 thousand, respectively.

b. Lease liability

	December 31, 2020	December 31, 2019
Lease liability-current	\$ 483,089	\$ 499,032
Lease liability-noncurrent	2,362,280	2,360,427
Total	<u>\$ 2,845,369</u>	<u>\$ 2,859,459</u>

Please refer to Note 6. (28) for the interest on lease liability recognized during 2020 and 2019 and Note 12. (2) C. for the maturity analysis of lease liabilities as of December 31, 2020.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

c. Depreciation charge for right-of-use assets

	For the years ended December 31	
	2020	2019
Land	\$ 49,461	\$ 48,431
Buildings and facilities	452,747	401,931
Machinery equipment	9,078	3,026
Transportation equipment	13,663	12,226
Office equipment	14,504	9,755
Total	<u>\$ 539,453</u>	<u>\$ 475,369</u>

d. Income and costs relating to leasing activities

	For the years ended December 31	
	2020	2019
The expense relating to short-term leases	<u>\$ 104,217</u>	<u>\$ 157,095</u>
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	<u>\$ 5,252</u>	<u>\$ 3,578</u>
Income from subleasing right-of-use assets	<u>\$ 36,455</u>	<u>\$ 36,801</u>

e. Cash outflow relating to leasing activities

During the years ended December 31, 2020 and 2019, the Company's total cash outflows for leases amounted to NT\$652,953 thousand and NT\$638,625 thousand, respectively.

**B. The Company as a lessor**

The Company has entered into machinery and equipment lease agreements with terms from the year 2020 to 2025. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

The undiscounted lease payments to be received for the remaining years as of December 31, 2020 are as follows:

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

	December 31, 2020	December 31, 2019
Not later than one year	\$ 2,092	\$ -
Later than one year and not later than two years	2,092	-
Later than two years and not later than three years	2,092	-
Later than three years and not later than four years	67,067	-
Later than four years and not later than five years	66,015	-
Total non-discounted lease payments	139,358	-
Less: unearned finance income of finance lease	(8,629)	-
Less: allowance for doubtful debts	-	-
Net investment in the finance lease (receivable of a finance lease)	130,729	-
Current	-	-
Non-Current	\$ 130,729	\$ -

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

	For the years ended December 31					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 45,812	\$ 1,677,771	\$ 1,723,583	\$ 41,681	\$ 1,784,553	\$ 1,826,234
Others	\$ 1,341,174	\$ 57,633,921	\$ 58,975,095	\$ 1,118,420	\$ 46,566,401	\$ 47,684,821
Depreciation	\$ 171,003	\$ 4,396,803	\$ 4,567,806	\$ 175,327	\$ 4,082,689	\$ 4,258,016
Amortization	\$ 9,097	\$ 5,324,180	\$ 5,333,277	\$ 8,133	\$ 4,120,092	\$ 4,128,225

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

According to the Articles of Incorporation of MTK, no lower than 1% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors. However, MTK's accumulated losses shall have been covered (if any). MTK may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

MTK accrued employees' compensation and remuneration to directors based on a specific rate of profit of the year ended December 31, 2020. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, MTK will recognize the change as an adjustment to income of next year. If the Board of Directors resolves to distribute employees' compensation in stock, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of shares on the day preceding the Board of Directors' meeting. A resolution was approved in a meeting of the Board of Directors held on March 19, 2021 to distribute NT\$546,125 thousand and NT\$55,295 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no material differences between the aforementioned approved amounts and the amounts charged against earnings in 2020.

A resolution was approved in a meeting of the Board of Directors held on March 20, 2020 to distribute NT\$317,139 thousand and NT\$32,110 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no material differences between the aforementioned approved amounts and the amounts charged against earnings in 2019.

(25) Interest income

	For the years ended December 31	
	2020	2019
Financial assets measured at amortized cost	\$ 2,311,013	\$ 3,660,186
Financial assets at fair value through other comprehensive income	171,186	181,340
Total	<u>\$ 2,482,199</u>	<u>\$ 3,841,526</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(26) Other income

	For the years ended December 31	
	2020	2019
Dividend income	\$ 1,422,408	\$ 388,662
Rental income	189,970	184,078
Others	148,189	305,411
Total	<u>\$ 1,760,567</u>	<u>\$ 878,151</u>

(27) Other gains and losses

	For the years ended December 31	
	2020	2019
Losses on disposal of property, plant and equipment	\$ (11,297)	\$ (14,469)
Losses on disposal of intangible assets	(67)	(23,050)
Gains (losses) on disposal of investments		
Non-current assets held for sale	-	813,152
Debt instruments measured at fair value through other comprehensive income	(30,073)	(16,119)
Investments accounted for using the equity method	41,269	-
Subsidiary	161,164	-
Foreign exchange (losses) gains	(48,143)	202,558
Impairment losses		
Investments accounted for using the equity method	-	(46,096)
Gains on financial assets at fair value through profit or loss	252,750	470,453
Losses on financial liabilities at fair value through profit or loss	(10,329)	(9,085)
Others	9,347	64,199
Total	<u>\$ 364,621</u>	<u>\$ 1,441,543</u>

(28) Finance costs

	For the years ended December 31	
	2020	2019
Interest expenses on borrowings	\$ 537,822	\$ 1,574,381
Interest expenses on lease liabilities	57,166	54,304
Total	<u>\$ 594,988</u>	<u>\$ 1,628,685</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(29) Components of other comprehensive income

For the year ended December 31, 2020 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ (71,905)	\$ -	\$ (71,905)	\$ 14,597	\$ (57,308)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	1,137,121	-	1,137,121	(324,989)	812,132
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	35,114,051	-	35,114,051	-	35,114,051
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(7,308,443)	233,842	(7,074,601)	-	(7,074,601)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	(7,216)	30,073	22,857	-	22,857
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,323,677	-	2,323,677	-	2,323,677
Total	\$ 31,187,285	\$ 263,915	\$ 31,451,200	\$ (310,392)	\$ 31,140,808

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

For the year ended December 31, 2019 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ (73,142)	\$ -	\$ (73,142)	\$ 15,012	\$ (58,130)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	33,059,665	-	33,059,665	(3,336,869)	29,722,796
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,889,013	-	2,889,013	-	2,889,013
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(2,828,823)	-	(2,828,823)	-	(2,828,823)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	21,015	16,119	37,134	-	37,134
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	59,033	-	59,033	-	59,033
Total	\$ 33,126,761	\$ 16,119	\$ 33,142,880	\$ (3,321,857)	\$ 29,821,023

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

Upon derecognition of the Company's debt instrument investments measured at fair value through other comprehensive income, the cumulative losses of NT\$30,073 thousand and NT\$16,119 thousand for the years ended December 31, 2020 and 2019, respectively, which were recognized in other comprehensive income, were reclassified to loss.

**(30) Income Tax**

The major components of income tax expense are as follows:

	For the years ended	
	December 31	
	2020	2019
Current income tax	\$ 6,624,844	\$ 2,899,353
Deferred tax income	(559,934)	841,892
Others	79,203	81,814
Income tax expense recognized in profit or loss	<u>\$ 6,144,113</u>	<u>\$ 3,823,059</u>

Income tax recognized in other comprehensive income

	For the years ended	
	December 31	
	2020	2019
Deferred tax (income) expense:		
Remeasurements of defined benefit plan	\$ (14,597)	\$ (15,012)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	324,989	3,336,869
Income tax relating to components of other comprehensive income	<u>\$ 310,392</u>	<u>\$ 3,321,857</u>

Income tax charged directly to equity

	For the years ended	
	December 31	
	2020	2019
Current income tax expense:		
Realized gains from equity instrument investments measured at fair value through other comprehensive income	<u>\$ 1,581,966</u>	<u>\$ 1,058,085</u>

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended	
	December 31	
	2020	2019
Accounting profit before tax from continuing operations	\$ 47,582,686	\$ 27,027,369
Tax at the domestic rates applicable to profits in the country concerned	\$ 15,523,248	\$ 9,793,520
Tax effect of revenues exempt from taxation	(2,941,877)	(2,499,002)
Tax effect of expenses not deductible for tax purposes	120,167	(99,736)
Investment tax credits	(2,505,511)	(1,175,943)
Tax effect of deferred tax assets/liabilities	(4,860,474)	(1,931,820)
Corporate income surtax on undistributed retained earnings	1,034,681	598,602
Others	(226,121)	(862,562)
Total income tax expense recognized in profit or loss	\$ 6,144,113	\$ 3,823,059

For the year ended December 31, 2020

	Beginning balance	Recognized in profit or loss	Recognized in		Proceeds from disposal of subsidiary	Ending balance
			other comprehensive income	Charged directly to equity		
Temporary differences						
Unrealized allowance for inventory obsolescence	\$ 2,129,750	\$ (221,136)	\$ -	\$ -	\$ (63,020)	\$ 1,845,594
Allowance for sales returns and discounts	1,456,583	736,559	-	-	-	2,193,142
Amortization of difference for tax purpose	236,721	68,469	-	-	-	305,190
Amortization of goodwill difference for tax purpose	(1,957,431)	(686,653)	-	-	-	(2,644,084)
Unused tax losses	22,745	(1,243)	-	-	-	21,502
Unused tax credits	408,333	76,369	-	-	-	484,702
Others	(4,332,322)	3,732,728	(310,392)	(1,581,966)	(11,881)	(2,503,833)
Deferred tax income (expense)		\$ 3,705,093	\$ (310,392)	\$ (1,581,966)	(74,901)	
Net deferred tax assets	\$ (2,035,621)					\$ (297,787)
Reflected in balance sheet as follows:						
Deferred tax assets	\$ 4,769,887					\$ 5,676,629
Deferred tax liabilities	\$ (6,805,508)					\$ (5,974,416)

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

For the year ended December 31, 2019

			Recognized in		
	Beginning	Recognized	other	Charged	
	balance	in profit or	comprehensive	directly to	Ending balance
		loss	income	equity	
Temporary differences					
Unrealized allowance for inventory					
obsolescence	\$ 2,178,353	\$ (48,603)	\$ -	\$ -	\$ 2,129,750
Allowance for sales returns and					
discounts	1,329,212	127,371	-	-	1,456,583
Amortization of difference for tax					
purpose	280,681	(43,960)	-	-	236,721
Amortization of goodwill					
difference for tax purpose	(464,556)	(1,492,875)	-	-	(1,957,431)
Unused tax losses	25,393	(2,648)	-	-	22,745
Unused tax credits	330,672	77,661	-	-	408,333
Others	(1,877,187)	1,924,807	(3,321,857)	(1,058,085)	(4,332,322)
Deferred tax income (expense)		<u>\$ 541,753</u>	<u>\$ (3,321,857)</u>	<u>\$ (1,058,085)</u>	
Net deferred tax assets	<u>\$ 1,802,568</u>				<u>\$ (2,035,621)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$ 4,776,271</u>				<u>\$ 4,769,887</u>
Deferred tax liabilities	<u>\$ (2,973,703)</u>				<u>\$ (6,805,508)</u>

The assessment of income tax returns

As of December 31, 2020, the assessments of the income tax returns of MTK and its material subsidiaries are as follows:

	The assessment of income tax returns
MTK	Assessed and approved up to 2018
Subsidiary- Hsu-Ta Investment Corp.	Assessed and approved up to 2018
Subsidiary- Hsu-Si Investment Corp.	Assessed and approved up to 2018
Subsidiary- Richtek Technology Corp.	Assessed and approved up to 2018

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(31) Earnings per share**

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31	
	2020	2019
<b>A. Basic earnings per share</b>		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 40,916,800	\$ 23,032,721
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,573,329,335	1,567,873,703
Basic earnings per share (NT\$)	\$ 26.01	\$ 14.69
<b>B. Diluted earnings per share</b>		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 40,916,800	\$ 23,032,721
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,573,329,335	1,567,873,703
Effect of dilution:		
Employees' compensation-stock (share)	980,921	921,244
Employee stock options (share)	1,425,487	683,822
Restricted stocks for employees (share)	7,875,783	11,241,268
Weighted average number of ordinary shares outstanding after dilution (share)	1,583,611,526	1,580,720,037
Diluted earnings per share (NT\$)	\$ 25.84	\$ 14.57

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(32) Losses control of subsidiary

On July 31, 2020, the Company's Board of Directors approved to sell the shares of ILI Technology Holding Corporation to Midus Investments Limited in the price of US\$138 million dollars. The Company recognized the gains from disposal of subsidiary of NT\$206,451 thousand on November 30, 2020. Assets and liabilities of the disposed subsidiary are shown as follows:

	<u>As of November 30, 2020</u>
Assets	
Cash and cash equivalents	\$ 1,194,528
Trade receivables, net	2,966,436
Other receivables	68,079
Inventories, net	2,394,347
Prepayments	252,479
Other current assets	29,993
Property, plant and equipment	765,771
Right-of-use assets	47,399
Intangible assets	135,552
Deferred tax assets	84,149
Refundable deposits	211,926
	<u>8,150,659</u>
Liabilities	
Contract liabilities-current	(195,952)
Trade payables	(828,366)
Other payables (including related parties)	(2,706,147)
Current tax liabilities	(87,806)
Other current liabilities	(12,352)
Long-term borrowings (including current portion)	(165,825)
Deferred tax liabilities	(9,248)
Lease liabilities (including current and noncurrent)	(46,670)
Net defined benefit liabilities-noncurrent	(22,558)
Deposits received	(1,691)
Non-current liabilities-others	(9,352)
	<u>(4,085,967)</u>
Net assets carrying amount	<u>\$ 4,064,692</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

**(33) Changes in ownership interests in subsidiaries**

Changes in ownership of subsidiaries

In consideration of the Company's investment strategy, the Company disposed of shares of Xiamen Sigmastar Technology Inc. in September 2020 and its ownership was reduced to 50%. In addition, Xiamen Sigmastar Technology Inc. increased capital by cash in September 2019 and the year ended of 2020. The Company did not subscribe new share proportionate to its original ownership interest. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

The Company acquired the additional 0.05% of voting shares of EcoNet (Cayman) Inc. in November 2020 and its ownership rose to 76%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

Airoha (Cayman) Inc. increased its capital by cash in December 2020, and the Company did not subscribe to the new shares proportionate to its original ownership interest. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

In consideration of the Company's investment strategy, the Company disposed of shares of Zelus Technology (HangZhou) Ltd. in August 2019 and its ownership was reduced to 90%. Furthermore, the Company purchased additional 1.15% of voting shares of Zelus Technology (HangZhou) Ltd. in November 2020 and its ownership rose to 91%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

The Company purchased additional 6.82% and 10.18% of voting shares of Nephos (Hefei) Co., Ltd. in May and November 2019, respectively, and its ownership rose to 100%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction. The ownership of Nephos (Beijing) Co., Ltd. also rose to 100%.

The Company purchased additional 33% of voting shares of RollTech Technology Co., Ltd. in December 2019 and its ownership rose to 100%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The differences between the fair value of purchased equity investments and the increase (decrease) in the non-controlling interest were NT\$2,187,329 thousand and NT\$1,007,602 thousand for the years ended December 31, 2020 and 2019, respectively, and have been recorded in equity.

**7. Related Party Transactions**

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
E-Vehicle Semiconductor Technology Co., Ltd.	Associate
Intelligo Technology Inc.	Associate
Cyberon Corp.	Associate
Amobile Intelligent Corp. Limited	Associate
PuTian Joint Micro Technology Inc.	Associate (Note)
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party
Andes Technology Corp.	Substantive related party
Richtek Education Foundation	Substantive related party

Note: Due to the disposal of the portion of shares of PuTian Joint Micro Technology Inc. in October 2020, the Company lost significant influence over it. Investment in PuTian Joint Micro Technology Inc. was reclassified to financial assets at fair value through profit or loss. Accordingly, PuTian Joint Micro Technology Inc. was no longer a related party since that day.

Significant transactions with the related parties

(1) Sales

	For the years ended December 31	
	2020	2019
Associates		
Intelligo Technology Inc.	\$ 6,234	\$ 10,905
E-Vehicle Semiconductor Technology Co., Ltd.	-	1,190
Amobile Intelligent Corp. Limited	9,665	-
PuTian Joint Micro Technology Inc.	420	-
Total	\$ 16,319	\$ 12,095

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The trade credit terms for associates was 30 days and third-party customers was 30 to 150 days. Third-party customers may pay their accounts in advance.

(2) IC testing, experimental services, and manufacturing technology services

	For the years ended December 31	
	2020	2019
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 5,609,992	\$ 3,301,417

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

(3) Consign research and development expenses and license expenses

	For the years ended December 31	
	2020	2019
Associate		
Cyberon Corp.	\$ 33,919	\$ 28,557
Other related parties		
Andes Technology Corp.	31,893	27,440
Total	\$ 65,812	\$ 55,997

(4) Donations Expenses

	For the years ended December 31	
	2020	2019
Other related parties		
Richtek Education Foundation	\$ 6,000	\$ -

(5) Trade receivables from related parties

	December 31, 2020	December 31, 2019
Other related parties		
Intelligo Technology Inc.	\$ 630	\$ -
E-Vehicle Semiconductor Technology Co., Ltd.	-	5,000
Total	\$ 630	\$ 5,000

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(6) Trade payables to related parties

	December 31, 2020	December 31, 2019
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 1,661,473	\$ 906,224

(7) Other payables to related parties

	December 31, 2020	December 31, 2019
Associate		
Cyberon Corp	\$ 5,631	\$ 16,312
Other related parties		
Andes Technology Corp.	4,318	4,052
King Yuan Electronics Co., Ltd. and its subsidiaries	37,991	-
Total	\$ 47,940	\$ 20,364

(8) Prepayments

	December 31, 2020	December 31, 2019
Other related parties		
Andes Technology Corp.	\$ -	\$ 254

(9) Other

The patent payment of NT\$7,864 thousand to Andes Technology Corp. was recorded as intangible assets in the year 2019.

(10) Key management personnel compensation

	For the years ended December 31	
	2020	2019
Short-term employee benefits (Note)	\$ 1,646,790	\$ 951,348
Share-based payment	233,840	330,841
Post-employment benefits	4,810	3,719
Total	\$ 1,885,440	\$ 1,285,908

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Note: The compensation (including remuneration to directors) to key management personnel was determined by the Compensation Committee of MTK in accordance with individual performance and the market trends.

## 8. Assets Pledged as Collateral

The following table lists assets of the Company pledged as collateral:

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2020	December 31, 2019	
Financial assets measured at amortized cost-current	\$ 9,893	\$ 9,988	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	98	105	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	35,000	24,375	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	24,000	24,000	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	9,180	9,180	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	1,524	1,519	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	602	650	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	2,013	-	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	22,980	23,017	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	7,125	7,125	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	-	101,132	Performance bond
Financial assets measured at amortized cost-noncurrent	133,244	115,915	Performance bond
Property, plant and equipment - buildings	-	223,526	Long-term borrowing
Property, plant and equipment - buildings	-	321,363	Long-term borrowing
Investment property-buildings and facilities	-	157,939	Long-term borrowing
Total	\$ 245,659	\$ 1,019,834	

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**9. Contingencies and Off Balance Sheet Commitments**

Legal claim contingency

- (1) Vantage Micro LLC (“VM”) filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on October 8, 2019, alleging infringement of United States Patent Nos. 6,678,838, 7,414,606, and 9,959,593. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on April 20, 2020.
- (2) M-Red Inc. (“M-Red”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on April 29, 2019, alleging infringement of United States Patent Nos. 6,853,259, 7,068,557, and 7,209,401. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on September 3, 2020.
- (3) Nippon Telegraph and Telephone Corporation (“NTT”) and Essential WiFi, LLC (“EWF”) filed complaints in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on March 25, 2020, alleging infringement of United States Patent Nos. 7,280,551, 7,545,781, 7,400,616, and 7,242,720. The operations of MTK and subsidiary MediaTek USA Inc. will not be affected by this case.
- (4) Computer Circuit Operations LLC (“CCO”) filed complaints in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on May 21, 2020, alleging infringement of United States Patent Nos. 6,480,021, 6,820,234, 7,107,386, 7,278,069, and 7,426,603. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the parties’ joint stipulation on November 18, 2020.
- (5) CDN Innovations, LLC (“CDN”) filed complaints in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on May 29, 2020, alleging infringement of United States Patent Nos. 7,006,844, 7,860,462, 7,293,291, and 7,565,699. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to CDN’s voluntary dismissal on September 24, 2020.
- (6) Divx, LLC (“Divx”) filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 9, 2020, alleging infringement of United States Patent No. 8,832,297, 10,212,486, 10,412,141, and 10,484,749. The court dismissed the claims against MTK and its subsidiaries pursuant to the plaintiff’s voluntary dismissal on February 8, 2021.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Divx filed a complaint with the U.S. International Trade Commission against MTK and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 10, 2020 alleging infringement of the same patents listed above. Pursuant to the parties' joint motion to terminate, the Administrative Law Judge issued an Initial Determination terminating MTK and its subsidiaries from the investigation on February 22, 2021.

- (7) Koninklijke Philips N.V., and Philips North America LLC, ("Philips") filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent No. 9,590,977 and 10,298,564. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

Philips filed a complaint with the U.S. International Trade Commission against MTK and subsidiary MediaTek USA Inc. on September 18, 2020 alleging infringement of the same patents listed above. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

- (8) Liberty Patents, LLC, ("Liberty") filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on October 16, 2020, alleging infringement of U.S. Patent No. 6,535,959. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

- (9) Ocean Semiconductor LLC, ("Ocean") filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on December 31, 2020, alleging infringement of U.S. Patent Nos. 6,660,651, 6,907,305, 6,725,402, 6,968,248, 7,080,330, 6,836,691, and 8,676,538. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

The Company will handle these cases carefully.

**10. Losses due to Major Disasters**

None

**11. Significant Subsequent Events**

None

**12. Others**

- (1) Financial instruments

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

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss:		
Held for trading financial assets	\$ 9,585	\$ 4,621
Mandatorily measured at fair value through profit or loss (Note 1)	18,727,249	15,679,314
Subtotal	18,736,834	15,683,935
Financial assets at fair value through other comprehensive income	54,246,386	69,249,681
Financial assets measured at amortized cost (Note 2)	244,136,276	211,047,351
Total	\$ 317,119,496	\$ 295,980,967

Financial liabilities

## Financial liabilities at fair value through profit or loss:

Held for trading financial liabilities	\$ 10,329	\$ 9,085
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## Financial liabilities at amortized cost:

Short-term borrowings	21,470,853	57,254,570
Trade payables (including related parties)	34,470,186	22,313,552
Other payables (including related parties)	39,040,779	27,583,302
Long-term payables (including current portion)	7,113,103	2,063,198
Long-term borrowings (including current portion)	-	202,675
Lease liabilities	2,845,369	2,859,459
Subtotal	104,940,290	112,276,756
Total	\$ 104,950,619	\$ 112,285,841

## Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss for December 31, 2020 and 2019 which were in the amount of NT\$5,620,541 thousand and NT\$2,472,998 thousand, respectively. Please refer to Note 6. (5) for further explanation.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivable, trade receivables (excluding financial assets measured at fair value through profit or loss for December 31, 2020 and 2019 which were in the amount of NT\$5,620,541 thousand and NT\$2,472,998 thousand, respectively. Please refer to Note 6. (5) for further explanation.), other receivables and financing lease receivable, net.

**B. Fair values of financial instruments**

- a. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables (including related parties), other receivables, short-term borrowings, trade payables (including related parties) and other payables (including related parties) approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

- (e) The fair value of other financial assets and liabilities is determined using discounted cash flow analysis; the interest rate and discount rate are selected with reference to those of similar financial instruments.

b. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The Company does not have assets measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Company's assets and liabilities on a recurring basis:

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
<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	\$ 33,348,278	\$ 9,585	\$ 34,004,816	\$ 67,362,679

Liabilities measured at fair value:

Financial liabilities at fair value

through profit or loss

Forward exchange contracts	\$ -	\$ 10,329	\$ -	\$ 10,329
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## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 478,983	\$ 478,983
Linked deposits	823,000	-	5,059,583	5,882,583
Stocks	269,394	-	107,269	376,663
Funds	782,571	-	5,108,668	5,891,239
Trust funds	576,848	-	-	576,848
Forward exchange contracts	-	4,621	-	4,621
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured at				
fair value through other				
comprehensive income	48,059,600	-	19,324,707	67,384,307
Debt instruments measured at				
fair value through other		-		
comprehensive income	1,136,012		729,362	1,865,374
Total	<u>\$ 51,647,425</u>	<u>\$ 4,621</u>	<u>\$ 30,808,572</u>	<u>\$ 82,460,618</u>

Liabilities measured at fair value:

Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 9,085	\$ -	\$ 9,085

For the years ended December 31, 2020 and 2019, amounts transferred from level 2 of the fair value hierarchy to level 1 due to the release of the stock transfer restrictions were NT\$0 and NT\$7,958,351 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The detail movement of recurring fair value measurements in Level 3:

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

	Financial assets mandatorily measured at fair value through profit or loss				Financial assets at fair value through other comprehensive income			
	Stocks	Bonds	Funds	Link deposits	Bonds	Capital	Stocks	Total
As of January 1, 2020	\$ 107,269	\$ 478,983	\$ 5,108,668	\$ 5,059,583	\$ 729,362	\$ 11,979,752	\$ 7,344,955	\$ 30,808,572
Amount recognized in profit or loss	(94,054)	(43,045)	180,617	5,052	268	-	-	48,838
Amount recognized in OCI	-	-	-	-	(1,321)	6,335,663	(2,416,031)	3,918,311
Amount recognized in OCI- exchange differences	(646)	(20,563)	57,314	(227,345)	(11,849)	(581,093)	(264,613)	(1,048,795)
Acquisitions	-	6,831	10,678,151	583,445	-	1,961,154	978,763	14,208,344
Settlements	-	(58,622)	(10,451,300)	(914,376)	(22,377)	(2,431,973)	(95,496)	(13,974,144)
As of December 31, 2020	\$ 12,569	\$ 363,584	\$ 5,573,450	\$ 4,506,359	\$ 694,083	\$ 17,263,503	\$ 5,547,578	\$ 33,961,126

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

	Financial assets mandatorily measured at fair value through profit or loss				Financial assets at fair value through other comprehensive income			
	Stocks	Bonds	Funds	Link deposits	Bonds	Capital	Stocks	Total
As of January 1, 2019	\$ 136,008	\$ 1,382,544	\$ 2,412,451	\$ 3,600,020	\$ 612,194	\$ 11,109,299	\$ 5,541,674	\$ 24,794,190
Amount recognized in profit or loss	(25,102)	37,803	97,389	(36,417)	6,413	(16,956)	-	63,130
Amount recognized in OCI	-	-	-	-	3,882	367,031	(708,333)	(337,420)
Amount recognized in OCI- exchange differences	(3,637)	(36,206)	(83,187)	39,044	(16,157)	(257,516)	(89,101)	(446,760)
Acquisitions	-	624,417	8,898,497	2,909,606	432,360	1,017,731	761,220	14,643,831
Settlements	-	(1,529,575)	(6,216,482)	(1,452,670)	(309,330)	(239,837)	(110,974)	(9,858,868)
Reclassification	-	-	-	-	-	-	1,950,469	1,950,469
As of December 31, 2019	\$ 107,269	\$ 478,983	\$ 5,108,668	\$ 5,059,583	\$ 729,362	\$ 11,979,752	\$ 7,344,955	\$ 30,808,572

Total (losses) gains related to assets recognized for the years ended December 31, 2020 and 2019 amounted to NT\$(105,077) thousand and NT\$1,763 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Information on significant unobservable inputs to valuation of fair value measurements categorized within Level 3 of the fair value hierarchy

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

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and updating the latest quoted price of trading partners periodically to ensure that the results of the valuation are in line with market conditions, based on stable, independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure the measurement or assessment are reasonable.

**C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed**

As of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,832,518</u>	<u>\$ 1,832,518</u>

As of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,649,821</u>	<u>\$ 1,649,821</u>

**D. Derivative financial instruments**

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

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

The Company entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to outstanding forward exchange contracts:

Forward exchange contracts	Currency	Contract amount ( '000)	Maturity
As of December 31, 2020	CNY to USD	Sell USD 2,000	January 2021
As of December 31, 2020	TWD to USD	Sell USD 25,000	January 2021
As of December 31, 2020	TWD to USD	Buy USD 10,000	January 2021
As of December 31, 2020	JPY to USD	Buy USD 12,009	January 2021
As of December 31, 2020	CNY to USD	Sell USD 4,000	March 2021
As of December 31, 2020	CNY to USD	Sell USD 2,000	April 2021
As of December 31, 2020	CNY to USD	Sell USD 6,000	June 2021
As of December 31, 2020	CNY to USD	Sell USD 2,000	July 2021
As of December 31, 2019	CNY to USD	Buy USD 24,954	January 2020
As of December 31, 2019	TWD to USD	Sell USD 32,000	January 2020
As of December 31, 2019	CNY to USD	Buy USD 12,835	February 2020
As of December 31, 2019	CNY to USD	Sell USD 2,000	February 2020
As of December 31, 2019	CNY to USD	Buy USD 6,999	March 2020
As of December 31, 2019	CNY to USD	Sell USD 2,000	March 2020
As of December 31, 2019	CNY to USD	Sell USD 2,000	May 2020

The Company entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

**(2) Financial risk management objectives and policies**

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk tendency.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**A. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

**a. Foreign currency risk**

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenues or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts is to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 0.1%, the profit for the years ended December 31, 2020 and 2019 increases/decreases by NT\$4,777 thousand and decreases/increases by NT\$482 thousand, while equity decreases/increases by NT\$76,336 thousand and NT\$125,136 thousand, respectively.

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the years ended December 31, 2020 and 2019 increases/decreases by NT\$2 thousand and NT\$4 thousand, while equity decreases/increases by NT\$18,347 thousand and NT\$11,461 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**b. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment of debt instruments at variable interest rates, bank borrowings with fixed and variable interest rates. Moreover, the market value of the Company's investments in credit-linked deposits and interest rate-linked deposits are affected by interest rate. The market value would decrease (even lower than the principal) when the interest rate increases, and vice versa. The market values of exchange rate-linked deposits are affected by interest rates and changes in the value and volatility of the underlying. The following sensitivity analysis focuses on interest rate risk and does not take into account the interdependencies between risk variables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rate. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$2,492 thousand and NT\$4,266 thousand, respectively.

**c. Other price risk**

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's equity securities are classified under the category of equity instrument investments measured at fair value through profit or loss and equity instrument investments measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain equity investments according to level of authority.

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through profit or loss could cause the profit or loss for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$1,838 thousand and NT\$2,694 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$298,305 thousand and NT\$480,596 thousand, respectively.

Please refer to Note 12. (1) B for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

**B. Credit risk management**

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2020 and 2019, receivables from top ten customers represented 37.13%, and 42.74% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables was insignificant.

The Company's exposure to credit risk arises from potential default of the counter-party or other third-party. The level of exposure depends on several factors including concentrations of credit risk, components of credit risk, the price of contract and other receivables of financial instruments. Since the counter-party or third-party to the foregoing forward exchange contracts and cross currency swap contracts are all reputable financial institutions, management believes that the Company's exposure to default by those parties is minimal.

Credit risk of credit-linked deposits, interest rate-linked deposits, exchange-linked deposits, index-linked deposits and convertible bonds arises if the issuing banks breached the contracts or the debt issuer could not pay off the debts; the maximum exposure is the carrying value of those financial instruments. Therefore, the Company minimized the credit risk by only transacting with counter-party who is reputable, transparent and in good financial standing.

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables and financing lease receivable which is measured at lifetime expected credit losses, for debt instrument investments which are not measured at fair value through profit or loss and are at low credit risk upon acquisition, an assessment is made at each reporting date as to whether the credit risk has substantially increased in order to determine the method of measuring the loss allowance and the loss ratio. The measurement indicators of the Company are described as follows:

Level of credit risk	Indicator	Measurement	Carrying amount	
		method for expected credit losses	December 31, 2020	December 31, 2019
Low credit risk	Credit risk measure belongs to IG category	12-month expected credit losses	\$ 9,928,465	\$ 4,478,198
	Counter parties with investment grade credit rating			
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category	Lifetime expected credit losses	\$ 1,948,592	\$ 216,633
	Contract payment overdue 30 days			
Credit-impaired	Credit risk measure belongs to DS category or above	Lifetime expected credit losses	\$ -	\$ -
	Contract payment overdue 90 days			
	Other impaired evidence			
Simplified method (Note)	(Note)	Lifetime expected credit losses	\$ 33,306,764	\$ 26,928,356

Note: The Company adopted simplified method (lifetime expected credit loss) to measure credit risk. It includes notes receivables, trade receivables and financing lease receivable.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investment has increased, the Company will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (which available without undue cost and effort), it is mainly based on the macroeconomic information and industrial information and further adjusts the credit loss ratio if there is significant impact from forward-looking information.

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

## C. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Later than 5			
	Less than 1 year	1 to 5 years	years	Total
<u>As of December 31, 2020</u>				
Short-term borrowings	\$ 21,479,545	\$ -	\$ -	\$ 21,479,545
Trade payables (including related parties)	34,470,186	-	-	34,470,186
Other payables (including related parties)	39,035,815	-	-	39,035,815
Lease liabilities	505,445	990,788	1,948,714	3,444,947
Long-term payables	3,493,485	3,619,618	-	7,113,103
Total	<u>\$ 98,984,476</u>	<u>\$ 4,610,406</u>	<u>\$ 1,948,714</u>	<u>\$ 105,543,596</u>

	Later than 5			
	Less than 1 year	1 to 5 years	years	Total
<u>As of December 31, 2019</u>				
Short-term borrowings	\$ 57,354,161	\$ -	\$ -	\$ 57,354,161
Trade payables (including related parties)	22,313,552	-	-	22,313,552
Other payables (including related parties)	27,529,078	-	-	27,529,078
Lease liabilities	499,032	857,737	1,502,690	2,859,459
Long-term borrowings	39,472	152,731	18,511	210,714
Long-term payables	983,591	1,079,607	-	2,063,198
Total	<u>\$ 108,718,886</u>	<u>\$ 2,090,075</u>	<u>\$ 1,521,201</u>	<u>\$ 112,330,162</u>

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

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Total</u>
<u>As of December 31, 2020</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 1,045,260	\$ -	\$ 1,045,260
Outflow	(1,056,400)	-	(1,056,400)
Net	<u>\$ (11,140)</u>	<u>\$ -</u>	<u>\$ (11,140)</u>

As of December 31, 2019

## Gross settlement

## Forward exchange contracts

Inflow	\$ 1,890,629	\$ -	\$ 1,890,629
Outflow	(1,900,140)	-	(1,900,140)
Net	<u>\$ (9,511)</u>	<u>\$ -</u>	<u>\$ (9,511)</u>

The table above contains the undiscounted net cash flows of derivative financial liabilities.

**D. Reconciliation of liabilities arising from financing activities**

Reconciliation of liabilities for the year ended December 31, 2020:

	<u>Short-term 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, 2020	\$ 57,254,570	\$ 202,675	\$ 2,859,459	\$ 565,773	\$ 60,882,477
Cash flows	(35,513,495)	(36,850)	(486,318)	(133,346)	(36,170,009)
Non-cash movement	-	(165,825)	472,228	(1,691)	304,712
Foreign exchange movement	(270,222)	-	-	-	(270,222)
As of December 31, 2020	<u>\$ 21,470,853</u>	<u>\$ -</u>	<u>\$ 2,845,369</u>	<u>\$ 430,736</u>	<u>\$ 24,746,958</u>

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

Reconciliation of liabilities for the year ended December 31, 2019:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2019	\$ 51,056,528	\$ 280,954	\$ 2,593,779	\$ 188,534	\$ 54,119,795
Cash flows	6,690,952	(78,279)	(423,648)	377,239	6,566,264
Non-cash movement	-	-	689,328	-	689,328
Foreign exchange movement	(492,910)	-	-	-	(492,910)
As of December 31, 2019	<u>\$ 57,254,570</u>	<u>\$ 202,675</u>	<u>\$ 2,859,459</u>	<u>\$ 565,773</u>	<u>\$ 60,882,477</u>

**(3) Significant assets and liabilities denominated in foreign currencies**

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2020		
	Foreign Currency		
	(thousand)	Exchange rate	NT\$ (thousand)
<b>Financial assets</b>			
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
<b>Financial liabilities</b>			
Monetary item:			
USD	\$ 2,544,175	28.508	\$ 72,529,356
CNY	\$ 287	4.369	\$ 1,256

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

	December 31, 2019		
	Foreign Currency		
	(thousand)	Exchange rate	NT\$ (thousand)
<b>Financial assets</b>			
Monetary item:			
USD	\$ 4,821,463	30.106	\$ 145,154,961
CNY	\$ 1,826	4.324	\$ 7,894
Non-monetary item:			
USD	\$ 2,239,603	30.106	\$ 67,425,479
CNY	\$ 2,650,963	4.324	\$ 11,461,675
<b>Financial liabilities</b>			
Monetary item:			
USD	\$ 2,895,330	30.106	\$ 87,166,810
CNY	\$ 2,752	4.324	\$ 11,897

The above information is disclosed based on the carrying amounts of foreign currencies (after conversion to the Company's functional currency.)

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange (losses) gains were NT\$(48,143) thousand and NT\$202,558 thousand for the years ended December 31, 2020 and 2019, respectively.

**(4) Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**13. Additional Disclosures**

**(1) The following are additional disclosures for the Company and its affiliates:**

- A. Financing provided to others for the year ended December 31, 2020: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 2.
- C. Securities held as of December 31, 2020: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 4.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 5.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 6.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2020: Please refer to Attachment 7.
- I. Financial instruments and derivative transactions: Please refer to Note 12.
- J. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 8.

**(2) Information on investees**

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 9.

**(3) Investment in Mainland China**

- A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 10.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please refer to Attachment 1 and Attachment 8.

(4) Main shareholder information

None.

**14. Segment Information**

(1) General information

The major sales of the Company come from multimedia and mobile phone chips and other integrated circuit design products. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Company is aggregated into a single segment.

(2) Geographical information

A. Net sales from external customers

	For the years ended December 31	
	2020	2019
Taiwan	\$ 27,849,166	\$ 22,933,537
Asia	289,943,150	219,737,854
Others	4,353,672	3,550,340
Total	\$ 322,145,988	\$ 246,221,731

Net sales are classified by customers' countries.

B. Non-current assets

	December 31, 2020	December 31, 2019
Taiwan	\$ 98,981,562	\$ 96,406,765
Asia	19,009,720	16,037,983
Others	1,198,446	1,209,650
Total	\$ 119,189,728	\$ 113,654,398

(3) Major customers

There were no individual customers accounting for at least 10% of net sales for the years ended December 31, 2020 and 2019.

**MEDIATEK INC. AND SUBSIDIARIES**  
**FINANCING PROVIDED TO OTHERS**  
**For the year ended December 31, 2020**

Attachment 1

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Hsu Chia (Samoa) Investment Ltd. (Note 1)	MediaTek (Shanghai) Inc.	Other receivables from related party	Yes	\$ 2,180,400 CNY 500,000,000	\$ 1,747,616 CNY 400,000,000	\$ 1,747,616 CNY 400,000,000	3.00%	Short-term financing	-	Operating Capital	-	NA	-	\$ 4,983,194 CNY 1,163,245,909	\$ 4,983,194 CNY 1,163,245,909
		MediaTek China Limited	Other receivables from related party	Yes	\$ 566,904 CNY 130,000,000	\$ 524,285 CNY 120,000,000	\$ -	0.45-0.65%	Short-term financing	-	Operating Capital	-	NA	-	\$ 4,983,194 CNY 1,163,245,909	\$ 4,983,194 CNY 1,163,245,909
2	Hsu Kang (Samoa) Investment Ltd. (Note 1)	MediaTek (Shenzhen) Inc.	Other receivables from related party	Yes	\$ 3,063,755 CNY 699,315,000	\$ 3,055,335 CNY 699,315,000	\$ 3,055,335 CNY 699,315,000	3.00%	Short-term financing	-	Operating Capital	-	NA	-	\$ 4,970,429 CNY 1,160,266,049	\$ 4,970,429 CNY 1,160,266,049
3	Hsu Fa (Samoa) Investment Ltd. (Note 1)	MediaTek (Hefei) Inc.	Other receivables from related party	Yes	\$ 744,784 CNY 170,000,000	\$ 349,523 CNY 80,000,000	\$ 349,523 CNY 80,000,000	3.00%	Short-term financing	-	Operating Capital	-	NA	-	\$ 4,970,247 CNY 1,160,223,615	\$ 4,970,247 CNY 1,160,223,615
		MediaTek (Chengdu) Inc.	Other receivables from related party	Yes	\$ 306,676 CNY 70,000,000	\$ 305,833 CNY 70,000,000	\$ 305,833 CNY 70,000,000	3.00%	Short-term financing	-	Operating Capital	-	NA	-	\$ 4,970,247 CNY 1,160,223,615	\$ 4,970,247 CNY 1,160,223,615

Note 1: The operating procedures of financing provided to others of Hsu Chia (Samoa) Investment Ltd., Hsu Kang (Samoa) Investment Ltd. and Hsu Fa (Samoa) Investment Ltd. required:

- A. the total amount for lending shall not exceed 20% of the lender's net worth,
- B. the maximum amount lendable to a single company is 10% of the lender's net worth or 30% of the borrower's net worth, whichever is lower, and
- C. fund lending between foreign subsidiaries held directly or indirectly by the lender with 100% of voting stocks shall be excluded from the above limitations. However, total financing amount limits and financing limits for each borrowing company shall not exceed the lender's net worth.

Note 2: Maximum accumulated balance of financing amount as of the declaration month for the period.

**MEDIATEK INC. AND SUBSIDIARIES**  
**ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS**  
**For the year ended December 31, 2020**

Attachment 2

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

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	\$ 67,664,367 (Note 1)	\$ 10,399 USD 342,857	\$ 9,774 USD 342,857	\$ 9,774 USD 342,857	\$ -	0.00%	\$169,160,917 (Note 1)	Y	-	-
		MTK Wireless Limited (UK)	A	\$ 67,664,367 (Note 1)	\$ 7,041 GBP 176,251	\$ -	\$ -	\$ -	0.00%		Y	-	-
		Gaintech Co. Limited	A	\$ 67,664,367 (Note 1)	\$ 24,000,000	\$ 24,000,000	\$ -	\$ -	7.09%		Y	-	-
		MediaTek China Limited	A	\$ 67,664,367 (Note 1)	\$ 9,000,000	\$ 9,000,000	\$ 3,161,537		2.66%		Y	-	-
		Richtek Technology Corp.	A	\$ 67,664,367 (Note 1)	\$ 2,423,180 USD 85,000,000	\$ 2,423,180 USD 85,000,000	\$ -	\$ -	0.72%		Y	-	-

Note 1: Based on the rules of operating procedures of endorsement/guarantee of MediaTek Inc., the limiting amount of endorsement/guarantee rendered to any single company shall not exceed 20% of MediaTek Inc.'s net worth as stated in the latest financial statements.

The total amount of guarantee shall not exceed 50% of the Company's net worth from the latest financial statements.

Note 2: The nature of relationship between endorsor/guarantor and guaranteed party is as follows:

A. The Company directly and indirectly holds more than 50% of the voting shares.

B. A company that directly and indirectly holds more than 50% of the voting shares in the Company.

Note 3: Amounts converted at the highest exchange rate.

**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
**As of December 31, 2020**

Attachment 3

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)									
Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020					
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair Value	Note	
MediaTek Inc.	Funds	KGI Fengli Fund	Financial assets mandatorily measured at fair value through profit or loss- current	27,806,950	\$ 409,805	-	\$ 409,805	-	
		KGI Fuli Strategic Fund	Financial assets mandatorily measured at fair value through profit or loss- current	51,690,182	\$ 717,041	-	\$ 717,041	-	
		Cathay No.1 Real Estate Investment Trust	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	81,200,000	\$ 1,519,252	-	\$ 1,519,252	-	
		Cathay No.2 Real Estate Investment Trust	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	64,503,000	\$ 1,283,610	-	\$ 1,283,610	-	
		Fubon No.1 Real Estate Investment Trust	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	16,744,000	\$ 307,587	-	\$ 307,587	-	
		Fubon No.2 Real Estate Investment Trust	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	13,421,000	\$ 229,633	-	\$ 229,633	-	
	Stocks	BOSTEK LIMITED (CAYMAN)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	640,000	\$ 2,151	6%	\$ 2,151	-	
		Chailasse Finance Co., Ltd. Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,750,000	\$ 273,900	0%	\$ 273,900	-	
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	5,800,000	\$ 281,590	0%	\$ 281,590	-	
		IC PLUS Corp.	Equity instrument investments measured at fair value through other comprehensive income- current	730,000	\$ 16,279	1%	\$ 16,279	-	
		Shin Kong Financial Holding Co., Ltd., Preferred Stock A	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	4,200,000	\$ 183,750	0%	\$ 183,750	-	
	Linked Deposits	EVA Air 4th Credit Linked Structural Product	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	\$ 100,601	-	\$ 100,601	-	
		Bonds	Cathay Life Insurance Co.,Ltd. Cumulative Perpetual Subordinated bond-106-1	Financial assets measured at amortized cost- noncurrent	-	\$ 290,000	-	-	-
			3.875% LENOVO GROUP LTD DUE 160322	Financial assets measured at amortized cost- noncurrent	-	\$ 64,962	-	-	-
			3.5% WEIBO CORP DUE 050724	Financial assets measured at amortized cost- noncurrent	-	\$ 270,769	-	-	-
			1.375% TENCENT MUSIC ENT GRP DUE 030925	Financial assets measured at amortized cost- noncurrent	-	\$ 157,573	-	-	-
3.075% BAIDU INC DUE 070425			Financial assets measured at amortized cost- noncurrent	-	\$ 45,171	-	-	-	
China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-109-1			Financial assets measured at amortized cost- noncurrent	-	\$ 290,000	-	-	-	
Digimac Holdings Limited	Capital	SERAPHIC Information Technology (Shanghai) Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 1,575,338	-	USD 1,575,338	-	
MediaTek Capital Co.	Stocks	ACSIP TECHNOLOGY CORP.	Equity instrument investments measured at fair value through other comprehensive income- current	1,857,008	\$ 17,493	5%	\$ 17,493	-	
		ANDES TECHNOLOGY CORPORATION	Equity instrument investments measured at fair value through other comprehensive income- current	5,657,324	\$ 1,889,546	13%	\$ 1,889,546	1	
		CHUNGHWA PRECISION TEST TECH. CO., LTD.	Equity instrument investments measured at fair value through other comprehensive income- current	351,000	\$ 268,164	1%	\$ 268,164	-	
		MEDIATEK INC.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	7,794,085	\$ 5,822,181	0%	\$ 5,822,181	2	
		ESTINET TECHNOLOGIES INCORPORATION	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	500,000	\$ 2,018	2%	\$ 2,018	-	
		Mars Semiconductor Corp.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,985,793	\$ 105,247	8%	\$ 105,247	-	
		Taiwanis Capital Buffalo Fund Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	250,000,000	\$ 235,103	5%	\$ 235,103	-	
		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	\$ 6,052	2%	\$ 6,052	-	
		WPG Holdings Limited Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	4,600,000	\$ 230,460	0%	\$ 230,460	-	
Hsu-Ta Investment Corp.	Stocks	ACSIP TECHNOLOGY CORP.	Equity instrument investments measured at fair value through other comprehensive income- current	327,707	\$ 3,087	1%	\$ 3,087	-	
		ANDES TECHNOLOGY CORPORATION	Equity instrument investments measured at fair value through other comprehensive income- current	63,275	\$ 21,134	0%	\$ 21,134	1	
		WPG Holdings Limited Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	6,300,000	\$ 315,630	0%	\$ 315,630	-	
		Shin Kong Financial Holding Co., Ltd., Preferred Stock B	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	6,444,000	\$ 272,903	0%	\$ 272,903	-	
		Chailasse Finance Co., Ltd. Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,000,000	\$ 199,200	0%	\$ 199,200	-	
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	5,800,000	\$ 281,590	0%	\$ 281,590	-	
	Bonds	China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-109-1	Financial assets measured at amortized cost- noncurrent	-	\$ 290,000	-	-	-	
Core Tech Resources Inc.	Linked Deposits	HYBRID CAPITAL RETURN NOTES DUE 23 FEBRUARY 2021	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 4,262,590	-	USD 4,262,590	-	
		Callable Credit Linked Dual Range due 2023	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,846,010	-	USD 8,846,010	-	
Gaintech Co. Limited	Stocks	Beijing Xiaomi Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	3,400,000	USD 14,558,586	0%	USD 14,558,586	-	
		WI HARPER INC FUND VI LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	3,000	USD 1,749,772	2%	USD 1,749,772	-	
		MCUBE, INC.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	3,114,984	USD 8,566,206	5%	USD 8,566,206	-	
		INNOVATION WORKS LIMITED	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,000,000	USD 132,378	4%	USD 132,378	-	
		CHINA ALPHA TECHNOLOGIES COMPANY LIMITED	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,990	USD 883	20%	USD 883	-	
		GENERAL MOBILE CORPORATION	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	5,000,000	USD 350,000	18%	USD 350,000	-	
		Mapbar Technology Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	28,504,992	USD 1,042,000	27%	USD 1,042,000	-	
		AutoX, Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	652,176	USD 22,382,680	6%	USD 22,382,680	-	
		CIO Tech Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	6,000,000	USD 600,000	12%	USD 600,000	-	
		Bee Computing (HK) Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,859,100	USD 78,082	4%	USD 78,082	-	

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
**As of December 31, 2020**

(Continued)

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

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020				
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair value	Note
Gaintech Co. Limited	Stocks	Easy-Logic Technology Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	842,734	USD 471,931	5%	USD 471,931	-
		Innoviz Technologies Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	761,322	USD 5,116,084	1%	USD 5,116,084	-
		Oneview.Space LTD	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	340,368	USD 137,913	7%	USD 137,913	-
		DPS Concepts, Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,132,118	USD 2,003,849	3%	USD 2,003,849	-
		Mauna Kea Semiconductor Holdings	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,483,659	USD 1,000,000	5%	USD 1,000,000	-
		Ambiq Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	8,205,734	USD 15,000,000	4%	USD 15,000,000	-
		Eta Compute Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,069,976	USD 2,000,000	4%	USD 2,000,000	-
	Capital	China Walden Venture Investments II, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 10,459,133	-	USD 10,459,133	-
		JAPCO V3-(B) FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 79,026	-	USD 79,026	-
		ALL-STAR5 INVESTMENT FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 3,817,384	-	USD 3,817,384	-
		NOZOMI FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 456	-	USD 456	-
		INNOVATION WORKS DEVELOPMENT FUND	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 13,836,339	-	USD 13,836,339	-
		Shanghai Walden Venture Capital Enterprise	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 35,085,269	-	USD 35,085,269	-
		CHINA BROADBAND CAPITAL PARTNERS II, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 12,478,665	-	USD 12,478,665	-
		CHINA BROADBAND CAPITAL PARTNERS III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 13,709,777	-	USD 13,709,777	-
		SOFTBANK PRINCETON INVESTMENTS L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 14,940,347	-	USD 14,940,347	-
		WALDEN RIVERWOOD VENTURES, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 28,634,834	-	USD 28,634,834	-
		PVG GCN VENTURES, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 8,031,038	-	USD 8,031,038	-
		KIBOU FUND L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 2,282,292	-	USD 2,282,292	-
		WRV II, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 9,615,473	-	USD 9,615,473	-
		Shanghai SummitView IC M AND A Investment Limited Partnership	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 90,347,872	-	USD 90,347,872	-
		AMITI FUND III L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 10,667,930	-	USD 10,667,930	-
		Beijing Integrated Circuit Industry International Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 14,687,250	-	USD 14,687,250	-
		China Prosperity Capital Mobile Internet Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 6,509,210	-	USD 6,509,210	-
		All-Stars Private Investment Cayman Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 39,105,545	-	USD 39,105,545	-
		HOPU USD Master Fund III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 31,869,803	-	USD 31,869,803	-
		China Walden Venture Investments III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 20,113,792	-	USD 20,113,792	-
		WRV III, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 12,016,056	-	USD 12,016,056	-
		Intudo Ventures II, LP	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 1,335,377	-	USD 1,335,377	-
		Phi Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 4,775,759	-	USD 4,775,759	-
		Amiti III, LP	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 723,992	-	USD 723,992	-
		Vertex Ventures (SG)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 748,607	-	USD 748,607	-
		Bain Capital Tech Opportunities Fund, L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 1,390,045	-	USD 1,390,045	-
		Suzhou Foohu Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 996,169	-	USD 996,169	-
		III STRATEGIC M&A FUND L.P.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 205,973	-	USD 205,973	-
		Palm Drive Capital III LP	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 400,000	-	USD 400,000	-
	Bonds	Expedera, Inc.	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 2,400,000	-	USD 2,400,000	-
		AMobile Intelligent Corp. Limited convertible bonds	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 700,000	-	USD 700,000	-
		China International Capital Corporation Limited unsecured bond (CICCHK 0 09/11/21)	Debt instrument investments measured at fair value through other comprehensive income- current	-	USD 8,982,900	-	USD 8,982,900	-
		SoftBank Group Corp unsecured bond	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 8,964,860	-	USD 8,964,860	-
		Citigroup Global Markets Inc.	Financial assets measured at amortized cost- noncurrent	-	USD 20,000,000	-	-	-
		Agricultural Development Bank of China bond	Financial assets measured at amortized cost- noncurrent	-	USD 8,997,300	-	-	-
		Morgan Stanley Secured Notes	Financial assets measured at amortized cost- noncurrent	-	USD 30,000,000	-	-	-
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 9,000,000	-	-	-
		Chailense 2020 Offshore USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 30,000,000	-	-	-
		HYBRID CAPITAL RETURN NOTES DUE 23 FEBRUARY 2021	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 8,921,700	-	USD 8,921,700	-
	Linked Deposits	24 Months Note Linked to a fund due 26 April 2021	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 9,486,900	-	USD 9,486,900	-
		4 Year USD Denominated Credit Linked Notes linked to Alibaba	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 9,054,000	-	USD 9,054,000	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
**As of December 31, 2020**

(Continued)

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

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020				
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair value	Note
Gaintech Co. Limited	Linked Deposits	3 Year USD Denominated JMAB192E Linked Note	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 9,316,800	-	USD 9,316,800	-
		Morgan Stanley Finance LLC - Autocallable Range Note	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 9,002,160	-	USD 9,002,160	-
		USD 3y Auto-Callable Range Accrual Notes linked to USDTWD	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 8,982,000	-	USD 8,982,000	-
		5 Year USD Denominated Credit Linked Notes linked to Bank of Communications	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 9,496,800	-	USD 9,496,800	-
		5 Year USD Denominated JMAB192E Linked Note	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 9,482,400	-	USD 9,482,400	-
		3.5 Year USD Autocallable Steepener Credit Linked Note on the obligation of Alibaba Group Holding Ltd.	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 9,134,100	-	USD 9,134,100	-
		USD 3y Notes Linked to a Fund Due 05-May-2022	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 9,411,300	-	USD 9,411,300	-
		Barclays Bank PLC 3.25% ECLER DUE 31-OCT-2022 USD REGS	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,895,600	-	USD 8,895,600	-
		Callable Credit Linked Dual Range due 2023	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,846,010	-	USD 8,846,010	-
		NeuroBlade Ltd.	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 5,000,000	-	USD 5,000,000	-
		VisIC Technologies Ltd.	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 1,000,000	-	USD 1,000,000	-
		CTBC Credit Linked Notes	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 4,971,500	-	USD 4,971,500	-
	Funds	Cypress Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 3,109,500	-	USD 3,109,500	-
MediaTek (Beijing) Inc.	Funds	Industrial and Commercial Bank of China- yi chia yi No2. RMB Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 40,000,000	-	CNY 40,000,000	-
		Industrial and Commercial Bank of China- jh yi yueh 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 - tian li bai No2. Net Asset Value Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 41,815,370	-	CNY 41,815,370	-
		ICBC Wealth Management XTY Short-term Fixed Income Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,688,632	-	CNY 30,688,632	-
		ICBC Wealth Management Core Selected Fixed Income Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 35,533,928	-	CNY 35,533,928	-
		Industrial and Commercial Bank of China-jh yi yueh hsin (F) Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 31,000,000	-	CNY 31,000,000	-
		ICBC Wealth Management Colorful Life Fixed Income Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,359,571	-	CNY 50,359,571	-
		ICBC * Risheng Yueheng "Increasing Return Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
		ICBC Win-win No.3 Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
	Capital	Hebei Changjiang Nio new energy industry investment fund partnership firm (limited partnership)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 206,258,324	-	CNY 206,258,324	-
		Shanghai Internet Of Things VC Fund II	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 17,483,831	-	CNY 17,483,831	-
		AI Speech Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 55,393,599	-	CNY 55,393,599	-
Xuxin Investment (Shanghai) Inc.	Stocks	Adaps Technology Co., Ltd	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	1,539,011	CNY 2,876,935	9%	CNY 2,876,935	-
		Orbtec Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,174,040	CNY 74,702,623	1%	CNY 74,702,623	-
	Capital	Shenzhen ORVIBO Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 14,383,271	-	CNY 14,383,271	-
		Shanghai Yiqi Information Technology Co. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 4,824,217	-	CNY 4,824,217	-
		Shanghai KQC Financial Management Consulting Co. Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 4,521,000	-	CNY 4,521,000	-
		Ningbo ABAX Sensing	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 13,338,043	-	CNY 13,338,043	-
		Hainan zhikelai enteconsulting partnership	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 992,900	-	CNY 992,900	-
		Hangzhou Ultraception Technology Co., Ltd	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 6,500,000	-	CNY 6,500,000	-
		PuTian Joint Micro Technology Inc.	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 10,000,000	-	CNY 10,000,000	-
	Funds	Industrial and Commercial Bank of China-principal guaranteed Free E orientation 2017 no.3 Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 4,260,000	-	CNY 4,260,000	-
		Industrial and Commercial Bank of China- jh sheng yueh heng RMB Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 13,000,000	-	CNY 13,000,000	-
MediaTek USA Inc.	Bonds	PEMG-INSURANCE POLICY TRUST	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 9,653,736	-	USD 9,653,736	-
	Trust Funds	Trust fund	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 32,239,829	-	USD 32,239,829	-
MediaTek (Wuhan) Inc.	Funds	Fubon Bank (China) YXY No.1 Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 18,510,000	-	CNY 18,510,000	-
		Fubon Bank (China) YXYZXH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 26,270,000	-	CNY 26,270,000	-
Cloud Ranger Limited	Stocks	Appier Holding, Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	103,573	USD 8,669,060	1%	USD 8,669,060	-
		ScaleFlux International	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,096,587	USD 8,415,071	4%	USD 8,415,071	-
		Valens Semiconductor Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,276,935	USD 4,871,762	1%	USD 4,871,762	-
		Ambiq Micro, Inc	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	3,809,900	USD 6,964,459	2%	USD 6,964,459	-
		Transsnet Technology Inc.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	1,820,000	USD 8,645,000	8%	USD 8,645,000	-
		SkyREC LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	75,188	USD 314,474	6%	USD 314,474	-
Hsu Chia (Samoa) Investment Ltd.	Bonds	GS 3.8 02/19/22	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 49,985,000	-	CNY 49,985,000	-
		BACR 3.95 05/30/25	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 50,125,000	-	CNY 50,125,000	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
**As of December 31, 2020**

(Continued)

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

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020				
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair value	Note
Hsu Chia (Samoa) Investment Ltd.	Bonds	BOC 3.30 04/17/22	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 3.4 11/06/24	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 3.18 11/06/22	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ACAAP 3.4 01/30/26	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 2.6 08/11/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		QNBK 3.63 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,010,000	-	-	-
		BCHINA 3.15 09/21/22	Financial assets measured at amortized cost- noncurrent	-	CNY 30,000,000	-	-	-
Hsu Fa (Samoa) Investment Ltd.	Bonds	BOC 3.15 10/16/21	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		GS 3.8 02/19/22	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 49,985,000	-	CNY 49,985,000	-
		BACR 3.95 05/30/25	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 50,125,000	-	CNY 50,125,000	-
		BOC 3.15 10/16/21	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		BOC 3.30 04/17/22	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 2.60 08/11/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		SG 3.2 2027/9/4	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
	Linked Deposits	QNBK 3.63 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 50,010,000	-	-	-
		BCHINA 3.15 09/21/22	Financial assets measured at amortized cost- noncurrent	-	CNY 60,000,000	-	-	-
		3yNC1y CNY Dual Range Accrual Notes link TWD>=29 LIBOR < 5%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 47,985,000	-	CNY 47,985,000	-
		3yNC1y CNY Dual Range Accrual Notes link TWD>=29 LIBOR < 5.25%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 38,388,000	-	CNY 38,388,000	-
Hsu Kang (Samoa) Investment Ltd.	Bonds	3yNC1y CNY Denominated Range Accrual Notes linked TWD>=29.4	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 27,863,200	-	CNY 27,863,200	-
		3yNC1y CNY Dual Range Accrual Notes link TWD>= 29.5 Swap Rate <= 3.40%	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	CNY 47,430,000	-	CNY 47,430,000	-
		GS 3.8 02/19/22	Debt instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 49,985,000	-	CNY 49,985,000	-
		BOC 3.15 10/16/21	Financial assets measured at amortized cost- current	-	CNY 50,000,000	-	-	-
		ADBCH 3.4 11/06/24	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ADBCH 3.18 11/06/22	Financial assets measured at amortized cost- noncurrent	-	CNY 47,000,000	-	-	-
		FUBBAN 4.08 01/09/25	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
		ACAAP 3.4 01/30/26	Financial assets measured at amortized cost- noncurrent	-	CNY 50,000,000	-	-	-
MediaTek (Shenzhen) Inc.	Capital	QNBK 3.63 09/24/23	Financial assets measured at amortized cost- noncurrent	-	CNY 38,007,600	-	-	-
		Shanghai Shansheng Chuangxin investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 347,712,000	-	CNY 347,712,000	-
	Funds	Shanghai SummitView IC M AND A Investment Limited Partnership II	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 32,880,554	-	CNY 32,880,554	-
		Industrial and Commercial Bank of China- jh yi yueh hsin plan A	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,647,327	-	CNY 50,647,327	-
		Industrial and Commercial Bank of China- jh yi yueh hsin III plan B	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 43,500,000	-	CNY 43,500,000	-
		Industrial and Commercial Bank of China- principal guaranteed Free E Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 25,000,000	-	CNY 25,000,000	-
Richtek Technology Corp.	Stocks	Fubon Bank (China) YXYZH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,000,000	-	CNY 30,000,000	-
Li-Yu Investment Corp.	Stocks	DYNA RECH CO., LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	16,000,000	\$ 110,400	9%	\$ 110,400	-
Gold Rich International (HK) Limited	Stocks	Asia Global Venture Capital II	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	770,000	\$ 23,454	10%	\$ 23,454	-
		Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	2,046,504	USD 46,283,923	0%	USD 46,283,923	-
MediaTek (Shanghai) Inc.	Capital	Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	31,216,205	USD 705,988,563	7%	USD 705,988,563	-
		Shanghai Shansheng Chuangxin investment Partnership (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 347,712,000	-	CNY 347,712,000	-
	Funds	Zhu Hai City Yuan Tan Information Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 200,000	-	CNY 200,000	-
		Industrial and Commercial Bank of China-jh yi yueh hsin (F) Fund	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	Spice Mobility Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	19,368,439	INR 428,042,502	9%	INR 428,042,502	-
MediaTek China Limited	Linked Deposits	Callable Range Accrual Note	Financial assets mandatorily measured at fair value through profit or loss- noncurrent	-	USD 8,895,600	-	USD 8,895,600	-
	Bonds	Agricultural Development Bank of China bond	Financial assets measured at amortized cost- noncurrent	-	USD 8,997,300	-	-	-
		Morgan Stanley Secured Notes	Financial assets measured at amortized cost- noncurrent	-	USD 20,000,000	-	-	-
		China Merchants Bank Floating USD Bond	Financial assets measured at amortized cost- noncurrent	-	USD 9,000,000	-	-	-
	Funds	Cyprus Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 3,033,659	-	USD 3,033,659	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, AFFILIATES AND JOINT VENTURE)**  
**As of December 31, 2020**

(Continued)

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

Held Company Name	Securities Type	Securities Name	Financial Statement Account	December 31, 2020				
				Units/Shares	Carrying Amount	Percentage of Ownership(%)	Fair value	Note
MStar Software R&D (Shenzhen), Ltd.	Funds	Fubon Bank (China) YXY No.1 Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 42,000,000	-	CNY 42,000,000	-
		Fubon Bank (China) YXY No.3 Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
MTK Wireless Limited (UK)	Capital	HEVC Advance LLC	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	GBP 2,103,252	-	GBP 2,103,252	-
MediaTek (Hefei) Inc.	Funds	Fubon Bank (China) YXYXFH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 20,000,000	-	CNY 20,000,000	-
		Fubon Bank (China) YXYXLH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 48,000,000	-	CNY 48,000,000	-
EcoNet (Suzhou) Limited	Funds	Fubon Bank of China - yue de ying no.3 Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
		Fubon Bank (China) YXY Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
		Fubon Bank (China) YXY No.3 Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 25,000,000	-	CNY 25,000,000	-
		Fubon Bank (China) YXYZXH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
		Fubon Bank (China) YXYZRH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
		Fubon Bank (China) YXYXLH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
		ICBC Principal Guaranteed Fund	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
MOUNTAIN CAPITAL FUND L.P.	Stocks	One 97 Communications Limited	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	252,778	USD 56,630,048	0%	USD 56,630,048	-
	Capital	Mountain SP	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	USD 10,407,665	-	USD 10,407,665	-
Hefei Xuhui Management Consulting Co., Ltd.	Capital	Kun Qiao (Shenzhen) Semiconductor Industry Equity Investment Fund	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	-	CNY 332,779,620	-	CNY 332,779,620	-
Hsu-Si Investment Corp.	Stocks	Shin Kong Financial Holding Co., Ltd., Preferred Stock B	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	6,444,000	\$ 272,903	0%	\$ 272,903	-
		WT Microelectronics Preferred Stock A	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	2,441,000	\$ 118,511	0%	\$ 118,511	-
	Bonds	China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-109-1	Financial assets measured at amortized cost- noncurrent	-	\$ 290,000	-	-	-
Xiamen Sigmstar Technology Inc.	Funds	China Merchants Bank Wealth Gathering No.98182 Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 40,000,000	-	CNY 40,000,000	-
		China Merchants Bank Wealth Growing No.8699 Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-
		China Merchants Bank Fixed Income No.890009 Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 50,000,000	-	CNY 50,000,000	-

Note 1: The chairman of the company is the same as the ultimate parent company's.

Note 2: Ultimate parent entity.

**MEDIATEK INC. AND SUBSIDIARIES**  
**INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK**  
**For the year ended December 31, 2020**

Attachment 4

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)																				
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	Carrying Amount	Gains (Losses) on Disposal	Units/Shares	Amount (Note 2)						
MediaTek Inc.	Hsu-Si Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	-	TWD	-	2,730,000,000	TWD	28,857,438	2,105,695,244	TWD	21,056,952	TWD	21,056,952	TWD	-	624,304,756	TWD	8,793,354
MediaTek Inc.	Richtek Technology Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	-	TWD	-	148,482,806	TWD	21,221,922	-	TWD	-	TWD	-	TWD	-	148,482,806	TWD	22,351,726
MediaTek Inc.	Hsu-Ta Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	3,398,981,889	TWD	37,014,570	-	TWD	-	2,876,384,348	TWD	28,763,843	TWD	28,763,843	TWD	-	737,515,603	TWD	11,597,759
Hsu-Ta Investment Corp.	Hsu-Si Investment Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	2,730,000,000	TWD	27,280,365	-	TWD	-	2,730,000,000	TWD	28,857,438	TWD	28,857,438	TWD	-	-	TWD	-
Hsu-Si Investment Corp.	Richtek Technology Corp.	Investments accounted for using the equity method	Note 3	Subsidiary	148,482,806	TWD	19,938,339	-	TWD	-	148,482,806	TWD	21,221,992	TWD	21,221,992	TWD	-	-	TWD	-
Gold Rich International (HK) Limited	Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	20,475,772	USD	575,518,810	-	USD	-	18,429,268	USD	547,240,513	USD	15,971,612	USD	531,268,901	2,046,504	USD	46,283,923
Gaintech Co. Limited	Vanchip (Tianjin) Technology Co., Ltd.	Investments accounted for using the equity method	Note 6	Associates	-	USD	-	110,242,520	USD	40,000,000	2,695,059	USD	7,608,272	USD	7,608,272	USD	-	107,547,461	USD	39,444,076
Hefei Xuhui Management Consulting Co., Ltd.	Kun Qiao (Shenzhen) Semiconductor Industry Equity Investment Fund (Limited Partnership)	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	-	CNY	-	-	CNY	335,000,000	-	CNY	-	CNY	-	CNY	-	-	CNY	335,000,000
MediaTek China Limited	Morgan Stanley Secured Notes	Financial assets measured at amortized cost-non current	-	-	-	USD	-	-	USD	20,000,000	-	USD	-	USD	-	USD	-	-	USD	20,000,000
Gaintech Co. Limited	Morgan Stanley Secured Notes	Financial assets measured at amortized cost-non current	-	-	-	USD	-	-	USD	30,000,000	-	USD	-	USD	-	USD	-	-	USD	30,000,000
Gaintech Co. Limited	Citigroup Global Markets Inc.	Financial assets measured at amortized cost-non current	-	-	-	USD	-	-	USD	20,000,000	-	USD	-	USD	-	USD	-	-	USD	20,000,000
Gaintech Co. Limited	Chailase 2020 Offshore USD Bond	Financial assets measured at amortized cost-non current	-	-	-	USD	-	-	USD	30,000,000	-	USD	-	USD	-	USD	-	-	USD	30,000,000
Gaintech Co. Limited	All-Stars Investment Fund	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	-	USD	28,519,739	-	USD	-	-	USD	16,504,120	USD	16,232,446	USD	271,674	-	USD	3,817,384
Gaintech Co. Limited	Ambiq Micro, Inc.	Equity instrument investments measured at fair value through other comprehensive income-noncurrent	-	-	-	USD	-	8,205,734	USD	15,000,000	-	USD	-	USD	-	USD	-	8,205,734	USD	15,000,000
MediaTek China Limited	Xuxin Investment (Shanghai) Inc.	Investments accounted for using the equity method	Note 1	Subsidiary	-	USD	47,549,995	-	USD	23,400,000	-	USD	-	USD	-	USD	-	-	USD	72,085,762
Xuxin Investment (Shanghai) Inc.	Xuxi (Shanghai) Management Consulting Co., Ltd.	Investments accounted for using the equity method	Note 1	Subsidiary	-	CNY	171,282,514	-	CNY	167,550,000	-	CNY	-	CNY	-	CNY	-	-	CNY	337,374,783
Xuxi (Shanghai) Management Consulting Co., Ltd.	Hefei Xuhui Management Consulting Co., Ltd.	Investments accounted for using the equity method	Note 1	Subsidiary	-	CNY	171,256,686	-	CNY	167,550,000	-	CNY	-	CNY	-	CNY	-	-	CNY	337,305,363

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WHICH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF NT\$300 MILLION OR 20 PERCENT OF THE CAPITAL STOCK**  
**For the year ended December 31, 2020**

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units/Shares	Amounts	Units/Shares	Amount	Units/Shares	Amount	Carrying Amount	Gains (Losses) on Disposal	Units/Shares	Amount (Note 2)
Gaintech Co. Limited	MTK Wireless Limited (UK)	Investments accounted for using the equity method	Note 1	Subsidiary	66,394,826	USD 156,609,622	18,000,000	USD 23,976,000	-	USD -	USD -	USD -	84,394,826	USD 216,345,815
MediaTek Inc.	MStar France SAS	Investments accounted for using the equity method	Note 4	Subsidiary	458,900	TWD 832,679	-	TWD -	458,900	TWD 853,713	TWD 844,264	TWD -	-	TWD -
MTK Wireless Limited (UK)	MStar France SAS	Investments accounted for using the equity method	Note 4	Subsidiary	-	GBP -	458,900	GBP 22,158,012	-	GBP -	GBP -	GBP -	458,900	GBP 22,025,850
Gaintech Co. Limited	ILI Technology Holding Corporation	Investments accounted for using the equity method	Note 5	Subsidiary	344,243,782	USD 123,695,507	-	USD -	344,243,782	USD 138,000,000	USD 130,728,701	USD 7,271,299	-	USD -

Note 1: Subscribed to the new shares issued.

Note 2: Amounts shown for investments accounted for using the equity method included investment income (loss) recognized by the equity method, adjustment for foreign exchange, and unrealized gains (losses) from investments measured at fair value through other comprehensive income.

Note 3: For the purpose of reorganization, Hsu-Ta Investment Corp. reduced its capital and returned the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp. back to MediaTek Inc. in April 2020.

Moreover, Hsu-Si Investment Corp. reduced its capital and returned the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp. back to MediaTek Inc. on the next day.

The differences resulting from transfer to and from shall have been covered by cash (if any).

Note 4: For the purpose of reorganization, the 100% ownership of Mstar France SAS, which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in December 2020.

Note 5: Gaintech Co. Limited has completed the transfer of shareholding rights of ILI Technology Holding Corporation by November 2020.

Note 6: Subscribed to the new shares issued by cash and by retained earnings.

**MEDIATEK 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, 2020**

Attachment 5

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

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.	Construction in progress	2018.08.31	CNY 295,000,000	CNY 136,932,129	Horizon Design (Xiamen) Co., Ltd., Sichuan Chuanjian Geotechnical Survey And Design Institute, Sichuan Hareal Consultina Co.,Ltd., Sichuan Linda Safety Consulting Technology Service Co., Ltd., Shanghai Zhennan Engineering Supervision Co., Ltd., Jiangsu Wannianda Construction Group Co., Ltd., Nantong Installation Group Co., Ltd., Shanghai Deheng Power Engineering Co., Ltd., The IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited, etc.	None	-	-	-	\$-	Not applicable	Space requirements for staff expansion	None
MediaTek (Wuhan) Inc.	Construction in progress	2019.10.25	CNY 371,000,000	CNY 96,712,724	Jiangsu Wannianda Construction Group Co., Ltd., Lianxing Construction Hubei Co.,Ltd.	None	-	-	-	\$-	Not applicable	Space requirements for staff expansion	None
Xiamen Sigmastar Technology Inc.	Construction in progress	2020.10.30	CNY 152,000,000	CNY 5,738,744	Xiamen Chengjian Construction Co., Ltd., Xiamen Tefang Haiwan Investment Co., Ltd., Xiamen Yundang Construction Supervision Co., Ltd., etc.	None	-	-	-	\$-	Not applicable	Space requirements for staff expansion	None

**MEDIATEK INC. AND SUBSIDIARIES**  
**RELATED PARTY TRANSACTIONS FOR PURCHASES AND SALES AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK**  
**For the year ended December 31, 2020**

Attachment 6

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

Company Name	Counter-party	Relationship	Transaction Details				Details of Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchases/Sales	Amount	Percentage of Total Purchases/Sales	Payment Term			Ending Balance	Percentage of Total Notes/Trade Receivables (Payables)	
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	Sales	\$ 267,952	0.16%	Charged by a certain period	-	-	\$ 268,683	1.48%	-
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	Sales (Note 1)	\$ 1,770,049	1.05%	Charged by a certain period	-	-	\$ 191,194	1.05%	-
EcoNet (Suzhou) Limited	EcoNet Limited	Subsidiary	Sales	CNY 303,814,017	100.00%	Charged by a certain period	-	-	CNY 92,966,884	100.00%	-
MediaTek Inc.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 2,965,725	-	75 days	-	-	\$ (999,997)	(4.36)%	-
MediaTek Inc.	King Long Tech (Suzhou) Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 104,468	-	75 days	-	-	\$ (39,482)	(0.17)%	-
Airoha Technology Corp.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	\$ 248,573	-	30 days	-	-	\$ (51,761)	(6.02)%	-
MediaTek Singapore Pte. Ltd.	King Yuan Electronics Co., Ltd.	Substantive related party	IC testing, experimental services, and manufacturing technology services	USD 72,695,804	-	75 days	-	-	USD (17,929,881)	(5.11)%	-

Note 1: License revenues mainly

**MEDIATEK INC. AND SUBSIDIARIES**  
**RECEIVABLES FROM RELATED PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK**  
**As of December 31, 2020**

Attachment 7

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Counter-party	Relationship	Ending Balance of Notes/Trade Receivables from Related Party		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts
						Amount	Action Taken		
MediaTek Inc.	Airoha Technology Corp.	Subsidiary	\$ 268,683	(Note 1)	-	\$ -	-	\$ 1,245	\$ -
MediaTek Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 191,194	(Note 1)	-	\$ -	-	\$ 191,194	\$ -
MediaTek Inc.	Nephos (Hefei) Co., Ltd.	Subsidiary	\$ 443,568	(Note 1)	-	\$ -	-	\$ -	\$ -
MediaTek Bangalore Private Limited	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 168,674	(Note 1)	-	\$ -	-	\$ 168,674	\$ -
MediaTek USA Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 632,413	(Note 1)	-	\$ -	-	\$ 632,413	\$ -
MediaTek Wireless Finland Oy	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 208,274	(Note 1)	-	\$ -	-	\$ 208,274	\$ -
MediaTek Korea Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 100,693	(Note 1)	-	\$ -	-	\$ 100,693	\$ -
MediaTek (Shenzhen) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 460,202	(Note 1)	-	\$ -	-	\$ 460,202	\$ -
MediaTek (Chengdu) Inc	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 195,404	(Note 1)	-	\$ -	-	\$ 195,404	\$ -
MediaTek (Shang Hai) Inc.	MediaTek Singapore Pte. Ltd.	Subsidiary	\$ 198,502	(Note 1)	-	\$ -	-	\$ 198,502	\$ -
EcoNet (Suzhou) Limited	EcoNet Limited	Subsidiary	\$ 406,176	(Note 1)	-	\$ -	-	\$ 406,176	\$ -
Hsu Chia (Samoa) Investment Ltd.	MediaTek (Shang Hai) Inc.	Subsidiary	\$ 1,747,616	(Note 2)	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Hefei) Inc.	Subsidiary	\$ 349,523	(Note 2)	-	\$ -	-	\$ -	\$ -
Hsu Fa (Samoa) Investment Ltd.	MediaTek (Chengdu) Inc	Subsidiary	\$ 305,833	(Note 2)	-	\$ -	-	\$ -	\$ -
Hsu Kang (Samoa) Investment Ltd.	MediaTek (Shenzhen) Inc.	Subsidiary	\$ 3,055,335	(Note 2)	-	\$ -	-	\$ -	\$ -
Richtek Technology Corp.	MediaTek Inc.	Subsidiary	\$ 1,527,630	(Note 1)	-	\$ -	-	\$ 1,527,630	\$ -
Hsu-Si Investment Corp.	Airoha Technology Corp.	Subsidiary	\$ 665,525	(Note 3)	-	\$ -	-	\$ -	\$ -

Note 1: Trade receivables and other receivables arising from technical services, sales of chips and software usage mainly.

Note 2: Loans and their interests (recorded in other receivables) mainly.

Note 3: Dividend revenues (recorded in other receivables) mainly.

**MEDIATEK INC. AND SUBSIDIARIES**  
**THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES**  
**For the year ended December 31, 2020**

Attachment 8

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transaction			
				Accounts	Amount	Transaction Terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
0	MediaTek Inc.	MediaTek Singapore Pte. Ltd.	A	Trade Receivables from related party	\$ 191,194	By contract	0.04%
			A	Operating Revenue from related Party	\$ 1,770,049		0.55%
			A	Other current liabilities	\$ 285,423		0.05%
		Richtek Technology Corp.	A	Trade Payables to related party	\$ 1,527,630		0.29%
		Airoha Technology Corp.	A	Trade Receivables from related party	\$ 268,683		0.05%
			A	Trade Payables to related party	\$ 81,442		0.02%
			A	Operating Revenue from related Party	\$ 267,952		0.08%
		HFI Innovation Inc.	A	Operating Revenue from related Party	\$ 41,711		0.01%
		Zelus Technology (HangZhou) Ltd.	A	Operating Revenue from related Party	\$ 36,016		0.01%
		MediaTek Research UK Limited	A	Research and development expenses	\$ 37,232		0.01%
		Nephos (Hefei) Co., Ltd.	A	Trade Receivables from related party	\$ 161,114		0.03%
			A	Other Receivables from related party	\$ 282,454		0.05%
		MediaTek China Limited	A	Bank loan guarantee	\$ 3,161,537		0.59%
		MediaTek USA Inc.	A	Lease execution deposits	\$ 9,774		0.00%
		EcoNet Limited	A	Selling expenses	\$ 62,045		0.02%
		InnoFusion Technology Corp.	A	Research and development expenses	\$ 43,266		0.01%
1	MediaTek Singapore Pte. Ltd.	MediaTek Bangalore Private Limited	C	Trade Payables to related party	\$ 168,674	By contract	0.03%
			C	Research and development expenses	\$ 1,217,485		0.38%
		MediaTek Japan Inc.	C	Research and development expenses	\$ 152,397		0.05%
		MediaTek India Technology Pvt. Ltd.	C	Trade Payables to related party	\$ 98,464		0.02%
			C	Research and development expenses	\$ 649,957		0.20%
		MediaTek Korea Inc.	C	Trade Payables to related party	\$ 100,693		0.02%
			C	Research and development expenses	\$ 693,003		0.22%
		MediaTek Wireless FZ-LLC	C	Selling expenses	\$ 36,716		0.01%
		MTK Wireless Limited (UK)	C	Trade Payables to related party	\$ 81,243		0.02%
			C	Research and development expenses	\$ 727,788		0.23%
		MediaTek Sweden AB	C	Research and development expenses	\$ 125,092		0.04%
		MediaTek USA Inc.	C	Trade Payables to related party	\$ 632,413		0.12%
			C	Research and development expenses	\$ 5,399,229		1.68%
		MediaTek Wireless Finland Oy	C	Trade Payables to related party	\$ 208,274		0.04%
			C	Research and development expenses	\$ 853,401		0.26%
		MediaTek (Hefei) Inc.	C	Trade Payables to related party	\$ 89,163		0.02%

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES**  
**For the year ended December 31, 2020**

(Continued)

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transaction			
				Accounts	Amount	Transaction Terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
1	MediaTek Singapore Pte. Ltd.	MediaTek (Hefei) Inc.	C	Research and development expenses	\$ 1,824,665	By contract	0.57%
		MediaTek (Beijing) Inc.	C	Trade Payables to related party	\$ 83,192		0.02%
			C	Research and development expenses	\$ 2,450,314		0.76%
		MediaTek (Shenzhen) Inc.	C	Trade Payables to related party	\$ 460,202		0.09%
			C	Research and development expenses	\$ 3,333,595		1.03%
		MediaTek (Chengdu) Inc.	C	Trade Payables to related party	\$ 195,404		0.04%
			C	Research and development expenses	\$ 1,168,565		0.36%
		MediaTek (Wuhan) Inc.	C	Trade Payables to related party	\$ 59,293		0.01%
			C	Research and development expenses	\$ 457,922		0.14%
		MediaTek (Shang Hai) Inc.	C	Trade Payables to related party	\$ 198,502		0.04%
2	EcoNet (Suzhou) Limited		C	Research and development expenses	\$ 1,464,128		0.45%
		Xiamen Sigmastar Technology Inc.	C	Research and development expenses	\$ 88,091		0.03%
		EcoNet (HK) Limited	C	Non-operating income	\$		0.04%
			C	Research and development expenses	\$		0.08%
3	Hsu Chia (Samoa) Investment Ltd.	EcoNet Limited	C	Trade Receivables from related party	\$ 406,176		0.40%
			C	Operating Revenue from Related Party	\$ 1,303,023		0.03%
4	Hsu Kang (Samoa) Investment Ltd.	MediaTek (Hefei) Inc.	C	Research and development expenses	\$ 97,507		0.33%
			C	Other Receivables from related party	\$ 1,747,616		0.02%
5	Hsu Fa (Samoa) Investment Ltd.	MediaTek (Shang Hai) Inc.	C	Non-operating income	\$ 63,073		0.57%
			C	Other Receivables from related party	\$ 3,055,335		0.03%
6	Hsu-Si Investment Corp.	MediaTek (Shenzhen) Inc.	C	Non-operating income	\$ 89,967		0.07%
			C	Other Receivables from related party	\$ 349,523		0.06%
7	Airoha Technology Corp.	MediaTek (Hefei) Inc.	C	Other Receivables from related party	\$ 305,833		0.12%
		MediaTek (Chengdu) Inc.	C	Other Receivables from related party	\$ 665,525		0.01%
8	Xiamen Sigmastar Technology Inc.	Airoha Technology Corp.	C	Other Receivables from related party	\$ 30,316		0.04%
			C	Research and development expenses	\$ 128,422		0.04%
		Airotek (Shenzhen) Inc.	C	Research and development expenses	\$ 120,708		0.01%
			C	Research and development expenses	\$ 70,997		0.05%
9	ILI Technology Corporation	InnoFusion Technology Corp.	C	Research and development expenses	\$ 164,752		0.01%
			C	Trade Payables to related party	\$ 35,215		0.03%
10	Richtek Technology Corp.	SigmaStar Technology Inc. (Shanghai)	C	Research and development expenses	\$ 100,303		0.05%
			C	Selling expenses	\$ 160,553		0.02%

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES**  
**For the year ended December 31, 2020**

(Continued)

No. (Note 1)	Company Name	Counter-party	Relationship (Note 2)	Intercompany Transaction			
				Accounts	Amount	Transaction Terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
10	Richtek Technology Corp.	Li-We Technology Corporation	C	Selling expenses	\$ 132,292	By contract	0.04%
		Richtek USA Inc.	C	Operating Revenue from related Party	\$ 47,398		0.01%
		Richtek Korea LLC.	C	Research and development expenses	\$ 62,539		0.02%
			C	Selling expenses	\$ 94,593		0.03%
		Richpower Microelectronics Co., Ltd.	C	Selling expenses	\$ 57,899		0.02%
11	Richpower Microelectronics Corp.	Ironman Overseas Co., Ltd.	C	Selling expenses	\$ 54,071		0.02%
		Richstar Group Co., Ltd.	C	Selling expenses	\$ 96,127		0.03%

Note 1: MediaTek Inc. and its subsidiaries are coded as follows:

A. MediaTek Inc. is coded 0.

B. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: There are three types of relationship categorized as follow:

A. The holding companies to subsidiaries.

B. Subsidiaries to the holding companies.

C. Subsidiaries to subsidiaries.

Note 3: Percentage of consolidated operating revenues or total assets is calculated as follows: for the balance sheet accounts, the ending balance of assets or liabilities divided by consolidated total assets, or for the income statement accounts, the interim accumulated amounts divided by consolidated sales.

Note 4: The disclosure standard of above transactions between the holding company and subsidiaries are amounts exceeding 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)**  
**As of December 31, 2020**

Attachment 9

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)											
Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
MediaTek Inc.	MStar International Technology Inc.	Note 1	Research	\$ 300,000	\$ 300,000	30,000,000	100%	\$ 83,377	\$ 237	\$ 237	Note 19
	HFI Innovation Inc.	Note 1	Intellectual property right management	\$ 1,180,621	\$ 1,138,910	118,062,084	100%	\$ 504,571	\$ (31,003)	\$ (51,468)	Note 19
	Hsu-Ta Investment Corp.	Note 1	General investing	\$ 6,500,166	\$ 35,264,009	737,515,603	100%	\$ 11,597,759	\$ 1,752,751	\$ 1,669,841	Note 19
	MediaTek Investment Singapore Pte. Ltd.	Note 7	General investing	\$ 53,067,384	\$ 53,067,384	2,251,157,978	100%	\$ 184,460,781	\$ 6,110,411	\$ 6,150,633	Note 19
	MediaTek Singapore Pte. Ltd.	Note 7	Research, manufacturing and sales	\$ 2,745,519	\$ 2,745,519	111,993,960	100%	\$ 11,244,859	\$ 14,152,825	\$ 14,199,789	Note 19
	MStar France SAS	Note 13	Research	\$ -	\$ 868,611	-	-	\$ -	\$ 4,833	\$ 5,257	Note 19 and Note 20
	MStar Co., Ltd.	Note 15	General investing	\$ 526,142	\$ 526,142	13,350,000	100%	\$ 117,897	\$ (342,159)	\$ (342,159)	Note 19
	Digimoc Holdings Limited	Note 3	General investing	\$ 36,603	\$ 36,603	3,805	100%	\$ 44,669	\$ (45)	\$ (45)	Note 19
	MShining International Corporation	Note 1	Sales	\$ -	\$ 682,336	-	-	\$ -	\$ 3,046	\$ (444)	Note 19 and Note 21
	Spidcom Technologies	Note 13	Intellectual property right management	\$ 4,722	\$ 4,722	146,200	100%	\$ 2,624	\$ (1,050)	\$ (1,050)	Note 19
	Richtek Technology Corp.	Note 1	Research, manufacturing and sales	\$ 21,221,922	\$ -	148,482,806	100%	\$ 22,351,726	\$ 6,170,678	\$ 4,367,471	Note 19 and Note 22
	Hsu-Si Investment Corp.	Note 1	General investing	\$ 7,800,486	\$ -	624,304,756	100%	\$ 8,793,354	\$ 2,153,308	\$ 519,059	Note 19 and Note 22
MediaTek Investment Singapore Pte. Ltd.	Gaintech Co. Limited	Note 2	General investing	USD 1,921,541,067	USD 1,921,541,067	383,813,853	100%	USD 6,367,308,450	USD 201,529,214	-	Note 19
	Cloud Ranger Limited	Note 5	General investing	USD 23,139,000	USD 23,139,000	23,139,000	100%	USD 41,288,058	USD 84,413	-	Note 19
	MediaTek Bangalore Private Limited	Note 4	Research	USD 339,847	USD 339,847	1,999,999	100%	USD 26,074,038	USD 6,598,169	-	Note 19
Hsu-Ta Investment Corp.	Core Tech Resources Inc.	Note 3	General investing	\$ 3,357,608	\$ 3,357,608	102,200,000	100%	\$ 4,563,334	\$ 70,018	-	Note 19
	MediaTek Capital Co.	Note 1	General investing	\$ 3,955,188	\$ 3,915,188	163,603,653	100%	\$ 10,618,108	\$ 1,846	-	Note 19
	MediaTek Bangalore Private Limited	Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 6,598,169	-	Note 19
	Hsu-Si Investment Corp.	Note 1	General investing	\$ -	\$ 27,300,000	-	-	\$ -	\$ 2,153,308	-	Note 19 and Note 22
Core Tech Resources Inc.	MediaTek India Technology Pvt. Ltd.	Note 4	Research	\$ -	\$ -	1	-	\$ -	USD 3,578,913	-	Note 19
MediaTek Capital Co.	RolfTech Technology Co., Ltd.	Note 1	Research	\$ -	\$ 140,020	-	-	\$ -	\$ (11)	-	Note 19 and Note 23
	E-Vehicle Semiconductor Technology Co., Ltd.	Note 1	Research, manufacturing and sales	\$ 16,796	\$ 16,796	7,600,000	29%	\$ 4,899	\$ (29,303)	-	-
	Chingis Technology Corporation	Note 1	Research	\$ 857,932	\$ 887,932	113,936,991	100%	\$ 540,555	\$ (38,618)	-	Note 19
	CMOS-Crystal Ltd.	Note 1	Research	\$ 18,189	\$ 18,189	25,001	20%	\$ 16,752	\$ (2,003)	-	-
	Cyberon Corp.	Note 1	Research	\$ 250,737	\$ 250,737	3,119,748	30%	\$ 251,108	\$ 13,308	-	-
	MediaTek Research Corp.	Note 1	Research	\$ 800	\$ 800	80,000	100%	\$ 1,815	\$ 986	-	Note 19
	InnoFusion Technology	Note 1	Technical services	\$ 224,539	\$ -	127,000,000	100%	\$ 1,188,419	\$ 6,487	-	Note 19 and Note 24
Gaintech Co. Limited	MediaTek India Technology Pvt. Ltd.	Note 4	Research	USD 1,797,222	USD 1,797,222	5,499,999	100%	USD 20,785,990	USD 3,578,913	-	Note 19
	MediaTek Korea Inc.	Note 9	Research	USD 2,074,740	USD 2,074,740	200,000	100%	USD 8,446,150	USD 1,159,615	-	Note 19
	MediaTek China Limited	Note 11	General investing	USD 351,444,293	USD 351,444,293	2,730,102,500	100%	USD 635,904,408	USD 6,541,115	-	Note 19
	MediaTek Japan Inc.	Note 10	Technical services	USD 61,978	USD 61,978	7,100	100%	USD 3,247,712	USD 388,837	-	Note 19
	ZENA TECHNOLOGIES INTERNATIONAL, INC.	Note 3	General investing	USD 3,200,000	USD 3,200,000	600,000	33%	USD -	USD -	-	-
	CMC CAPITAL INVESTMENTS, L.P.	Note 2	General investing	USD 7,215,598	USD 7,215,598	-	67%	USD 7,416,614	USD 2,733,550	-	-
	Smarthead Limited	Note 15	General investing	USD 700,000	USD 700,000	700,000	100%	USD 1,563,084	USD (215,938)	-	Note 19
	Gold Rich International (Samoa) Limited	Note 5	General investing	USD 4,290,000	USD 4,290,000	4,290,000	100%	USD 797,561,670	USD 14,275,127	-	Note 19
	Ralink Technology (Samoa) Corp.	Note 5	General investing	USD 5,626,623	USD 5,626,623	7,150,000	100%	USD 31,426,784	USD 8,301,426	-	Note 19
	MTK Wireless Limited (UK)	Note 12	Research	USD 135,664,604	USD 111,688,604	84,394,826	100%	USD 216,345,815	USD 31,663,258	-	Note 19
	EcoNet (Cayman) Inc.	Note 2	General investing	USD 56,132,213	USD 55,952,726	22,870,281	76%	USD 140,699,484	USD 28,753,349	-	Note 19

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEES IN MAINLAND CHINA)**  
**As of December 31, 2020**

(Continued)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)											
Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Gaintech Co. Limited	FONTAINE CAPITAL FUND, L.P.	Note 2	General investing	USD 17,142,857	USD 17,142,857	17,142,857	57%	USD 99,330,747	USD (727,955)	-	-
	MediaTek Wireless FZ-LLC	Note 14	Technical services	USD 13,753	USD 13,753	50	100%	USD 209,489	USD 56,908	-	Note 19
	Hsu Chia (Samoa) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 179,581,122	USD 4,336,220	-	Note 19
	Hsu Fa (Samoa) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 178,851,935	USD 4,115,786	-	Note 19
	Hsu Kang (Samoa) Investment Ltd.	Note 5	General investing	USD 156,422,064	USD 156,422,064	1,000,000,000	100%	USD 178,306,742	USD 3,368,391	-	Note 19
	Nephos Pte. Ltd.	Note 7	Research	USD 74,378	USD 2,197,493	1	100%	USD 483,815	USD 42,117	-	Note 19
	Nephos Cayman Co. Limited	Note 2	General investing	USD 113,110,426	USD 113,110,426	113,110,426	100%	USD (4,247,517)	USD (1,176,637)	-	Note 19
	MOUNTAIN CAPITAL FUND, L.P.	Note 2	General investing	USD 27,200,000	USD 27,200,000	27,200,000	90%	USD 63,256,112	USD (33,883)	-	Note 19
	CSVI VENTURES, L.P.	Note 2	General investing	USD 12,000,000	USD 12,000,000	12,000,000	39%	USD 8,072,982	USD (4,404,815)	-	-
	INTELLIGO TECHNOLOGY INC.	Note 2	General investing	USD 8,000,000	USD 8,000,000	8,928,270	23%	USD 3,224,988	USD (4,334,475)	-	-
	ISStar Technology Ltd.	Note 2	General investing	USD 2,977,673	USD 7,737,673	50,000	100%	USD 3,112,673	USD (37,486)	-	Note 19
	MediaTek Research UK Limited	Note 12	Research	USD -	USD 358,340	-	-	USD -	USD 149,639	-	Note 19 and Note 25
	ILI Technology Holding Corporation	Note 2	General investing	USD -	USD 113,600,448	-	-	USD -	USD 10,706,708	-	Note 26
	Amobile Intelligent Corp. Limited	Note 11	Research, manufacturing and sales	USD 1,884,921	USD 1,884,921	1,884,921	22%	USD 1,657,979	USD (1,286,706)	-	-
	Sigmastar Technology Inc.	Note 2	General investing	USD 522,701	USD 57,522,701	1,511,579	100%	USD 53,118,579	USD 19,069,775	-	Note 19
	Lepower (HK) Limited.	Note 11	General investing	USD 26,851	USD 26,851	3,050,000	100%	USD 4,860	USD (20,829)	-	Note 19
MTK Wireless Limited (UK)	MediaTek Sweden AB	Note 8	Research	GBP 19,361,957	GBP 19,361,957	1,008,371	100%	GBP 12,230,137	GBP 170,578	-	Note 19
	MediaTek USA Inc.	Note 6	Research	GBP 36,696,645	GBP 36,696,645	111,815	100%	GBP 100,190,066	GBP 19,133,378	-	Note 19
	MediaTek Wireless Finland Oy	Note 17	Research	GBP 4,733,036	GBP 4,733,036	1,000	100%	GBP 10,479,087	GBP 1,253,936	-	Note 19
	Mstar Semiconductor UK Ltd.	Note 12	Research and technical services	GBP 1,759,253	GBP 1,759,253	1	100%	GBP 1,747,005	GBP (7,243)	-	Note 19
	MStar France SAS	Note 13	Research	GBP 22,405,985	GBP -	458,900	100%	GBP 22,025,850	GBP 135,771	-	Note 19 and Note 20
Gold Rich International (Samoa) Limited	Gold Rich International (HK) Limited	Note 11	General investing	USD 4,190,000	USD 4,190,000	4,190,000	100%	USD 797,477,430	USD 14,276,294	-	Note 19
Smarthead Limited	MOMAGIC TECHNOLOGIES PRIVATE LIMITED	Note 4	Software development	USD 500,000	USD 500,000	2,385,927	23%	USD 1,371,784	USD (1,227,259)	-	-
EcoNet (Cayman) Inc.	Shadow Investment Limited	Note 5	General investing	USD 1,491,120	USD 1,491,120	15,000,000	100%	USD 2,589,156	USD 19,526	-	Note 19
	EcoNet (HK) Limited	Note 11	General investing, research, manufacturing and sales	USD 67,534,520	USD 67,534,520	67,534,520	100%	USD 179,315,647	USD 28,600,993	-	Note 19
	MediaTek Research UK Limited	Note 12	Research	USD 479,664	USD -	280,000	100%	USD 616,114	USD 149,639	-	Note 19 and Note 25
EcoNet (Suzhou) Limited	EcoNet Limited	Note 3	General investing and sales	CNY 2,639,504	CNY 2,639,504	400,000	100%	CNY 34,101,432	CNY 7,060,161	-	Note 19
Sigmastar Technology Inc.	InnoFusion Technology Corp.	Note 1	Technical services	USD -	USD 53,474,665	-	-	USD -	USD 230,479	-	Note 19 and Note 24
ILI Technology Corporation	ILITEK Holding Inc.	Note 3	General investing	\$ 399,927	\$ 399,927	13,050	100%	\$ 398,464	\$ 5,749	-	Note 19 and Note 26
Richtek Technology Corp.	Li-Yu Investment Corp.	Note 1	General investing	\$ 240,000	\$ 240,000	31,275,100	100%	\$ 339,290	\$ 1,714	-	Note 19
	Ironman Overseas Co., Ltd.	Note 3	General investing	\$ -	\$ 373,359	-	-	\$ -	\$ 48,502	-	Note 19 and Note 27
	Richstar Group Co., Ltd.	Note 3	General investing	\$ -	\$ 619,110	-	-	\$ -	\$ 103,085	-	Note 19 and Note 28
	Richnex Microelectronics Corp.	Note 1	Research, manufacturing and sales	\$ 278,032	\$ 278,032	26,963,153	82%	\$ 25,232	\$ 2,537	-	Note 19
	Richtek Europe Holding B.V.	Note 16	General investing	\$ 84,724	\$ 84,724	2,000,000	100%	\$ 50,176	\$ (3,249)	-	Note 19
	Richtek Holding International Limited	Note 3	General investing	\$ 292,264	\$ 292,264	30,000	100%	\$ 41,024	\$ (3,381)	-	Note 19
	Richpower Microelectronics Corp.	Note 2	General investing	\$ -	\$ 263,830	-	-	\$ -	\$ (143,274)	-	Note 19 and Note 29
	Richtek Korea LLC.	Note 9	Research and technical services	\$ 26,696	\$ 26,696	10,000	100%	\$ 13,102	\$ (11,045)	-	Note 19
	Richtek USA Inc.	Note 6	Sales and technical services	\$ 133,470	\$ -	1,000,000	100%	\$ 147,438	\$ 9,637	-	Note 19 and Note 28

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEEs IN MAINLAND CHINA)**  
**As of December 31, 2020**

(Continued)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)											
Investor Company	Investee Company	Location	Main business	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of Investee	Investment Income (Loss) Recognized	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Richtek Technology Corp.	Richtek IC Design Ireland Limited	Note 18	Research	\$ -	\$ -	1	100%	\$ (398)	\$ (396)	-	Note 19 and Note 30
Li-Yu Investment Corp.	Corporate Event Limited	Note 3	Technical services	\$ -	\$ 1,537	-	-	\$ -	\$ (66)	-	Note 19 and Note 31
Richtek Europe Holding B.V.	Richtek Europe B.V.	Note 16	Marketing	EUR 1,500,000	EUR 1,500,000	1,500,000	100%	EUR 941,965	EUR (92,618)	-	Note 19
Richpower Microelectronics Corp.	Richpower Microelectronics Corporation	Note 1	Administrative services	USD -	USD 3,114,373	-	-	USD -	USD 25,280	-	Note 19 and Note 29
Richstar Group Co., Ltd.	Richtek USA Inc.	Note 6	Sales and technical services	USD -	USD 4,500,000	-	-	USD -	USD 325,728	-	Note 19 and Note 28
Ironman Overseas Co., Ltd.	Cosmic-Ray Technology Limited	Note 5	General investing	USD -	USD 5,530,000	-	-	USD -	USD (193,095)	-	Note 19 and Note 27
Hsu-Si Investment Corp.	Richtek Technology Corp.	Note 1	Research, manufacturing and sales	\$ -	\$ 28,954,147	-	-	\$ -	\$ 6,170,678	-	Note 19 and Note 22
	Airoha Technology Corp.	Note 1	Research, manufacturing and sales	\$ 6,428,827	\$ 6,428,827	61,092,908	100%	\$ 4,683,255	\$ 1,061,489	-	Note 19
	Airoha (Cayman) Inc.	Note 2	General investing	\$ 59,579	\$ 59,579	4,397,346	100%	\$ 214,709	\$ 13,947	-	Note 19
Airoha Technology Corp.	Airoha Technology (Samoa) Corp.	Note 5	General investing	\$ -	\$ 68,580	-	-	\$ -	\$ -	-	Note 19 and Note 33
ILI Technology Holding Corporation	ILI Technology Corporation	Note 1	Research, manufacturing and sales	USD 113,600,448	USD 113,600,448	343,617,000	100%	USD 141,017,623	USD 10,706,708	-	Note 19 and Note 26
MediaTek India Technology Pvt. Ltd.	MStar Semiconductor India Private Limited	Note 4	Research and technical services	INR -	INR 26,422,200	-	-	INR -	INR -	-	Note 19 and Note 32

Note 1: Taiwan

Note 2: Cayman Islands

Note 3: British Virgin Islands

Note 4: India

Note 5: Western Samoa

Note 6: United States

Note 7: Singapore

Note 8: Sweden

Note 9: Korea

Note 10: Japan

Note 11: Hong Kong

Note 12: United Kingdom

Note 13: France

Note 14: Dubai

Note 15: Seychelles

Note 16: Netherlands

Note 17: Finland

Note 18: Ireland

Note 19: Investee is a subsidiary in consolidated group.

Note 20: For the purpose of reorganization, the 100% ownership of MStar France SAS, which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in November 2020.

Note 21: For the purpose of reorganization, MShining International Corporation was dissolved due to merger with Hsu-Ta Investment Corp. in December 2020.

Note 22: For the purpose of reorganization, Hsu-Ta Investment Corp. reduced its the 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 the capital and returned the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp. back to MediaTek Inc. in the next day.

Note 23: For the purpose of reorganization, RolITech Technology Co., Ltd., which was previously owned by MediaTek Capital Co., was dissolved due to merger with MediaTek Capital Co. in December 2020.

Note 24: For the purpose of reorganization, the 100% ownership of InnoFusion Technology Corp., which was previously owned by Sigmastar Technology Inc., was transferred to MediaTek Capital Co. in October 2020.

Note 25: For the purpose of reorganization, the 100% ownership of MediaTek Research UK Limited, which was previously owned by Gaintech Co. Limited, was transferred to EcoNet(Cayman) in August 2020.

Note 26: Gaintech Co. Limited has completed the transfer of shareholding rights of ILI Technology Holding Corporation as of November 2020.

Note 27: For the purpose of reorganization, Ironman Overseas Co., Ltd. and its subsidiary, which was previously owned by Ironman Overseas Co., Ltd. have been liquidated in November 2020.

Note 28: For the purpose of reorganization, Richstar Group Co., Ltd. has been liquidated in July 2020. The 100% ownership of Richtek USA Inc., which was previously owned by Richstar Group Co., Ltd., was transferred to Richtek Technology Corp.

Note 29: For the purpose of reorganization, Richpower Microelectronics Corp. and its subsidiary, which was previously owned by Richpower Microelectronics have been liquidated in November 2020.

Note 30: Richtek Technology Corp. established Richtek IC Design Ireland Limited in November 2020.

Note 31: For the purpose of reorganization, Corporate Event Limited has been liquidated in March 2020.

Note 32: For the purpose of reorganization, the 100% ownership of MStar Semiconductor India Private Limited, which was previously owned by MediaTek Investment Singapore Pte. Ltd., was transferred to MediaTek India Technology Pvt. Ltd. in November 2019.

Moreover, MStar Semiconductor India Private Limited was dissolved due to merger with MediaTek India Technology Pvt. Ltd. in June 2020.

Note 33: For the purpose of reorganization, Airoha Technology (Samoa) Corp. has been liquidated in January 2020.

**MEDIATEK INC. AND SUBSIDIARIES**  
**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
For the year ended December 31, 2020

Attachment 10

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

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 5. B)	Accumulated Outflow of Investment From Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2020	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 6)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
MediaTek (Shenzhen) Inc.	Note 2	\$ 2,565,720 USD 90,000,000	MediaTek China Limited	\$ 2,565,720 USD 90,000,000	- -	- -	\$ 2,565,720 USD 90,000,000	\$ 146,592 USD 4,954,672	100%	\$ 146,592 USD 4,954,672	\$ 4,660,054 USD 163,464,798	-
MediaTek (Hefei) Inc.	Note 2	\$ 484,636 USD 17,000,000	MediaTek China Limited	\$ 484,636 USD 17,000,000	- -	- -	\$ 484,636 USD 17,000,000	\$ 118,342 USD 3,999,842	100%	\$ 118,342 USD 3,999,842	\$ 1,389,066 USD 48,725,482	-
MediaTek (Beijing) Inc.	Note 2	\$ 2,850,800 USD 100,000,000	MediaTek China Limited	\$ 2,850,800 USD 100,000,000	- -	- -	\$ 2,850,800 USD 100,000,000	\$ 185,579 USD 6,272,391	100%	\$ 185,579 USD 6,272,391	\$ 4,940,548 USD 173,303,930	-
MediaTek (Chengdu) Inc.	Note 2	\$ 1,419,698 USD 49,800,000	MediaTek China Limited	\$ 1,419,698 USD 49,800,000	- -	- -	\$ 1,419,698 USD 49,800,000	\$ 108,474 USD 3,666,315	100%	\$ 108,474 USD 3,666,315	\$ 2,124,219 USD 74,513,089	-
MediaTek (Wuhan) Inc.	Note 2	\$ 689,894 USD 24,200,000	MediaTek China Limited	\$ 473,428 USD 16,606,858	- -	- -	\$ 473,428 USD 16,606,858	\$ 60,664 USD 2,050,370	100%	\$ 60,664 USD 2,050,370	\$ 826,420 USD 28,989,059	-
Xuxin Investment (Shanghai) Inc.	Note 4	\$ 1,710,480 USD 60,000,000	MediaTek China Limited	\$ 1,043,393 USD 36,600,000	\$ 667,087 USD 23,400,000	- -	\$ 1,710,480 USD 60,000,000	\$ (96,195) USD (3,251,303)	100%	\$ (96,195) USD (3,251,303)	\$ 2,055,021 USD 72,085,762	-
MediaTek (Shanghai) Inc.	Note 2	\$ 1,297,605 CNY 297,000,000	MediaTek China Limited	\$ 1,381,761 USD 48,469,221	- -	- -	\$ 1,381,761 USD 48,469,221	\$ 62,641 USD 2,117,200	100%	\$ 62,641 USD 2,117,200	\$ 2,833,021 USD 99,376,344	-
Nepfos (Beijing) Co., Ltd.	Note 2	- -	Nepfos (Hefei) Co., Ltd.	\$ 69,012 USD 2,420,803	- -	- -	\$ 69,012 USD 2,420,803	\$ 6 CNY 1,406	-	\$ 6 CNY 1,406	- -	-
MStar Software R&D (Shenzhen), Ltd.	Note 2	\$ 855,240 USD 30,000,000	MStar Co., Ltd.	\$ 855,240 USD 30,000,000	- -	- -	\$ 855,240 USD 30,000,000	\$ 8,889 USD 300,450	100%	\$ 8,889 USD 300,450	\$ 469,711 USD 16,476,476	-
MStar Chen Xi Software Shanghai Ltd.	Note 2	- -	MStar Software R&D (Shenzhen), Ltd.	- -	- -	- -	- CNY 173,548	\$ 744 CNY 173,548	-	\$ 744 CNY 173,548	- -	-
EcoNet (Suzhou) Limited	Note 3	\$ 285,080 USD 10,000,000	EcoNet (HK) Limited	\$ 267,448 USD 9,381,500	- -	- -	\$ 267,448 USD 9,381,500	\$ 973,642 USD 32,908,167	76%	\$ 734,633 USD 24,829,902	\$ 4,411,645 USD 154,751,105	-
Richpower Microelectronics Co., Ltd.	Note 2	\$ 91,226 USD 3,200,000	Richtek Technology Corp.	\$ 91,226 USD 3,200,000	- -	- -	\$ 91,226 USD 3,200,000	\$ (3,666)	100%	\$ (3,666)	\$ 15,911	-
Li-We Technology Corp.	Note 2	\$ 71,270 USD 2,500,000	Richtek Technology Corp.	\$ 71,270 USD 2,500,000	- -	- -	\$ 71,270 USD 2,500,000	\$ (11,025)	100%	\$ (11,025)	\$ 27,543	-
Yuan Ke (Pingtan) Investment Fund Limited Partnership	Note 4	\$ 4,557,751 USD 159,876,218	Gaintech Co. Limited	\$ 3,694,637 USD 129,600,000	- -	- -	\$ 3,694,637 USD 129,600,000	\$ 311,000 USD 10,511,523	81%	\$ 226,980 USD 7,671,707	\$ 45,856,538 USD 1,608,549,798	-
Zelus Technology (HangZhou) Ltd.	Note 3	\$ 146,816 USD 5,150,000	Gaintech Co. Limited	\$ 146,816 USD 5,150,000	\$ 864 USD 30,299	- -	\$ 147,680 USD 5,180,299	\$ 10,386 USD 351,035	91%	\$ 9,567 USD 323,347	\$ 113,003 USD 3,963,901	-
VanChip (TianJin) Technology Co.,Ltd.	Note 3	\$ 1,572,854 CNY 360,000,000	Gaintech Co. Limited	- -	\$ 1,140,320 USD 40,000,000	- -	\$ 1,140,320 USD 40,000,000	\$ 612,747 USD 20,710,287	30%	\$ 192,428 USD 6,503,874	\$ 1,086,946 USD 38,127,754	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**  
**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
For the year ended December 31, 2020

(Continued)

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 5. B)	Accumulated Outflow of Investment From Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2020	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 6)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
ILI Technology (SZ) LTD.	Note 2	\$ 370,604 USD 13,000,000	ILITEK Holding Inc.	\$ 370,604 USD 13,000,000	- -	- -	\$ 370,604 USD 13,000,000	\$ 5,866 CNY 1,367,943	-	\$ 5,866 CNY 1,367,943	- -	-
Beijing ilitek Technology Co. Ltd.	Note 2	\$ 85,524 USD 3,000,000	IStar Technology Ltd.	\$ 85,524 USD 3,000,000	- -	- -	\$ 85,524 USD 3,000,000	\$ (2,522) CNY (588,223)	100%	\$ (2,522) CNY (588,223)	\$ 74,617 CNY 17,078,499	-
ShenZhen ZhongChen Semiconductor Ltd.	Note 2	\$ 6,842 USD 240,000	IStar Technology Ltd.	\$ 142,540 USD 5,000,000	- -	- -	\$ 142,540 USD 5,000,000	\$ 1,719 USD 58,084	100%	\$ 1,719 USD 58,084	\$ 8,215 USD 288,153	-
Nephos (Hefei) Co. Ltd.	Note 3	\$ 1,175,955 USD 41,250,000	Nephos Cayman Co. Limited	\$ 3,251,344 USD 114,050,238	- -	- -	\$ 3,251,344 USD 114,050,238	\$ 138,907 USD 4,694,938	100%	\$ 138,907 USD 4,694,938	\$ 1,764 USD 61,873	-
Airotek (Shenzhen) Inc.	Note 2	\$ 27,083 USD 950,000	Airoha (Cayman) Inc.	\$ 27,083 USD 950,000	- -	- -	\$ 27,083 USD 950,000	\$ 6,030 USD 203,816	100%	\$ 6,030 USD 203,816	\$ 37,269 USD 1,307,334	-
Airotek (Chengdu) Inc.	Note 2	\$ 27,083 USD 950,000	Airoha (Cayman) Inc.	\$ 27,083 USD 950,000	- -	- -	\$ 27,083 USD 950,000	\$ 8,117 USD 274,353	100%	\$ 8,117 USD 274,353	\$ 34,182 USD 1,199,027	-
Xiamen Sigmastar Technology Inc.	Note 3	\$ 212,665 CNY 48,675,371	Sigmastar Technology Inc.	\$ 57,016 USD 2,000,000	- -	- -	\$ 57,016 USD 2,000,000	\$ 896,724 USD 30,308,428	50%	\$ 567,939 USD 19,195,809	\$ 1,462,809 USD 51,312,223	-
Shenzhen Sing Chen Technology Inc.	Note 2	\$ 13,107 CNY 3,000,000	Xiamen Sigmstar Technology Inc.	- -	- -	- -	\$ (1,272) CNY (296,655)	50%	\$ 3,146 CNY 733,651	\$ 23,142 CNY 5,296,830	-	-
SigmaStar Technology Inc. (Shanghai)	Note 2	\$ 4,369 CNY 1,000,000	Xiamen Sigmstar Technology Inc.	- -	- -	- -	\$ (6,478) CNY (1,510,747)	50%	\$ (5,183) CNY (1,208,723)	\$ 20,356 CNY 4,659,070	-	-
PuTian Joint Micro Technology Inc.	Note 3	\$ 436,904 CNY 100,000,000	Xuxin Investment (Shanghai) Inc.	\$ 44,187 USD 1,550,000	- -	- -	\$ 44,187 USD 1,550,000	\$ (57,760) CNY (13,469,502)	-	\$ (6,526) CNY (1,521,861)	- -	-
PuTian Joint Micro Technology Inc.	Note 3	\$ 436,904 CNY 100,000,000	Xiamen Sigmstar Technology Inc.	\$ 72,401 USD 2,539,683	- -	- -	\$ 72,401 USD 2,539,683	\$ (57,760) CNY (13,469,502)	-	\$ (9,549) CNY (2,226,913)	- -	-
Xuxi (Shanghai) Management consulting Co.,Ltd	Note 4	\$ 1,463,847 CNY 335,050,000	Xuxin Investment (Shanghai) Inc.	\$ 698,446 USD 24,500,000	\$ 667,286 USD 23,406,985	- -	\$ 1,365,732 USD 47,906,985	\$ 763 CNY 177,839	100%	\$ 763 CNY 177,839	\$ 1,474,004 CNY 337,374,783	-
Hefei Xuhui Management Consulting Co., Ltd.	Note 4	\$ 1,463,628 CNY 335,000,000	Xuxi (Shanghai) Management consulting Co.,Ltd	\$ 698,446 USD 24,500,000	\$ 667,087 USD 23,400,000	- -	\$ 1,365,533 USD 47,900,000	\$ 880 CNY 205,190	100%	\$ 880 CNY 205,190	\$ 1,473,701 CNY 337,305,363	-
Shanghai Celeste Technology Co., Ltd.	Note 3	- -	Lepower (HK) Limited	- -	\$ 408 USD 14,300	- -	\$ 408 USD 14,300	- -	-	- -	- -	-

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 24,032,811 USD 843,019,887	\$ 32,332,000 USD 1,134,137,771	\$ 223,100,293

(To be continued)

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**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
**For the year ended December 31, 2020**

(Continued)

Note 1: Based on Regulations Governing the Approval of Investment or Technical Cooperation in the Mainland China promulgated by Investment Commission, MOEA.

Note 2: Development of consumer electronics products and software and related technology consulting services.

Note 3: Development, manufacture, and marketing of consumer electronics products and software.

Note 4: General investing.

Note 5: The methods for engaging in investment in Mainland China include the following:

A. Direct investment in Mainland China.

B. Indirect investment in Mainland China through companies registered in a third region.

C. Other method.

Note 6: Recognized in financial statements audited by the auditors of the parent company in Taiwan.

Note 7: Amounts are listed in New Taiwan Dollars. For foreign currency conversion, net income (loss) of investee and investment income (loss) are converted by the average exchange rate during financial statement period (1 USD=29.58663 NTD; 1 CNY=4.28818 NTD).

Other amounts are converted by the exchange rate at reporting date. (1 USD=28.508 NTD; 1 CNY=4.36904 NTD)