

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

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

Notice to Readers

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

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders
of MediaTek Inc.

Opinion

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

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of MediaTek Inc. as of December 31, 2020 and 2019, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition

MediaTek Inc. recognized NT\$168,337,908 thousand as net sales, which includes sale of goods in the amount of NT\$162,523,119 thousand and services and other operating revenues in the amount of NT\$5,814,789 thousand for the year ended December 31, 2020. Main source of revenue comes from sales of chips. Due to the fact that the product portfolio and the pricing methods are varied and sales discounts are usually directly included or indirectly implied in purchase orders or in practice, it is necessary for the Company to judge and determine the performance obligation of a contract, the timing of its satisfaction, and the estimate of the variable considerations. As a result, we determined the matter to be a key audit matter.

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

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

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

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

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

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

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

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

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

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

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

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

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

Kuo, Shao-Pin

Fuh, Wen-Fun

Ernst & Young, Taiwan

March 19, 2021

Notice to Readers

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

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

MEDIATEK INC.
PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

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

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

MEDIATEK INC.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

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

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

MEDIATEK INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

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

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

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

MEDIATEK INC.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

Description	Share capital		Capital surplus	Retained earnings		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
Appropriation and distribution of 2018 earnings:										
Legal reserve	-	-	-	2,076,050	(2,076,050)	-	-	-	-	-
Cash dividends	-	-	-	-	(9,525,233)	-	-	-	-	(9,525,233)
Total	-	-	-	2,076,050	(11,601,283)	-	-	-	-	(9,525,233)
Cash dividends distributed from capital surplus	-	-	(4,762,617)	-	-	-	-	-	-	(4,762,617)
Profit for the year ended December 31, 2019	-	-	-	-	23,032,721	-	-	-	-	23,032,721
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(58,130)	(2,727,299)	32,648,943	-	-	29,863,514
Total comprehensive income	-	-	-	-	22,974,591	(2,727,299)	32,648,943	-	-	52,896,235
Share-based payment transactions	1,744	3,780	26,686	-	-	-	-	-	-	32,210
Adjustments due to dividends that subsidiaries received from parent company	-	-	70,147	-	-	-	-	-	-	70,147
Changes in associates and joint ventures accounted for using the equity method	-	-	9,810	-	-	-	-	-	-	9,810
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	992	-	(997,074)	-	-	-	-	(996,082)
Changes in ownership interests in subsidiaries	-	-	(11,520)	-	-	-	-	-	-	(11,520)
Issuance of restricted stock for employees	(20,341)	-	1,692,596	-	37,237	-	-	268,785	-	1,978,277
Changes in other capital surplus	-	-	128,895	-	-	-	-	-	-	128,895
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,738,608	-	(8,754,607)	-	-	(15,999)
Balance as of December 31, 2019	15,896,473	3,780	82,392,203	41,507,689	127,729,843	(3,949,641)	50,322,680	(1,096,713)	(55,970)	312,750,344
Appropriation and distribution of 2019 earnings:										
Legal reserve	-	-	-	3,075,336	(3,075,336)	-	-	-	-	-
Cash dividends	-	-	-	-	(7,944,252)	-	-	-	-	(7,944,252)
Total	-	-	-	3,075,336	(11,019,588)	-	-	-	-	(7,944,252)
Cash dividends distributed from capital surplus	-	-	(8,738,677)	-	-	-	-	-	-	(8,738,677)
Profit for the year ended December 31, 2020	-	-	-	-	40,916,800	-	-	-	-	40,916,800
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(57,308)	(4,761,203)	35,949,040	-	-	31,130,529
Total comprehensive income	-	-	-	-	40,859,492	(4,761,203)	35,949,040	-	-	72,047,329
Share-based payment transactions	18,866	(1,647)	603,448	-	-	-	-	-	-	620,667
Treasury stock acquired	-	-	-	-	-	-	-	-	(53,600)	(53,600)
Treasury stock retired	(1,300)	-	(5,657)	-	(46,643)	-	-	-	53,600	-
Adjustments due to dividends that subsidiaries received from parent company	-	-	81,845	-	-	-	-	-	-	81,845
Changes in associates and joint ventures accounted for using the equity method	-	-	(9,810)	-	(99,498)	-	-	-	-	(109,308)
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	1,001,352	-	-	-	-	-	-	1,001,352
Changes in ownership interests in subsidiaries	-	-	1,185,977	-	-	-	-	-	-	1,185,977
Issuance of restricted stock for employees	(13,417)	-	284,705	-	3,352	-	-	767,140	-	1,041,780
Changes in other capital surplus	-	-	(49,636)	-	-	-	-	-	-	(49,636)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	15,625,247	-	(15,625,247)	-	-	-
Balance as of December 31, 2020	\$ 15,900,622	\$ 2,133	\$ 76,745,750	\$ 44,583,025	\$ 173,052,205	\$ (8,710,844)	\$ 70,646,473	\$ (329,573)	\$ (55,970)	\$ 371,833,821

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

MEDIATEK INC.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(Amounts in thousands of New Taiwan Dollars)

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

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

MEDIATEK INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

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

1. Organization and Operation

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

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

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

3. Newly Issued or Revised Standards and Interpretations

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

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

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

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

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

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

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

4. Summary of Significant Accounting Policies

Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

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

Foreign currency transactions

The Company's parent company only financial statements are presented in NT\$.

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in “investments accounted for using the equity method”. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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

Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Cash and cash equivalents

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

Financial instruments

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

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

(1) Financial instruments: Recognition and Measurement

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

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

A.the Company's business model for managing the financial assets and

B.the contractual cash flow characteristics of the financial asset.

a. Financial assets measured at amortized cost

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

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

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(2) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(3) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(4) Financial liabilities and equity

A. Classification between liabilities or equity

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

B. Equity instruments

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

C. Financial liabilities

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

a. Financial liabilities at fair value through profit or loss

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

A financial liability is classified as held for trading if:

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

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

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the company is provided internally on that basis to the key management personnel.

b. Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

c. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(5) Offsetting of financial instruments

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

Derivative instrument

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

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

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

Fair value measurement

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

Inventories

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

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

Investments accounted for using the equity method

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Property, plant and equipment

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

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Leases

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

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

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

A. The Company as a lessee

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

B. The Company as a lessor

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

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

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

Intangible assets

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

<u>Trademarks</u>	<u>Patents</u>	<u>Software</u>	<u>IPs and others</u>
6 years	2-7 years	2-5 years	2-7 years

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

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

Impairment of non-financial assets

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

Treasury shares

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

Provisions

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

Sales returns and allowances (Refund liabilities)

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Revenue recognition

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

Sale of goods

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

The credit period of the Company's sale of goods is from 45 to 60 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract. For a small part of the contracts, the Company has the right to transfer the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

Silicon intellectual property license

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

Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Share-based payment transactions

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

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

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

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

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

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

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognizes unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Income taxes

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

A. Current income tax

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

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

B. Deferred tax

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

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

Business combinations and goodwill

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

5. Significant Accounting Judgments, Estimates and Assumptions

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

Estimates and assumptions

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

A. Fair value of Level 3 financial instruments

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

B. Valuation of inventory- estimation of obsolescence provision

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

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

C. Income tax

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

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

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****D. Revenue recognition - sales returns and discounts**

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6. (15) for more details.

6. Contents of Significant Accounts**(1) Cash and cash equivalents**

	December 31, 2020	December 31, 2019
Checking and savings accounts	\$ 10,183,617	\$ 5,400,368
Time deposits	86,734,216	98,278,920
Total	<u>\$ 96,917,833</u>	<u>\$ 103,679,288</u>

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

Cash and cash equivalents were not pledged.

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

	December 31, 2020	December 31, 2019
<u>Current</u>		
<u>Financial assets mandatorily</u>		
<u>measured at fair value through</u>		
<u>profit or loss</u>		
Funds	\$ 1,126,846	\$ 782,571
Forward exchange contracts	920	-
Total	<u>\$ 1,127,766</u>	<u>\$ 782,571</u>
 <u>Held for trading financial liabilities</u>		
Forward exchange contracts	<u>\$ 520</u>	<u>\$ -</u>
 <u>Noncurrent</u>		
<u>Financial assets mandatorily</u>		
<u>measured at fair value through</u>		
<u>profit or loss</u>		
Stocks	\$ 183,750	\$ 192,990
Linked deposits	100,601	-
Total	<u>\$ 284,351</u>	<u>\$ 192,990</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

	December 31, 2020	December 31, 2019
<u>Current</u>		
<u>Equity instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Listed company stocks	\$ 16,279	\$ -
<u>Noncurrent</u>		
<u>Equity instrument investments</u>		
<u>measured at fair value through</u>		
<u>other comprehensive income</u>		
Funds	3,340,082	2,993,489
Stocks	557,641	5,147
Total	\$ 3,897,723	\$ 2,998,636

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

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

	For the years ended December 31	
	2020	2019
The fair value of the investments at the date of derecognition	\$ -	\$ 374,246
The cumulative loss on disposal	\$ -	\$ 676,395

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

(4) Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
<u>Noncurrent</u>		
Bonds	1,118,475	290,000
Time deposits	189,404	273,244
Total	<u>\$ 1,307,879</u>	<u>\$ 563,244</u>

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

(5) Trade receivables and trade receivables from related parties

	December 31, 2020	December 31, 2019
Trade receivables	\$ 17,873,736	\$ 13,191,292
Less: allowance for doubtful debts	(24,678)	(8,677)
Subtotal	<u>17,849,058</u>	<u>13,182,615</u>
Trade receivables from related parties	638,850	673,955
Less: allowance for doubtful debts	-	-
Subtotal	<u>638,850</u>	<u>673,955</u>
Total	<u>\$ 18,487,908</u>	<u>\$ 13,856,570</u>

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

Trade receivables are generally on 45 to 60 day terms. The total carrying amounts were NT\$18,512,586 thousand and NT\$13,865,247 thousand as of December 31, 2020 and 2019, respectively. Please refer to Note 6. (20) for more details on impairment of trade receivables for the years ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

Trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$2,989,981 thousand and NT\$1,823,530 thousand as of December 31, 2020 and 2019, respectively.

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(6) Other receivables**

	December 31, 2020	December 31, 2019
Factoring receivables	\$ 3,025,695	\$ 2,588,179
Others	1,033,429	1,617,029
Total	<u>\$ 4,059,124</u>	<u>\$ 4,205,208</u>

The Company entered into several factoring agreements without recourse with financial institutions. According to those agreements, the Company does not take the risk of uncollectible trade receivables, but only the risk of loss due to commercial disputes. The Company did not provide any collateral, and the factoring agreements met the criteria of financial asset derecognition. The Company derecognized related trade receivables after deducting the estimated value of commercial disputes. Receivables from banks due to factoring agreement were NT\$3,025,695 thousand and NT\$2,588,179 thousand as of December 31, 2020 and 2019, respectively.

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

A. As of December 31, 2020:

The Factor (Transferee)	Trade				
	Interest	receivables	Cash	Unutilized	Credit line
	Rate	derecognized	withdrawn		
(US\$'000)	(%)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
Taishin					
International Bank	-	\$ 85,413	\$ -	\$ 85,413	\$ 121,000
BNP Paribas	-	18,862	-	18,862	155,000
CHB	-	263	-	263	1,200
CTBC	-	904	-	904	1,800
ESB	-	-	-	-	15,000
SinoPac	-	601	-	601	5,000
SKCB	-	92	-	92	2,500
Total		\$ 106,135	\$ -	\$ 106,135	\$ 301,500

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

B. As of December 31, 2019:

The Factor (Transferee)	Interest Rate (%)	Trade receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (US\$'000)
Taishin					
International Bank	-	\$ 50,727	\$ -	\$ 50,727	\$ 108,000
BNP Paribas	-	35,089	-	35,089	155,000
CHB	-	153	-	153	1,200
CTBC	-	-	-	-	1,675
SKCB	-	-	-	-	2,500
Total		\$ 85,969	\$ -	\$ 85,969	\$ 268,375

(7) Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 1,464,230	\$ 534,157
Work in progress	14,326,064	8,351,228
Finished goods	5,112,597	4,030,632
Net amount	\$ 20,902,891	\$ 12,916,017

The cost of inventories recognized in expenses amounted to NT\$94,346,514 thousand and NT\$80,852,750 thousand, including the reversal of write-down of inventories of NT\$1,861,878 thousand for the year ended December 31, 2020 because of circumstances that caused the net realizable value of inventory to be lower than its cost no longer existed and the write-down of inventories of NT\$616,714 thousand for the year ended December 31, 2019.

Inventories were not pledged.

(8) Prepayments

	December 31, 2020	December 31, 2019
Prepaid expenses	\$ 381,070	\$ 598,229
Others	94,927	72,446
Total	\$ 475,997	\$ 670,675

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(9) Investments accounted for using the equity method**

Investees	December 31, 2020		December 31, 2019	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Subsidiaries:				
MediaTek Investment				
Singapore Pte. Ltd.	\$ 184,460,781	100	\$ 146,880,648	100
Hsu-Si Investment Corp.	8,793,354	100	-	-
Hsu-Ta Investment Corp.	11,597,759	100	37,014,570	100
MediaTek Singapore Pte. Ltd.	11,244,859	100	6,365,067	100
MStar France SAS	-	-	823,679	100
MShining International Corporation	-	-	666,836	100
MStar Co., Ltd.	117,897	100	448,484	100
HFI Innovation Inc.	504,571	100	440,782	100
MStar International Technology Inc.	83,377	100	83,140	100
Digimoc Holdings Limited	44,669	100	55,809	100
Spidcom Technologies	2,623	100	3,673	100
Richtek Technology Corp.	22,351,726	100	-	-
Total	<u>\$ 239,201,616</u>		<u>\$ 192,782,688</u>	

Hsu-Ta Investment Corp. reduced its capital and returned the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp. back to MediaTek Inc. in April 2020. Moreover, Hsu-Si Investment Corp. reduced its capital and returned the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp. back to MediaTek Inc. on the next day. The differences resulting from transfer to and from shall have been covered by cash (if any).

The Company increased its investment in HFI Innovation Inc. by cash in the amount of NT\$180,000 thousand in March 2019 and by intellectual property in the amount of NT\$150,628 thousand in December 2019, respectively. Moreover, the Company increased its investment in HFI Innovation Inc. by intellectual property in the amount of NT\$41,711 thousand in August 2020.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

The ownership of MStar France SAS, which was previously owned by the Company, was transferred to MTK Wireless Limited (UK) in November 2020.

MShining International Corporation was dissolved due to merger with Hsu-Ta Investment Corp. in December 2020.

Investments in subsidiaries were not pledged.

(10)Property, plant and equipment

	December 31, 2020	December 31, 2019
Owner-occupied property, plant and equipment	<u>\$ 20,388,079</u>	<u>\$ 20,003,889</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

				Computer and			Construction in	
		Buildings and	Machinery	telecommunication	Testing	Miscellaneous	progress and	
	Land	facilities	equipment	equipment	equipment	equipment	equipment	Total
							awaiting	
							examination	
Cost:								
As of January 1, 2020	\$ 3,966,512	\$ 14,354,679	\$ 97,600	\$ 5,013,895	\$ 7,380,042	\$ 255,606	\$ 225,001	\$ 31,293,335
Additions-acquired separately	-	110,425	32,479	991,253	1,508,779	142,424	113,088	2,898,448
Disposals	-	-	-	(121,410)	(69,511)	(130,953)	-	(321,874)
Transfers	-	122,140	(684)	-	139,103	-	(284,054)	(23,495)
As of December 31, 2020	<u>\$ 3,966,512</u>	<u>\$ 14,587,244</u>	<u>\$ 129,395</u>	<u>\$ 5,883,738</u>	<u>\$ 8,958,413</u>	<u>\$ 267,077</u>	<u>\$ 54,035</u>	<u>\$ 33,846,414</u>
As of January 1, 2019	\$ 1,540,249	\$ 9,701,894	\$ 8,502	\$ 3,234,182	\$ 5,406,479	\$ 258,497	\$ 1,382,836	\$ 21,532,639
Additions-acquired separately	116,430	363,622	89,098	1,431,598	1,115,627	7,181	1,159,268	4,282,824
Additions-acquired through business combinations	2,313,056	2,390,034	78,363	-	480,202	374,668	-	5,636,323
Disposals	(3,223)	(107,310)	-	(51,044)	(19,432)	(25,328)	-	(206,337)
Transfers	-	2,006,439	(78,363)	399,159	397,166	(359,412)	(2,317,103)	47,886
As of December 31, 2019	<u>\$ 3,966,512</u>	<u>\$ 14,354,679</u>	<u>\$ 97,600</u>	<u>\$ 5,013,895</u>	<u>\$ 7,380,042</u>	<u>\$ 255,606</u>	<u>\$ 225,001</u>	<u>\$ 31,293,335</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of January 1, 2020	\$ -	\$ 3,540,577	\$ 8,765	\$ 3,212,331	\$ 4,347,450	\$ 180,323	\$ -	\$ 11,289,446
Depreciation	-	490,537	16,913	784,664	1,043,512	23,856	-	2,359,482
Disposals	-	-	-	(121,294)	(69,075)	(224)	-	(190,593)
Transfers	-	44	-	-	(44)	-	-	-
As of December 31, 2020	\$ -	\$ 4,031,158	\$ 25,678	\$ 3,875,701	\$ 5,321,843	\$ 203,955	\$ -	\$ 13,458,335
As of January 1, 2019	\$ -	\$ 2,864,130	\$ 5,269	\$ 2,276,645	\$ 3,223,456	\$ 174,959	\$ -	\$ 8,544,459
Depreciation	-	402,030	3,496	731,263	867,275	27,873	-	2,031,937
Depreciation-acquired through business combinations	-	387,794	64,318	-	157,069	240,149	-	849,330
Disposals	-	(101,626)	-	(47,232)	(17,313)	(25,329)	-	(191,500)
Transfers	-	(11,751)	(64,318)	251,655	116,963	(237,329)	-	55,220
As of December 31, 2019	\$ -	\$ 3,540,577	\$ 8,765	\$ 3,212,331	\$ 4,347,450	\$ 180,323	\$ -	\$ 11,289,446
Net carrying amount as of:								
December 31, 2020	\$ 3,966,512	\$ 10,556,086	\$ 103,717	\$ 2,008,037	\$ 3,636,570	\$ 63,122	\$ 54,035	\$ 20,388,079
December 31, 2019	\$ 3,966,512	\$ 10,814,102	\$ 88,835	\$ 1,801,564	\$ 3,032,592	\$ 75,283	\$ 225,001	\$ 20,003,889

Property, plant and equipment were not pledged.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(11) Intangible assets

	Trademarks	Software	Patents, IPs and others	Goodwill	Total
Cost:					
As of January 1, 2020	\$ 390,512	\$ 1,053,782	\$ 12,577,987	\$ 52,604,453	\$ 66,626,734
Additions-acquired separately	-	196,947	6,653,136	-	6,850,083
Disposals	-	(14,969)	(2,181,425)	-	(2,196,394)
Transfers	-	23,495	-	-	23,495
As of December 31, 2020	<u>\$ 390,512</u>	<u>\$ 1,259,255</u>	<u>\$ 17,049,698</u>	<u>\$ 52,604,453</u>	<u>\$ 71,303,918</u>
As of January 1, 2019	\$ -	\$ 938,831	\$ 3,586,699	\$ 27,712,833	\$ 32,238,363
Additions-acquired separately	-	114,883	533,630	-	648,513
Additions-acquired through business combinations	390,512	3,047,077	5,460,846	24,891,620	33,790,055
Disposals	-	-	(27,570)	-	(27,570)
Transfers	-	(3,047,009)	3,024,382	-	(22,627)
As of December 31, 2019	<u>\$ 390,512</u>	<u>\$ 1,053,782</u>	<u>\$ 12,577,987</u>	<u>\$ 52,604,453</u>	<u>\$ 66,626,734</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

	Trademarks	Software	Patents, IPs and others	Goodwill	Total
Amortization and impairment:					
As of January 1, 2020	\$ 385,088	\$ 832,365	\$ 10,762,613	\$ -	\$ 11,980,066
Amortization	5,424	171,472	2,838,000	-	3,014,896
Disposals	-	(14,969)	(2,181,425)	-	(2,196,394)
As of December 31, 2020	<u>\$ 390,512</u>	<u>\$ 988,868</u>	<u>\$ 11,419,188</u>	<u>\$ -</u>	<u>\$ 12,798,568</u>
As of January 1, 2019	\$ -	\$ 703,857	\$ 2,558,784	\$ -	\$ 3,262,641
Amortization	65,085	128,487	2,133,256	-	2,326,828
Amortization-acquired through business combinations	320,003	2,501,585	3,619,206	-	6,440,794
Disposals	-	-	(27,570)	-	(27,570)
Transfers	-	(2,501,564)	2,478,937	-	(22,627)
As of December 31, 2019	<u>\$ 385,088</u>	<u>\$ 832,365</u>	<u>\$ 10,762,613</u>	<u>\$ -</u>	<u>\$ 11,980,066</u>
Net carrying amount as of:					
December 31, 2020	<u>\$ -</u>	<u>\$ 270,387</u>	<u>\$ 5,630,510</u>	<u>\$ 52,604,453</u>	<u>\$ 58,505,350</u>
December 31, 2019	<u>\$ 5,424</u>	<u>\$ 221,417</u>	<u>\$ 1,815,374</u>	<u>\$ 52,604,453</u>	<u>\$ 54,646,668</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(12) Impairment testing of goodwill

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

The recoverable amount of the cash-generating unit is determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from financial budgets approved by management covering a five-year period. The projected cash flows reflect the change in demand for products and services. As a result of the analysis, the Company did not identify any impairment for goodwill of NT\$52,604,453 thousand.

Key assumptions used in value-in-use calculations

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

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

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

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

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

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

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

(13) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 16,251,740	\$ 51,601,684
Interest rates	0%~0.46%	2.05%~2.55%

(14) Other payables

	December 31, 2020	December 31, 2019
Accrued salaries and bonuses	\$ 16,571,218	\$ 11,845,141
Accrued royalties	1,187,714	1,753,034
Other payables to related parties	57,482	16,312
Others	8,200,839	4,292,890
Total	\$ 26,017,253	\$ 17,907,377

(15) Other current liabilities

	December 31, 2020	December 31, 2019
Refund liabilities	\$ 15,111,597	\$ 9,815,557
Others	843,065	389,531
Total	\$ 15,954,662	\$ 10,205,088

(16) Post-employment benefits plansDefined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 were NT\$793,749 thousand and NT\$734,067 thousand, respectively.

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

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

The funds are operated and managed by the government's designated authorities. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT\$2,427 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

The weighted average duration of the defined benefit obligation was 18 years as of December 31, 2020 and 2019.

Pension costs recognized in profit or loss are as follows:

	For the years ended December 31	
	2020	2019
Current service cost	\$ 1,184	\$ 1,355
Net interest on the net defined benefit liabilities	5,592	8,135
Subtotal	6,776	9,490
Underestimate on book	-	(1,141)
Total	\$ 6,776	\$ 8,349

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

	December 31, 2020	December 31, 2019
Defined benefit obligation	\$ 891,373	\$ 812,974
Plan assets at fair value	(161,485)	(155,131)
Net defined benefit liabilities	\$ 729,888	\$ 657,843

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

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

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1, 2020	\$ 812,974	\$ (155,131)	\$ 657,843
Current service cost	1,184	-	1,184
Interest expenses (income)	6,910	(1,318)	5,592
Subtotal	8,094	(1,318)	6,776
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	14,186	-	14,186
Actuarial gains and losses arising from changes in financial assumptions	61,108	-	61,108
Experience adjustments	(2,343)	-	(2,343)
Remeasurements of the defined benefit assets	-	(3,089)	(3,089)
Subtotal	72,951	(3,089)	69,862
Payment of benefit obligation	(2,646)	2,646	-
Contributions by employer	-	(4,593)	(4,593)
As of December 31, 2020	<u>\$ 891,373</u>	<u>\$ (161,485)</u>	<u>\$ 729,888</u>
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of January 1, 2019	\$ 693,977	\$ (86,845)	\$ 607,132
Current service cost	1,355	-	1,355
Interest expenses (income)	9,299	(1,164)	8,135
Subtotal	10,654	(1,164)	9,490
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	22,457	-	22,457
Actuarial gains and losses arising from changes in financial assumptions	68,411	-	68,411
Experience adjustments	(19,319)	-	(19,319)
Remeasurements of the defined benefit assets	-	(5,451)	(5,451)
Subtotal	71,549	(5,451)	66,098
Payment of benefit obligation	(17,091)	17,091	-
Contributions by employer	-	(8,911)	(8,911)
Acquired through business combinations	53,885	(69,851)	(15,966)
As of December 31, 2019	<u>812,974</u>	<u>(155,131)</u>	<u>657,843</u>

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

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

	December 31, 2020	December 31, 2019
Discount rate	0.44%	0.85%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31			
	2020		2019	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	\$ -	\$ (74,947)	\$ -	\$ (71,298)
Discount rate decreases by 0.5%	82,650	-	78,935	-
Rate of future salary increases by 0.5%	80,089	-	76,811	-
Rate of future salary decreases by 0.5%	-	(73,511)	-	(70,206)

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

B. Capital surplus

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

C. Treasury shares

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

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

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

D. Retained earnings and dividend policy

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends to be distributed. According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(18) Share-based payment plans

Share-based payment plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Restricted stocks plan for employees

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

	For the years ended	
	December 31	
	2020	2019
Restricted stocks for employees	\$ 1,029,459	\$ 1,922,383

The Company did not modify or cancel any share-based payment plans for the years ended December 31, 2020 and 2019.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(19) Sales

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

A. Disaggregation of revenue

	For the years ended December 31	
	2020	2019
Sale of goods	\$ 162,523,119	\$ 131,729,250
Services and other operating revenues	5,814,789	4,738,665
Total	<u>\$ 168,337,908</u>	<u>\$ 136,467,915</u>
Revenue recognition point:		
At a point in time	\$ 165,830,337	\$ 133,252,758
Satisfies the performance obligation over time	2,507,571	3,215,157
Total	<u>\$ 168,337,908</u>	<u>\$ 136,467,915</u>

B. Contract balances

Contract liabilities – current

	December 31, 2020	December 31, 2019	January 1, 2019
Sales of goods	\$ 7,735,068	\$ 1,468,620	\$ 771,684
Services and other operating revenues	117,161	314,524	232,728
Total	<u>\$ 7,852,229</u>	<u>\$ 1,783,144</u>	<u>\$ 1,004,412</u>

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

	For the years ended December 31	
	2020	2019
Revenue recognized during the period that was included in the beginning balance	<u>\$ 1,193,984</u>	<u>\$ 533,979</u>
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ 7,248,437</u>	<u>\$ 1,040,495</u>

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****C. Transaction price allocated to unsatisfied performance obligations**

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

(20) Expected credit gains (losses)

	For the years ended December 31	
	2020	2019
Operating expense – Expected credit gains (losses)		
Trade receivables	\$ (16,001)	\$ 3,527

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

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

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

2020.12.31

	Neither past due (Note)	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 17,251,258	\$ 155,703	\$ 359,615	\$ 40,269	\$ 66,891	\$ 17,873,736
Loss ratio	0%	0%	0%	10%	50%	
Lifetime expected credit losses	-	-	-	(3,996)	(20,682)	(24,678)
Carrying amount of trade receivables	\$ 17,251,258	\$ 155,703	\$ 359,615	\$ 36,273	\$ 46,209	\$ 17,849,058

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

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

2019.12.31

	Neither past due (Note)	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 12,291,255	\$ 799,318	\$ 77,898	\$ 3,176	\$ 19,645	\$ 13,191,292
Loss ratio	0%	0%	0%	10%	50%	
Lifetime expected credit losses	-	-	-	(259)	(8,418)	(8,677)
Carrying amount of trade receivables	\$ 12,291,255	\$ 799,318	\$ 77,898	\$ 2,917	\$ 11,227	\$ 13,182,615

Note: Neither the Company's trade receivables from related parties nor financing lease receivable was past due.

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

	Trade receivables	Financing lease receivables
As of January 1, 2020	\$ 8,677	\$ -
Allowance for the current period	16,001	-
As of December 31, 2020	\$ 24,678	\$ -
As of January 1, 2019	\$ 8,479	\$ -
Acquired through business combinations	3,725	-
Reversal for the current period	(3,527)	-
As of December 31, 2019	\$ 8,677	\$ -

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(21) Leases****A. The Company as lessee**

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

a. Right-of-use asset

	December 31, 2020	December 31, 2019
Land	\$ 1,474,595	\$ 1,512,529
Buildings and facilities	167,127	115,677
Machinery equipment	15,131	24,209
Transportation equipment	4,101	3,191
Office equipment	-	133
Total	<u>\$ 1,660,954</u>	<u>\$ 1,655,739</u>

During the years ended December 31, 2020 and 2019, the additions to right-of-use assets of the Company amounted to NT\$116,518 thousand and NT\$64,417 thousand, respectively.

b. Lease liability

	December 31, 2020	December 31, 2019
Lease liability-current	\$ 101,898	\$ 90,418
Lease liability-noncurrent	1,572,046	1,567,901
Total	<u>\$ 1,673,944</u>	<u>\$ 1,658,319</u>

Please refer to Note 6. (25) for the interest on lease liability recognized during 2020 and 2019 and Note 12. (2) C. for the maturity analysis of lease liabilities as of December 31, 2020.

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

c. Depreciation charge for right-of-use assets

	For the years ended	
	December 31	
	2020	2019
Land	\$ 37,934	\$ 37,934
Buildings and facilities	58,763	53,705
Machinery equipment	9,078	3,026
Transportation equipment	2,275	2,130
Office equipment	133	319
Total	<u>\$ 108,183</u>	<u>\$ 97,114</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>\$ 62,964</u>	<u>\$ 32,431</u>
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	<u>\$ 3,828</u>	<u>\$ 2,169</u>
Income from subleasing right-of-use assets	<u>\$ 23,080</u>	<u>\$ 19,360</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\$188,030 thousand and NT\$152,952 thousand, respectively.

B. The Company as a lessor

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

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

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

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

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

	For the years ended December 31					
	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 25,589	\$ 774,936	\$ 800,525	\$ 24,301	\$ 718,115	\$ 742,416
Others	\$ 658,765	\$ 32,071,871	\$ 32,730,636	\$ 622,907	\$ 26,028,683	\$ 26,651,590
Depreciation	\$ 9,784	\$ 2,457,881	\$ 2,467,665	\$ 8,234	\$ 2,120,817	\$ 2,129,051
Amortization	\$ 80	\$ 3,014,816	\$ 3,014,896	\$ 960	\$ 2,325,868	\$ 2,326,828

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(23) Interest income

	For the years ended December 31	
	2020	2019
Financial assets measured at amortized cost	\$ 1,126,089	\$ 1,631,251
Financial assets at fair value through other comprehensive income	108,497	78,904
Total	<u>\$ 1,234,586</u>	<u>\$ 1,710,155</u>

(24) Other income

	For the years ended December 31	
	2020	2019
Rental income	93,876	86,884
Others	84,274	95,535
Total	<u>\$ 178,150</u>	<u>\$ 182,419</u>

(25) Other gains and losses

	For the years ended December 31	
	2020	2019
Gains on disposal of property, plant and equipment	\$ 2,956	\$ 2,087
Foreign exchange gains	63,940	207,592
Gains on financial assets at fair value through profit or loss	138,315	20,374
Losses on financial liabilities at fair value through profit or loss	(520)	-
Others	(10,638)	(25,214)
Total	<u>\$ 194,053</u>	<u>\$ 204,839</u>

(26) Finance costs

	For the years ended December 31	
	2020	2019
Interest expenses on borrowings	\$ 422,848	\$ 956,554
Interest expenses on lease liabilities	23,493	23,829
Total	<u>\$ 446,341</u>	<u>\$ 980,383</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(27) Components of other comprehensive income

For the year ended December 31, 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ (69,862)	\$ -	\$ (69,862)	\$ 13,972	\$ (55,890)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	334,081	-	334,081	-	334,081
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	35,590,684	-	35,590,684	-	35,590,684
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(4,761,203)	-	(4,761,203)	-	(4,761,203)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	22,857	-	22,857	-	22,857
Total	\$ 31,116,557	\$ -	\$ 31,116,557	\$ 13,972	\$ 31,130,529

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

For the year ended December 31, 2019 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	\$ (66,098)	\$ -	\$ (66,098)	\$ 13,220	\$ (52,878)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	1,743,040	-	1,743,040	-	1,743,040
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	30,863,517	-	30,863,517	-	30,863,517
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(2,727,299)	-	(2,727,299)	-	(2,727,299)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	351	-	351	-	351
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	36,783	-	36,783	-	36,783
Total	\$ 29,850,294	\$ -	\$ 29,850,294	\$ 13,220	\$ 29,863,514

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

Upon derecognition of the Company's debt instrument investments measured at fair value through other comprehensive income, the cumulative gain or loss of NT\$0 thousand for the years ended December 31, 2020 and 2019, which were recognized in other comprehensive income, were reclassified to profit or loss.

(28) Income Tax

The major components of income tax expense are as follows:

	For the years ended December 31	
	2020	2019
Current income tax	\$ 2,731,411	\$ 517,997
Deferred tax (income) expense:	(22,738)	1,750,868
Others	9,244	37,418
Income tax expense recognized in loss	<u>\$ 2,717,917</u>	<u>\$ 2,306,283</u>

Income tax recognized in other comprehensive income

	For the years ended December 31	
	2020	2019
Deferred tax income		
Remeasurements of defined benefit plan	<u>\$ (13,972)</u>	<u>\$ (13,220)</u>

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

	For the years ended December 31	
	2020	2019
Accounting profit before tax from continuing operations	<u>\$ 43,634,717</u>	<u>\$ 25,339,004</u>
Tax at the domestic rates applicable to profits in the country concerned	8,726,943	5,067,801
Tax effect of revenues exempt from taxation	(21,342)	(10,428)
Tax effect of expenses not deductible for tax purposes	2,117	-
Investment tax credits	(2,025,980)	(887,177)
Tax effect of deferred tax assets/liabilities	(4,540,957)	(1,717,911)
Corporate income surtax on undistributed retained earnings	1,034,681	598,485
Others	(457,545)	(744,487)
Total income tax expense recognized in loss	<u>\$ 2,717,917</u>	<u>\$ 2,306,283</u>

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

For the year ended December 31, 2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	\$ 1,822,513	\$ (262,199)	\$ -	\$ 1,560,314
Allowance for sales returns and discounts	1,406,103	768,569	-	2,174,672
Amortization of difference for tax purpose	214,957	68,491	-	283,448
Amortization of goodwill difference for tax purpose	(1,957,431)	(686,653)	-	(2,644,084)
Others	(185,992)	134,530	13,972	(37,490)
Deferred tax income		<u>\$ 22,738</u>	<u>\$ 13,972</u>	
Net deferred tax assets	<u>\$ 1,300,150</u>			<u>\$ 1,336,860</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>3,501,079</u>			<u>\$ 4,274,948</u>
Deferred tax liabilities	<u>(2,200,929)</u>			<u>\$ (2,938,088)</u>

For the year ended December 31, 2019

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Acquired thought business combinations	Ending balance
Temporary differences					
Unrealized allowance for inventory obsolescence	\$ 1,561,304	\$ 53,743	\$ -	\$ 207,466	\$ 1,822,513
Allowance for sales returns and discounts	1,288,664	33,889	-	83,550	1,406,103
Amortization of difference for tax purpose	258,157	(43,200)	-	-	214,957
Amortization of goodwill difference for tax purpose	(464,556)	(1,492,875)	-	-	(1,957,431)
Others	(50,521)	(302,425)	13,220	153,734	(185,992)
Deferred tax income (expense)		<u>\$ (1,750,868)</u>	<u>\$ 13,220</u>	<u>\$ 444,750</u>	
Net deferred tax assets	<u>\$ 2,593,048</u>				<u>\$ 1,300,150</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$ 3,164,112</u>				<u>\$ 3,501,079</u>
Deferred tax liabilities	<u>\$ (571,064)</u>				<u>\$ (2,200,929)</u>

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

As of December 31, 2020, the income tax returns of the Company have been assessed and approved up to 2018.

(29) Earnings per share

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

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

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

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

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

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

7. Related Party Transactions

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

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Cloud Ranger Limited	Subsidiary
EcoNet (HK) Limited	Subsidiary
EcoNet Limited	Subsidiary
Mediatek Japan Inc.	Subsidiary
MediaTek Korea Inc.	Subsidiary
MediaTek Singapore Pte. Ltd.	Subsidiary
MediaTek USA Inc.	Subsidiary
MediaTek Research UK Limited	Subsidiary
MTK Wireless Limited (UK)	Subsidiary
MediaTek Wireless Finland Oy	Subsidiary
Mstar France SAS	Subsidiary
Nephos Inc.	Subsidiary (Note 1)
ILI Technology Holding Corporation	Subsidiary
MediaTek Investment Singapore Pte. Ltd.	Subsidiary
Richtek Technology Corp.	Subsidiary
InnoFusion Technology Corp.	Subsidiary
Zelus Technology (HangZhou) Ltd.	Subsidiary
ILI Technology Corporation	Subsidiary (Note 2)
MStar Software R&D (Shenzhen) Ltd.	Subsidiary
EcoNet (Suzhou) Limited	Subsidiary
Velocenet Inc.	Subsidiary (Note 3)
HFI Innovation Inc.	Subsidiary
Hsu-Si Investment Corp.	Subsidiary
Nephos (Hefei) Co., Ltd.	Subsidiary
Nephos (Taiwan) Inc.	Subsidiary (Note 4)
MediaTek (Chengdu) Inc.	Subsidiary
MediaTek Research Corp.	Subsidiary
MediaTek (Shanghai) Inc.	Subsidiary
MediaTek (Shenzhen) Inc.	Subsidiary
MediaTek China Limited	Subsidiary
(To be continued)	

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(Continued)

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Airoha Technology Corp.	Subsidiary
Xiamen Sigmastar Technology Inc.	Subsidiary
Gaintech Co. Limited	Subsidiary
E-Vehicle Semiconductor Technology Co., Ltd.	Associate
Cyberon Corp.	Associate
Amobile Intelligent Corp. Limited	Associate
Intelligo Technology Inc.	Associate
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party
Andes Technology Corp.	Substantive related party

Note 1: Nephos Inc. was dissolved due to the merger with MediaTek USA Inc. in October 2019. As a result, Nephos Inc. was no longer a subsidiary.

Note 2: ILI Technology Corporation has completed the transfer of shareholding rights in November 2020. As a result, ILI Technology Corporation was no longer a subsidiary.

Note 3: Velocenet Inc. was dissolved due to the merger with Mediatek Capital Co. in December 2019. As a result, Velocenet Inc. was no longer a subsidiary.

Note 4: Nephos (Taiwan) Inc. was dissolved due to the merger with Mediatek Capital Co. in December 2019. As a result, Nephos (Taiwan) Inc. was no longer a subsidiary.

Significant transactions with the related parties

(1) Sales

	For the years ended	
	December 31	
	2020	2019
Subsidiaries	\$ 2,122,299	\$ 1,712,118
Associates	7,803	12,095
Total	\$ 2,130,102	\$ 1,724,213

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

The trade credit terms for related parties and third-party customers were both 45 to 60 days. Third-party customers may pay their accounts in advance. Above sales include royalty revenues, which were charged based on the royalty agreement and collected with certain period.

(2) Purchases

	For the years ended	
	December 31	
	2020	2019
Subsidiaries	\$ 1,963	\$ 64,282

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The trade credit terms for related parties and third-party suppliers were both 30 days.

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

	For the years ended	
	December 31	
	2020	2019
Other related parties	\$ 3,070,193	\$ 2,009,316

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

(4) Consign research and development expenses and license expenses

	For the years ended	
	December 31	
	2020	2019
Subsidiaries	\$ 163,634	\$ 116,353
Associates	31,644	28,557
Other related parties	14,892	14,187
Total	\$ 210,170	\$ 159,097

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(5) Rental income**

	For the years ended December 31	
	2020	2019
Subsidiaries		
ILI Technology Corporation	\$ 26,815	\$ 25,644
Airoha Technology Corp.	21,791	18,297
Nephos (Taiwan) Inc.	-	5,961
Velocenet Inc.	-	5,114
Others	4,730	1,988
Total	<u>\$ 53,336</u>	<u>\$ 57,004</u>

(6) Other income due to technology service

	For the years ended December 31	
	2020	2019
Subsidiaries		
EcoNet (Suzhou) Limited	\$ 24,816	\$ 24,929
Others	1,069	3,000
Total	<u>\$ 25,885</u>	<u>\$ 27,929</u>

(7) Endorsement amount for office lease, bank financing and IP purchasing

	December 31, 2020		December 31, 2019	
	Endorsement limit	Actual amount	Endorsement limit	Actual amount
Subsidiaries				
Gaintech				
Co. Limited	\$ 24,000,000	\$ -	\$ 24,000,000	\$ -
MediaTek				
China				
Limited	9,000,000	3,161,537	9,000,000	2,980,313
Others	2,432,954	9,774	17,356	17,356
Total	<u>\$ 35,432,954</u>	<u>\$ 3,171,311</u>	<u>\$ 33,017,356</u>	<u>\$ 2,997,669</u>

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(8) Acquired property, plant and equipment

	For the years ended	
	December 31	
	2020	2019
Subsidiaries	\$ -	\$ 56,022

(9) Disposals of property, plant and equipment

	For the years ended			
	December 31			
	2020		2019	
	Carrying amount	Proceeds	Carrying amount	Proceeds
Subsidiaries	\$ 334	\$ 431	\$ 1,949	\$ 2,173

(10) Trade receivables from related parties

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 638,220	\$ 668,955
Associates	630	5,000
Total	\$ 638,850	\$ 673,955

(11) Other receivables from related parties

	December 31, 2020	December 31, 2019
Subsidiaries		
Nephos (Hefei) Co., Ltd.	282,454	298,154
Others	1,129	389,515
Total	\$ 283,583	\$ 687,669

Other receivables from related parties were composed mainly of dividends income, rental income and technology service revenue.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(12) Trade payables to related parties

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 1,616,504	\$ 897,491
Other related parties	1,039,480	474,379
Total	<u>\$ 2,655,984</u>	<u>\$ 1,371,870</u>

(13) Other payables to related parties

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 10,351	\$ -
Associates	5,631	16,312
Other related parties	41,500	-
Total	<u>\$ 57,482</u>	<u>\$ 16,312</u>

(14) Other current liabilities

	December 31, 2020	December 31, 2019
Subsidiaries	<u>\$ 285,423</u>	<u>\$ -</u>

(15) The Company sold 458,900 shares of Mstar France SAS to MTK Wireless Limited (UK) in the amount of NT\$853,713 thousand for the year ended December 31, 2020.

(16) The Company sold 343,617,200 shares of ILI Technology Corporation to ILI Technology Holding Corporation in the amount of NT\$3,576,931 thousand for the year ended December 31, 2019.

(17) The Company sold 4,106,000 shares of f Airoha Technology Corp to Hsu-Si Investment Corp. in the amount of NT\$160,267 thousand for the year ended December 31, 2019.

(18) The Company sold 915,000 shares of MStar Semiconductor UK Ltd. to MTK Wireless Limited (UK) in the amount of NT\$101,112 thousand for the year ended December 31, 2019.

MEDiatek INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

(19) The Company sold 52,031,546 shares of Sigmastar Technology Inc. to MediaTek Investment Singapore Pte. Ltd. in the amount of NT\$1,788,726 thousand for the year ended December 31, 2019.

(20) Key management personnel compensation

	For the years ended	
	December 31	
	2020	2019
Short-term employee benefits (Note)	\$ 1,208,667	\$ 655,637
Share-based payment	173,223	325,540
Post-employment benefits	2,353	1,620
Total	<u>\$ 1,384,243</u>	<u>\$ 982,797</u>

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

8. Assets Pledged as Collateral

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

Assets pledged as collateral	Carrying amount		Purpose of pledge
	December 31, 2020	December 31, 2019	
Financial assets measured at amortized cost-noncurrent	9,180	9,180	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	24,000	24,000	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	22,980	23,017	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	133,244	101,132	Performance bond
Financial assets measured at amortized cost-noncurrent	-	115,915	Performance bond
Total	<u>\$ 189,404</u>	<u>\$ 273,244</u>	

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

9. Contingencies and Off Balance Sheet Commitments

Legal claim contingency

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

The Company will handle these cases carefully.

10. Losses due to Major Disasters

None

11. Significant Subsequent Events

None

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****12. Others****(1) Financial instruments****A. Categories of financial instruments**Financial assets

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss:		
Held for trading financial assets	\$ 920	\$ -
Mandatorily measured at fair value through profit or loss (Note 1)	4,401,178	2,799,091
Subtotal	4,402,098	2,799,091
Financial assets at fair value through other comprehensive income	3,914,002	2,998,636
Financial assets measured at amortized cost (Note 2)	118,197,075	121,168,449
Total	\$ 126,513,175	\$ 126,966,176

Financial liabilities

Financial liabilities at fair value through profit or loss:

Held for trading financial liabilities	\$ 520	\$ -
Financial liabilities at amortized cost:		
Short-term borrowings	16,251,740	51,601,684
Trade payables (including related parties)	22,946,414	12,412,183
Other payables (including related parties)	26,017,253	17,907,377
Long-term payables (including current portion)	4,439,062	1,480,630
Lease liabilities	1,673,944	1,658,319
Subtotal	71,328,413	85,060,193
Total	\$ 71,328,933	\$ 85,060,193

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss for December 31, 2020 and 2019 which were in the amount of NT\$2,989,981 thousand and NT\$1,823,530 thousand, respectively. Please refer to Note 6. (5) for further explanation.
2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, trade receivables (excluding financial assets measured at fair value through profit or loss for December 31, 2020 and 2019 which were in the amount of NT\$2,989,981 thousand and NT\$1,823,530 thousand, respectively. Please refer to Note 6. (5) for further explanation.), other receivables and financing lease receivable, net.

B. Fair values of financial instruments

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

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

- (a) The carrying amount of cash and cash equivalents, trade receivables (including related parties), other receivables (including related parties), short-term borrowings, trade payables (including related parties) and other payables (including related parties) approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

- (d) The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.
- (e) The fair value of other financial assets and liabilities is determined using discounted cash flow analysis; the interest rate and discount rate are selected with reference to those of similar financial instruments.

b. Fair value of financial instruments measured at amortized cost

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

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

Level 1, 2 and 3 inputs are described as follows:

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

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

Level 3: Unobservable inputs for the assets or liabilities.

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

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

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

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**As of December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value through profit or loss				
Stocks	\$ 183,750	\$ -	\$ -	\$ 183,750
Funds	1,126,846	-	-	1,126,846
Linked deposits	-	-	100,601	100,601
Forward exchange contracts	-	920	-	920
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	3,911,851	-	2,151	3,914,002
Total	<u>\$ 5,222,447</u>	<u>\$ 920</u>	<u>\$ 102,752</u>	<u>\$ 5,326,119</u>

Liabilities measured at fair value:

Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 520	\$ -	\$ 520

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value through profit or loss				
Stocks	\$ 192,990	\$ -	\$ -	\$ 192,990
Funds	782,571	-	-	782,571
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	2,993,489	-	5,147	2,998,636
Total	<u>\$ 3,969,050</u>	<u>\$ -</u>	<u>\$ 5,147</u>	<u>\$ 3,974,197</u>

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

For the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

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

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

	Financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
	Link deposits	Stocks	Total
As of January 1, 2020	\$ -	\$ 5,147	\$ 5,147
Amount recognized in profit or loss	828	-	828
Amount recognized in OCI	-	(2,996)	(2,996)
Acquisitions	270,000	-	270,000
Settlements	(170,227)	-	(170,227)
As of December 31, 2020	\$ 100,601	\$ 2,151	\$ 102,752

	Financial assets mandatorily measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	
	Link deposits	Stocks	Total
As of January 1, 2019	\$ 29,277	\$ -	\$ 29,277
Amount recognized in profit or loss	723	-	723
Amount recognized in OCI	-	(814)	(814)
Acquired through business combinations	-	5,961	5,961
Settlements	(30,000)	-	(30,000)
As of December 31, 2019	\$ -	\$ 5,147	\$ 5,147

Total gains related to assets recognized for the years ended December 31, 2020 and 2019 amounted to NT\$601 thousand and NT\$0 dollar, respectively.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

As of December 31, 2020:

None

As of December 31, 2019:

None

D. Derivative financial instruments

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

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

Forward exchange contracts	Currency	Contract amount (‘000)	Maturity
As of December 31, 2020	TWD to USD	Buy USD 10,000	January 2021
As of December 31, 2020	JPY to USD	Buy USD 12,009	January 2021

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

(2) Financial risk management objectives and policies

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

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

A. Market risk

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

a. Foreign currency risk

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

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

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

When NTD appreciates or depreciates against USD by 0.1%, the profit for the years ended December 31, 2020 and 2019 increases / decreases by NT\$3,754 thousand and decreases / increases by NT\$1,255 thousand, respectively.

b. Interest rate risk

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, there is no significant impact of the related rate increase/ decrease on the Company.

c. Other price risk

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

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through profit or loss could cause the profit or loss for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$1,838 thousand and NT\$1,930 thousand, respectively.

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the years ended December 31, 2020 and 2019 to increase/decrease by NT\$39,119 thousand and NT\$29,935 thousand, respectively.

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

B. Credit risk management

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

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

As of December 31, 2020 and 2019, receivables from top ten customers represented 22.83%, and 39.93% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables was insignificant.

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

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

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

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount	
			December 31, 2020	December 31, 2019
Low credit risk	Credit risk measure belongs to IG category	12-month expected credit losses	\$ 1,118,475	\$ 290,000
	Counter parties with investment grade credit rating			
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category	Lifetime expected credit losses	\$ -	\$ -
	Contract payment overdue 30 days			
Credit-impaired	Credit risk measure belongs to DS category or above	Lifetime expected credit losses	\$ -	\$ -
	Contract payment overdue 90 days			
	Other impaired evidence			
Simplified method (Note)	(Note)	Lifetime expected credit losses	\$ 18,643,315	\$ 13,865,247

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

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

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

C. Liquidity risk management

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

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

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of December 31, 2020</u>				
Short-term borrowings	\$ 16,258,844	\$ -	\$ -	\$ 16,258,844
Trade payables (including related parties)	22,946,414	-	-	22,946,414
Other payables (including related parties)	26,012,888	-	-	26,012,888
Lease liabilities	124,889	309,759	1,726,427	2,161,075
Long-term payables	2,103,031	2,336,031	-	4,439,062
Total	<u>\$ 67,446,066</u>	<u>\$ 2,645,790</u>	<u>\$ 1,726,427</u>	<u>\$ 71,818,283</u>

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of December 31, 2019</u>				
Short-term borrowings	\$ 51,672,232	\$ -	\$ -	\$ 51,672,232
Trade payables (including related parties)	12,412,183	-	-	12,412,183
Other payables (including related parties)	17,863,458	-	-	17,863,458
Lease liabilities	90,418	1,567,901	-	1,658,319
Long-term payables	661,680	818,950	-	1,480,630
Total	<u>\$ 82,699,971</u>	<u>\$ 2,386,851</u>	<u>\$ -</u>	<u>\$ 85,086,822</u>

Derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
<u>As of December 31, 2020</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 342,405	\$ -	\$ 342,405
Outflow	(343,700)	-	(343,700)
Net	<u>\$ (1,295)</u>	<u>\$ -</u>	<u>\$ (1,295)</u>

As of December 31, 2019

None

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

MEDIATEK INC.**NOTES TO FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****D. Reconciliation of liabilities arising from financing activities**

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

	Short-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2020	\$ 51,601,684	\$ 1,658,319	\$ 425,644	\$ 53,685,647
Cash flows	(35,349,944)	(97,745)	(111,963)	(35,559,652)
Non-cash movement	-	113,370	-	113,370
As of December 31, 2020	<u>\$ 16,251,740</u>	<u>\$ 1,673,944</u>	<u>\$ 313,681</u>	<u>\$ 18,239,365</u>

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

	Short-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2019	\$ 24,555,667	\$ 1,692,464	\$ 54,061	\$ 26,302,192
Cash flows	27,046,017	(94,523)	371,583	27,323,077
Non-cash movement	-	60,378	-	60,378
As of December 31, 2019	<u>\$ 51,601,684</u>	<u>\$ 1,658,319</u>	<u>\$ 425,644</u>	<u>\$ 53,685,647</u>

(3) Significant assets and liabilities denominated in foreign currencies

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

	December 31, 2020		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 1,954,689	28.508	\$ 55,724,271
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 2,108,334	28,508	\$ 60,104,382

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

	December 31, 2019		
	Foreign Currency		NT\$ (thousand)
	(thousand)	Exchange rate	
<u>Financial assets</u>			
Monetary item:			
USD	\$ 2,482,244	30.106	\$ 74,730,451
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 2,523,921	30.106	\$ 75,985,154

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains were NT\$63,940 thousand and NT\$207,592 thousand for the years ended December 31, 2020 and 2019, respectively.

(4) Capital management

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

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

- A. Financing provided to others for the year ended December 31, 2020: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 2.
- C. Securities held as of December 31, 2020: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 4.

MEDIATEK INC.

NOTES TO FINANCIAL STATEMENTS-(Continued)

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

- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 5.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2020: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2020: Please refer to Attachment 6.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2020: Please refer to Attachment 7.
- I. Financial instruments and derivative transactions: Please refer to Note 12.

(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 8.

(3) Investment in Mainland China

- A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 9.
- B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please refer to Attachment 1.

(4) Main shareholder information

None.

MEDiatek Inc.
FINANCING PROVIDED TO OTHERS
For the year ended December 31, 2020

Attachment 1

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Hsu Chia (Samoa) Investment Ltd. (Note 1)	MediaTek (Shanghai) Inc.	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.
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.
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	EOSTEK 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	-	-	-
Digimoc 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	-
		Taiwania 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	-
Core Tech Resources Inc.	Bonds	China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-109-1	Financial assets measured at amortized cost- noncurrent	-	\$ 290,000	-	-	-
	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	-
Gaintech Co. Limited	Linked Deposits	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	-
		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	-
	Stocks	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.
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-STARs 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.
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% ECLEAR 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- jih 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-jih 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- jih 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.
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) YXYZXH Product	Financial assets mandatorily measured at fair value through profit or loss- current	-	CNY 30,000,000	-	CNY 30,000,000	-
		DYNA RECH CO., LTD.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	16,000,000	\$ 110,400	9%	\$ 110,400	-
Li-Yu Investment Corp.	Stocks	Asin Global Venture Capital II	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	770,000	\$ 23,454	10%	\$ 23,454	-
Gold Rich International (HK) Limited	Stocks	Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- current	2,046,504	USD 46,283,923	0%	USD 46,283,923	-
		Shenzhen Goodix Technology Co., Ltd.	Equity instrument investments measured at fair value through other comprehensive income- noncurrent	31,216,205	USD 705,988,563	7%	USD 705,988,563	-
MediaTek (Shanghai) Inc.	Capital	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	-
		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	-
	Funds	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	-
		Agricultural Development Bank of China bond	Financial assets measured at amortized cost- noncurrent	-	USD 8,997,300	-	-	-
	Bonds	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	Cypress Selected Secured Lending Fund Segregated Portfolio	Financial assets mandatorily measured at fair value through profit or loss- current	-	USD 3,033,659	-	USD 3,033,659	-

(To be continued)

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

(Continued)

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

Attachment 8

(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.
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.
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 capital and returned the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp. back to MediaTek Inc. in April 2020.

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

Note 23: For the purpose of reorganization, 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.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
For the year ended December 31, 2020

Attachment 9

(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.
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)

MEDIATEK INC.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
For the year ended December 31, 2020

(Continued)

Note 1: Based on Regulations Governing the Approval of Investment or Technical Cooperation in the Mainland China promulgated by Investment Commission, MOEA.

Note 2: Development of consumer electronics products and software and related technology consulting services.

Note 3: Development, manufacture, and marketing of consumer electronics products and software.

Note 4: General investing.

Note 5: The methods for engaging in investment in Mainland China include the following:

A. Direct investment in Mainland China.

B. Indirect investment in Mainland China through companies registered in a third region.

C. Other method.

Note 6: Recognized in financial statements audited by the auditors of the parent company in Taiwan.

Note 7: Amounts are listed in New Taiwan Dollars. For foreign currency conversion, net income (loss) of investee and investment income (loss) are converted by the average exchange rate during financial statement period (1 USD=29.58663 NTD; 1 CNY=4.28818 NTD).

Other amounts are converted by the exchange rate at reporting date. (1 USD=28.508 NTD; 1 CNY=4.36904 NTD)

MEDIATEK INC.
1. STATEMENT OF CASH AND CASH EQUIVALENTS
As of December 31, 2020

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

Item	Description	Amount	Amount in Foreign Currencies	Note
Bank Deposits				1. Cash and cash equivalents were not pledged.
Foreign currency deposits		\$ 8,092,080	USD 275,986 CNY 1,882 EUR 191 KRW 1 JPY 757,083	2. USD1=NTD28.508 CNY1=NTD4.36904 EUR1=NTD34.91945 KRW1=NTD0.02623 JPY1=NTD0.27656
Savings and checking deposits		<u>2,091,537</u>		
Subtotal		<u>10,183,617</u>		
Time Deposits				
Time Deposits - NT Dollars		52,930,000		
Time Deposits - US Dollars		<u>33,804,216</u>	USD 1,185,780	
Subtotal		<u>86,734,216</u>		
Total		<u>\$ 96,917,833</u>		

MEDIATEK INC.

2. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Financial Instruments	Units	Contract Amount/ Acquisition Cost	Contract Period	Fair Value	Note
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss		<u>Acquisition Cost</u>			
Fund					
KGI Fengli Fund	27,806,950	\$ 310,097		\$ 409,805	
KGI Fuli Strategic Fund	51,690,182	604,184		<u>717,041</u>	
Total		<u>\$ 914,281</u>		<u>\$ 1,126,846</u>	
Forward exchange contracts		<u>Contract Amount</u>			
Forward exchange contracts - prepurchase US dollars		USD 10,000	2020.12-2021.1	<u>\$ 920</u>	
Financial liabilities at fair value through profit or loss					
Held for trading financial liabilities		<u>Contract Amount</u>			
Forward exchange contracts - prepurchase US dollars		USD 12,009	2020.12-2021.1	<u>\$ (520)</u>	

MEDIATEK INC.

3. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollar)

Financial Instruments	Shares	Acquisition Cost	Accumulated impairment	Fair Value		Note
				Unit Price	Total Amount	
Equity instrument investments measured at fair value through other comprehensive income						
IC PLUS Corp.	730,000	<u>\$ 16,285</u>	Not applicable	22.3000	<u>\$ 16,279</u>	

MEDIATEK INC.

4. STATEMENT OF TRADE RECEIVABLES AND TRADE RECEIVABLES FROM RELATED PARTIES

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Client	Description	Amount	Note
Trade receivables			
Client A		\$ 3,183,924	
Client B		1,151,229	
Client C		1,359,253	
Others	The amount of individual client in others does not exceed 5% of the account balance.	12,179,330	
Subtotal		17,873,736	
Less: Allowance for doubtful debts		(24,678)	
Net amount		17,849,058	
Trade receivables from related parties			
Airoha Technology Corp.		268,683	
MediaTek Singapore Pte. Ltd.		191,194	
Nephos (Hefei) Co., Ltd.		161,114	
Other	The amount of individual client in others does not exceed 5% of the account balance.	17,859	
Subtotal		638,850	
Total		\$ 18,487,908	

MEDIATEK INC.

5. STATEMENT OF OTHER RECEIVABLES AND OTHER RECEIVABLES FROM
RELATED PARTIES

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Factoring receivables		\$ 3,025,695	
VAT deductibles		829,114	
Interest receivables		204,315	
Total		<u>\$ 4,059,124</u>	
Other receivables from related parties			
Nephos (Hefei) Co., Ltd.	Technical service revenue	282,454	
Others	The amount of individual item in others does not exceed 5% of the account balance.	1,129	
Total		<u>\$ 283,583</u>	

MEDIATEK INC.
6. STATEMENT OF INVENTORIES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$ 2,163,202	\$ 2,098,600	Inventories were not pledged.
Work in process		22,607,827	46,064,721	
Finished goods		<u>7,287,936</u>	<u>14,009,802</u>	
Total		32,058,965	<u>\$ 62,173,123</u>	
Less : Allowance for inventory valuation losses		<u>(11,156,074)</u>		
Net Amount		<u>\$ 20,902,891</u>		

MEDIATEK INC.

7. STATEMENT OF PREPAYMENTS AND OTHER CURRENT ASSETS

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments			
Prepaid expenses		\$ 381,070	
Prepaid insurance expenses		26,633	
Others	The amount of individual item in others does not exceed 5% of the account balance.	68,294	
Subtotal		<u>475,997</u>	
Other Current Assets			
Temporary payments of tax	Sales tax and withholding income tax	735,627	
Others	The amount of individual item in others does not exceed 5% of the account balance.	190,647	
Subtotal		<u>926,274</u>	
Total		<u>\$ 1,402,271</u>	

MEDIATEK INC.

8. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT

For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance		Acquisition		Disposal		Adjustments	Ending Balance		Collateral	Note
	Units	Fair Value	Units	Amount	Units	Amount		Units	Fair Value		
Financial assets mandatorily measured at fair value through profit or loss											
Shin Kong Financial Holding Co., Ltd., Preferred Stock A	4,200,000	\$ 192,990	-	\$ -	-	\$ -	\$ (9,240)	-	\$ 183,750	None	
Ennoconn 3rd Credit Linked Structural Product	-	-	-	120,000	-	(120,000)	-	-	-	None	
EVA Air 4th Credit Linked Structural Product	-	-	-	150,000	-	(50,000)	601	-	100,601	None	
Total		<u>\$ 192,990</u>		<u>\$ 270,000</u>		<u>\$ (170,000)</u>	<u>\$ (8,639)</u>		<u>\$ 284,351</u>		

MEDIATEK INC.

9. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT

For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance		Acquisition		Disposal		Adjustments	Ending Balance		Accumulated Impairment	Collateral	Note
	Units	Fair Value	Units	Amount	Units	Amount		Units	Fair Value			
Equity instrument investments measured at fair value through other comprehensive income												
Cathay No.1 Real Estate Investment Trust	81,200,000	\$ 1,437,240	-	\$ -	-	\$ -	\$ 82,012	81,200,000	\$ 1,519,252	Not applicable	None	
Cathay No.2 Real Estate Investment Trust	64,503,000	1,103,001	-	-	-	-	180,609	64,503,000	1,283,610	Not applicable	None	
Fubon No.1 Real Estate Investment Trust	16,744,000	267,904	-	-	-	-	39,683	16,744,000	307,587	Not applicable	None	
Fubon No.2 Real Estate Investment Trust	13,421,000	185,344	-	-	-	-	44,289	13,421,000	229,633	Not applicable	None	
EosTek Limited (Cayman)	640,000	5,147	-	-	-	-	(2,996)	640,000	2,151	Not applicable	None	
Chailease Finance Co., Ltd. Preferred Stock A	-	-	2,750,000	275,000	-	-	(1,100)	2,750,000	273,900	Not applicable	None	
WT Microelectronics Preferred Stock A	-	-	5,800,000	290,000	-	-	(8,410)	5,800,000	281,590	Not applicable	None	
Total		<u>\$ 2,998,636</u>		<u>\$ 565,000</u>		<u>\$ -</u>	<u>\$ 334,087</u>		<u>\$ 3,897,723</u>			

MEDIATEK INC.

10. STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORITIZED COST - NONCURRENT

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Interest Rate	Period	Note
Time deposits					Please refer to Note 8 of the notes to the financial statements.
Taiwan Cooperative Bank	Science Park Administration				
	Lease execution deposits	\$ 22,867	0.110%~1.035%	2019/05/12~2023/08/07	
	Customs clearance deposits	9,180	0.640%~1.035%	2019/05/12~2023/05/12	
Mega Bank	Science Park Administration				
	Lease execution deposits	113	0.765%	2020/09/01~2021/09/01	
	Customs clearance deposits	24,000	0.59%	2020/12/31~2021/01/31	
First Commercial Bank	Performance bond	133,244	0.410%	2020/10/26~2021/06/30	
	Subtotal	189,404			
Financial assets measured at amortized cost - noncurrent					
	Cathay Life Insurance Co., Ltd.				
	Cumulative Perpetual Subordinated bond-106-1	\$ 290,000			
	China Life Insurance Company Limited Cumulative Perpetual Subordinated bond-109-1	290,000			
	3.875% LENOVO GROUP LTD DUE 160322	64,962			
	3.5% WEIBO CORP DUE 050724	270,769			
	1.375% TENCENT MUSIC ENT GRP DUE 030925	157,573			
	3.075% BAIDU INC DUE 070425	45,171			
	Subtotal	1,118,475			
	Total	\$ 1,307,879			

MEDIATEK INC.
11. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Investee Company	Beginning Balance		Acquisition (Note 1)		Disposal (Note 2)		Investment Income (Loss)	Ending Balance			Net Assets Value/ Fair Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	%	Amount	Unit price	Total Amount		
MediaTek Investment Singapore Pte. Ltd.	2,251,157,978	\$ 146,880,648	-	\$ 35,571,328	-	\$ (4,141,828)	\$ 6,150,633	2,251,157,978	100%	\$ 184,460,781	\$ 81.94	\$ 184,460,781	None	
Hsu-Si Investment Corp.	-	-	2,730,000,000	29,355,445	(2,105,695,244)	(21,081,150)	519,059	624,304,756	100%	8,793,354	14.09	8,793,354	None	
Hsu-Ta Investment Corp.	3,398,981,889	37,014,570	214,918,062	1,823,866	(2,876,384,348)	(28,910,518)	1,669,841	737,515,603	100%	11,597,759	15.73	11,597,759	None	
MStar International Technology Inc.	30,000,000	83,140	-	-	-	-	237	30,000,000	100%	83,377	2.78	83,377	None	
HFI Innovation Inc.	113,890,952	440,782	4,171,132	115,257	-	-	(51,468)	118,062,084	100%	504,571	4.27	504,571	None	
MediaTek Singapore Pte. Ltd.	111,993,960	6,365,067	-	-	-	(9,319,997)	14,199,789	111,993,960	100%	11,244,859	100.41	11,244,859	None	
Mstar France SAS	458,900	823,679	-	15,328	(458,900)	(844,264)	5,257	-	-	-	-	-	None	
Digimoc Holdings Limited	3,805	55,809	-	-	-	(11,095)	(45)	3,805	100%	44,669	11,739.55	44,669	None	
Mstar Co., Ltd.	13,350,000	448,484	-	11,572	-	-	(342,159)	13,350,000	100%	117,897	8.83	117,897	None	
Spidcom Technologies	14,620	3,673	-	-	-	-	(1,050)	14,620	100%	2,623	179.41	2,623	None	
Richtek Technology Corp.	-	-	148,482,806	21,297,901	-	(3,313,646)	4,367,471	148,482,806	100%	22,351,726	150.53	22,351,726	None	
MShining International Corporation	63,138,811	666,836	-	-	(63,138,811)	(666,392)	(444)	-	-	-	-	-	None	
Total		<u>\$ 192,782,688</u>		<u>\$ 88,190,697</u>		<u>\$ (68,288,890)</u>	<u>\$ 26,517,121</u>			<u>\$ 239,201,616</u>				

Note 1: The increase in the current period includes changes in the net value of the equity of the invested company, unrealized gains from financial assets measured at fair value through other comprehensive income, unrealized gross profit on sales, exchange differences resulting from translating the financial statements of foreign operations, profit or loss of the defined benefit plan, income tax related to other comprehensive income components, etc.

Note 2: The decrease in the current period includes changes in the net value of the equity of the invested company, unrealized profit or loss of financial assets measured at fair value through other comprehensive income, cash dividends distribution, capital reduction and return of shares, exchange differences resulting from translating the financial statements of foreign operations, profit or loss of the defined benefit plan, income tax related to other comprehensive income, etc.

MEDIATEK INC.

12. STATEMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS
AND OTHER NONCURRENT ASSETS

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Property, plant and equipment		<u>\$ 20,388,079</u>	Please refer to Note 6(10) of the notes to the financial statements.
Intangible assets		<u>\$ 58,505,350</u>	Please refer to Note 6(11) of the notes to the financial statements.
Other noncurrent assets			
Deferred tax assets		\$ 4,274,948	
Refundable deposits		73,162	
Long-term financing lease receivable, net		<u>130,729</u>	
Total		<u>\$ 4,478,839</u>	

MEDIATEK INC.
13. RIGHT-OF-USE ASSET
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Acquisition	Disposal	Ending Balance	Note
Cost					
Land	\$ 1,550,463	\$ -	\$ -	\$ 1,550,463	
Buildings and facilities	168,615	113,333	(30,963)	250,985	
Machinery equipment	27,235	-	-	27,235	
Transportation equipment	5,321	3,185	-	8,506	
Office equipment	452	-	(452)	-	
Total	<u>\$ 1,752,086</u>	<u>\$ 116,518</u>	<u>\$ (31,415)</u>	<u>\$ 1,837,189</u>	
Amortization and impairment					
Land	\$ 37,934	\$ 37,934	\$ -	\$ 75,868	
Buildings and facilities	52,938	58,763	(27,843)	83,858	
Machinery equipment	3,026	9,078	-	12,104	
Transportation equipment	2,130	2,275	-	4,405	
Office equipment	319	133	(452)	-	
Total	<u>\$ 96,347</u>	<u>\$ 108,183</u>	<u>\$ (28,295)</u>	<u>\$ 176,235</u>	

MEDIATEK INC.

14. STATEMENT OF SHORT-TERM BORROWINGS

As of December 31, 2020

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

Type	Description	Amount	Contract Period	Interest Rate	Loan Commitments	Collateral	Note
Unsecured loans							
Shin Kong Bank		\$ 1,425,400	2020/11/30~2021/1/5	0.42%	USD 50,000	None	
Mega Bank		2,565,720	2020/11/30~2021/1/8	0.45%	USD 150,000	None	
Standard Chartered Bank		1,710,480	2020/12/16~2021/1/15	0.40%	USD 160,000	None	
Citibank		7,127,000	2020/12/18~2021/1/15	0.46%	USD 350,000	None	
China Construction Bank		2,850,800	2020/12/23~2021/1/22	0.43%	USD 250,000	None	
JPMorgan chase bank		572,340	2020/10/28~2021/10/27	0.00%	TWD 1,400,000	None	
Total		<u>\$ 16,251,740</u>					

MEDIATEK INC.

15. STATEMENT OF TRADE PAYABLES AND TRADE PAYABLES TO RELATED PARTIES

As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Supplier	Description	Amount	Note
Trade payables			
Vendor A		\$ 4,578,811	
Vendor B		2,119,008	
Vendor C		2,069,373	
Vendor D		1,822,525	
Vendor E		1,157,230	
Vendor F		1,037,839	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	7,505,644	
Subtotal		<u>20,290,430</u>	
Trade payables to related parties			
Richtek Technology Corp.		1,527,630	
King Yuan Electronics Co., Ltd.		999,997	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	128,357	
Subtotal		<u>2,655,984</u>	
Total		<u>\$ 22,946,414</u>	

MEDIATEK INC.
16. STATEMENT OF OTHER PAYABLES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other Payables			
Accrued salaries and bonuses		\$ 16,571,218	
Accrued royalties		1,187,714	
Other payables to related parties		57,482	
Others	The amount of individual item in others does not exceed 5% of the account balance.	8,200,839	
Total		<u>\$ 26,017,253</u>	

MEDIATEK INC.
17. STATEMENT OF OTHER CURRENT LIABILITIES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other current liabilities			
Refund liabilities		\$ 15,111,597	
Temporary receipts		843,065	
Total		<u>\$ 15,954,662</u>	

MEDIATEK INC.
18. STATEMENT OF LEASE LIABILITIES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Lease term	Discount rates (annual)	Ending Balance	Note
Land	2019/01/01~2068/04/30	1.480%	\$ 1,494,348	
Buildings and facilities	2019/01/01~2025/11/30	0.768%~0.775%	167,787	
Machinery equipment	2019/09/09~2022/09/08	0.775%	7,698	
Transportation equipment	2019/01/01~2024/6/30	0.73%~0.775%	4,111	
Office equipment	2019/01/01~2020/06/04	0.575%	-	
Total			<u>1,673,944</u>	
Less: current portion			(101,898)	
Noncurrent portion			<u>\$ 1,572,046</u>	

MEDIATEK INC.
19. STATEMENT OF NONCURRENT LIABILITIES
As of December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Long-term payables		\$ 2,336,031	
Net defined benefit liabilities - noncurrent		729,888	
Deposits received		313,681	
Deferred tax liabilities		2,938,088	
Lease liability - noncurrent		1,572,046	
Accrued unused vacation		526,380	
Others	The amount of individual item in others does not exceed 5% of the account balance.	16,172	
Total		<u>\$ 8,432,286</u>	

MEDIATEK INC.
20. STATEMENT OF NET SALES
For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Units (Die)	Amount	Note
Sales of goods - multimedia chip and mobile phone chip	3,678,285,406	\$ 162,523,119	
Services and other revenues		<u>5,814,789</u>	
Net operating revenues		<u>\$ 168,337,908</u>	

MEDIATEK INC.
21. STATEMENT OF OPERATING COSTS
For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Amount		Note
	Subtotal	Total	
Cost of Goods Sold of Self-made Product			
Direct material			
Beginning of year	\$ 867,198		
Add: Raw material purchased	64,406,676		
Less: Raw material, end of year	(2,163,203)		
Direct material used		\$ 63,110,671	
Manufacturing Expenses	26,982,360	26,982,360	
Manufacturing Costs		90,093,031	
Add: Work in process, beginning of year	18,407,915		
Work in process purchased	9,964,578		
Less: Work in process, end of year	(22,607,826)	5,764,667	
Cost of Finished Goods		95,857,698	
Add: Finished goods, beginning of year	6,658,856		
Finished goods purchased	1,172,720		
Less: Finished goods, end of year	(7,287,936)		
Transferred to operating expenses	(566,693)	(23,053)	
Subtotal		95,834,645	
Other Operating Costs			
Inventory loss reversal		(1,861,878)	
Gain on sales of scrap		(8,718)	
Others		382,465	
Total Operating Costs		<u>\$ 94,346,514</u>	

MEDIATEK INC.
22. STATEMENT OF OPERATING EXPENSES
For the year ended December 31, 2020

(Amounts in Thousands of New Taiwan Dollars)

Item	Research and Development Expenses	Administrative Expenses	Selling Expenses
Payroll expenses	\$ 28,097,871	\$ 1,779,798	\$ 528,652
Depreciation	1,882,223	574,740	918
Amortization	2,967,312	47,504	-
Service fee and advertisement expenses	1,930,939	306,379	2,797,865
License fee	1,998,041	-	3,401,948
Design and experiment expenses	3,007,304	27,121	-
Consumables	3,114,498	-	-
Others	4,369,246	856,135	403,298
Total	<u>\$ 47,367,434</u>	<u>\$ 3,591,677</u>	<u>\$ 7,132,681</u>

MEDIATEK INC.

23. STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION, AND AMORTIZATION EXPENSES

For the years ended December 31, 2020 and 2019

(Amounts in Thousands of New Taiwan Dollars)

Function Nature	For the year ended December 31, 2020			For the year ended December 31, 2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expenses (Note)						
Payroll	\$ 608,800	\$ 30,406,320	\$ 31,015,120	\$ 573,961	\$ 24,417,024	\$ 24,990,985
Labor and health	38,271	1,163,127	1,201,398	37,293	1,115,694	1,152,987
Pension	25,589	774,936	800,525	24,301	718,115	742,416
Board compensation	-	70,655	70,655	-	48,421	48,421
Others	11,694	502,424	514,118	11,653	447,544	459,197
Depreciation	9,784	2,457,881	2,467,665	8,234	2,120,817	2,129,051
Amortization	80	3,014,816	3,014,896	960	2,325,868	2,326,828

NOTE:

1. For the years end December 31, 2020 and 2019, the Company had 9,089 and 8,561 employees, respectively, which included 6 non-employee directors for both years.
2. Employee benefits expenses in average were NT\$3,691,639 dollars and NT\$3,196,445 dollars for the years ended December 31, 2020 and 2019, respectively.
3. Payroll expenses in average were NT\$3,414,634 dollars and NT\$2,921,214 dollars for the years ended December 31, 2020 and 2019, respectively.
4. The adjustment of average payroll increased by 17% for the year ended December 31, 2020.
5. The Company did not have supervisors either in 2020 or 2019. Therefore, there was no compensation to the supervisor.

6. The Company's remuneration and reward principles are as follows:

(1) Director of the Board:

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

(2) Managerial Officer:

In addition to referring to the Company's overall operating performance and according to the positions of the executives, contribution to the Company's operations, individual performance, and consideration of the Company's future risks and reference to the industry norm, the remuneration of the Company's executives is evaluated by the remuneration committee for its plausibility, and submitted to the Board of Directors for resolution. It is reviewed anytime under the actual operating situation and related laws to seek for the balance of company's sustainability and risk control.

(3) Employees:

The Company regularly measures the market compensation level and formulates reasonable compensation and bonus policies based on the overall economic indicators to ensure the overall compensation and bonus are competitive. It is written in the Company's Articles of Incorporation that if the Company makes profit in the year, the Company should provide employee compensation no less than 1% of net income, to link company performance to employee compensation and bonus. Through regular performance appraisal and development operation mechanisms, a two-way communication and interaction platform is provided to achieve organizational and personal development, and corresponding rewards are given according to performance results, so as to encourage employees and the Company to grow together.