



**2008 ANNUAL GENERAL SHAREHOLDERS '  
MEETING**

**MEETING AGENDA (TRANSLATION)**

**June 13 , 2008**

# Table of Contents

## **ONE. MEETING PROCEDURE**

## **TWO. MEETING AGENDA**

I. Report Items .....	5
II. Acknowledgements .....	6
III. Proposed Resolutions .....	8
IV. Special Motion .....	9

## **THREE. ATTACHMENTS**

I. 2007 Business Report .....	11
II. Supervisors' Report.....	13
III Independent Auditors' Report and 2007 Financial Statements.....	14
IV. Independent Auditors' Report and 2007 Consolidated Financial Statements .....	20

## **FOUR. APPENDIX**

I. Articles of Incorporation.....	27
II. Rules and Procedure of Shareholders' Meeting.....	32
III. Shareholdings of All Directors and Supervisors.....	34
IV. The Influence of Dividend Capitalization upon Business Performance and EPS .	35
V Earnings Allocation as Resolved by the Board of Directors and such Information .....	36

## **MediaTek Inc.**

### **2008 Annual General Shareholders' Meeting Procedure**

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Acknowledgements
- V. Proposed Resolutions
- VI. Special Motion
- VII. Meeting Adjourned

## **MediaTek Inc.**

### **2008 Annual General Shareholders' Meeting Agenda**

Time: 9:00 a.m., June 13, 2008

Place: The Labor Recreational Center Auditorium  
2 Hsin-an Road, Science-based Industrial Park  
Hsinchu, Taiwan, R.O.C.

Agenda:

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
  - (I) 2007 Business Report
  - (II) Supervisors' Report
- IV. Acknowledgements
  - (I) To accept 2007 Business Report and Financial Statements
  - (II) To approve the proposal for distribution of 2007 profits
- V. Proposed Resolution
  - (I) To approve capitalization of 2007 shareholders' dividend, employees' profit sharing, and capital augment
- VI. Special Motion
- VII. Meeting Adjourned

## **Report Items**

### **Report Item I**

Proposed by the Board of Directors

**Subject:** MediaTek's 2007 Business Report. Please resolve your decision.

**Descriptions:** For MediaTek's 2007 Business Report, please refer to page 11; Attachment I.

### **Report Item II**

Proposed by the Board of Directors

**Subject:** The Supervisors have duly reviewed MediaTek's 2007 Business Report, Financial Statements and earnings allocation. Please resolve your decision.

**Descriptions:** For Supervisors' Report, please refer to page 13; Attachment II.

## Acknowledgements

### Acknowledgement Item I

Proposed by the Board of Directors

**Subject:** MediaTek's 2007 Business Report and Financial Statements are herewith submitted. Your acknowledgement shall be appreciated.

**Descriptions:** (I) MediaTek's 2007 Financial Statements, including Balance Sheets, Statements of Income, Statements of Changes in Shareholders' Equity, Statements of Cash Flows, were duly audited and certified by independent auditors Hsin-Min Hsu and Chien-Kuo Yang of Ernst & Young. The report duly issued by the independent auditors has been approved at the 16<sup>th</sup> meeting of the 4th Board of Directors.

(II) For 2007 independent auditors' report, Business Report and the aforementioned Financial Statements, please refer to pages 14-19 Attachment III and pages 20-25 Attachment IV .

Decision resolved:

### Acknowledgement Item II

Proposed by the Board of Directors

**Subject:** The distribution of MediaTek's 2007 profits is herewith submitted. Your acknowledgement shall be appreciated.

**Descriptions:** (I) The distribution of MediaTek's 2007 profits was adopted at the 16<sup>th</sup> meeting of the 4th Board of Directors.

(II) MediaTek's 2007 profit allocation proposal is as below:

Expressed in NT Dollars

Descriptions	Amount	Remarks
<b>Net profit of 2007</b>	\$33,592,701,905	
Less: 10% Legal reserve	3,359,270,191	
Plus: Reverse of Special reserve	0	
2007 Earnings Available for Distribution	30,233,431,714	
Plus: Unappropriated retained earnings of previous years	29,378,472,566	
Earnings Available for Distribution	59,611,904,280	
<b>Distribution Items:</b>		
1. Remuneration to Directors and Supervisors	75,583,579	0.25% of 2007 Earnings Available for Distribution
2. Dividend to common shareholders	19,880,306,854	Stock dividend of NT\$ 0.1 per share and cash dividend of NT\$19 per share
3. Employees' profit sharing	3,418,900,000	6.4% in stock and 93.6% in cash
Total Distribution	23,374,790,433	
<b>Unappropriated Earnings</b>	36,237,113,847	

\*: 1. MediaTek's retained earnings capitalization is rounded to the nearest number of ten New Taiwan Dollars.

2. For dividend distribution, the Board of Directors is authorized to determine the date of ex-right and ex-dividend as well as the date of cash dividend distribution.

3. In case of repurchase or disposal of MediaTek's shares or other reasons in the future which would affect the

number of outstanding shares and lead to a change in share distribution rate to shareholders, it is proposed that the shareholders' meeting authorizes the Board of Directors with full powers to act accordingly.

4. Stock employees' profit sharing totals 21,890,000 shares and is priced at NT\$8,917,986,000 as calculated at the NT\$407.4 closing price averaged in December 2007. After the employees' profit sharing of NT\$3,200,000,000 in cash is added, the total employees' profit sharing comes to NT\$12,117,986,000 within the limit set forth in law.

Decision resolved:

## Proposed Resolutions

Proposed Item I

Proposed by the Board of Directors

**Subject:** To procure R&D equipment and intangible assets, expand plant buildings, and investments, it is proposed that NT\$322,985,370 be allocated from 2007 Earnings Available for Distribution and converted into MediaTek's paid-in capital. Please resolve your decisions.

**Descriptions:** (I) To procure R&D equipment and intangible assets, expand plant buildings and investments, it is proposed that MediaTek's paid-in capital be increased by capitalizing the stock dividends to common shareholders of NT\$104,085,370 and employees' profit sharing (in stock) of NT\$218,900,000 allocated from 2007 Earnings Available for Distribution. The total amount of paid-in capital increase shall be NT\$322,985,370.

(II) The paid-in capital after earnings capitalization will be as follows:

Paid-in capital before capital increase	1,040,853,762 shares	NT\$10 per value	NT\$10,408,537,620
2007 capitalized shareholders stock dividend	10,408,537 shares	NT\$10 per value	NT\$ 104,085,370
2007 capitalized employees' profit sharing (in stock)	21,890,000 shares	NT\$10 per value	NT\$ 218,900,000
Subtotal	32,298,537 shares	NT\$10 per value	NT\$ 322,985,370
Paid-in capital after capital increase	1,073,152,299 shares	NT\$10 per value	NT\$ 10,731,522,990

(III) The total number of shares of paid-in capital increase shall be 32,298,537 shares at par value of NT\$10 per share, all in common shares. For distribution allocated from 2007 Earnings Available for Distribution, each common shareholder will be entitled to receive a stock dividend of 10 shares for each 1,000 shares held by such shareholders. If the stock dividends include fractional shares which are less than one full share, the shareholders concerned may arrange for pooling together their fractional shares to form one full share and register the same within 5 days after the record date. Beyond such time limit, the distribution will be made in the form of cash rounded to the nearest dollar amount at par value. Such fractional shares will be purchased by people arranged by the Chairman as authorized by the Broad of Directors of MediaTek.

(IV) The shareholders' rights and obligations are the same as those of the existing common shares.

(IV) If the capital augment proposal should be changed in line with practical



requirements or as instructed by the authorities of the government, the Board of Directors is authorized to act as necessary.

- (V) The Board of Directors is authorized to determine the ex-right date of new share allocation after being approved by the competent authorities of the government.
- (VI) The Board of Directors is authorized to determine usage of the earnings being capitalized.
- (VII) The Board of Directors is authorized to determine the dividend payout ratio in case of future repurchase or disposal of MediaTek's shares or other reasons which could affect the number of outstanding shares and change on the dividend payout ratio to shareholders.

Decision resolved:

## **Special Motion**

## **Meeting Adjourned**

# **Attachments**

## **Attachment I**

### **MediaTek Inc.**

#### **2007 Business Report**

MediaTek achieved a historical high in revenue and earnings per share in 2007. Consolidated revenue for this year totaled NT\$80.7 billion, growing by 43% over last year. Net income was NT\$33.6 billion, an increase of 49% from last year. Earnings per share reached NT\$32.59, soaring from NT\$21.93 of previous year. In the area of wireless handset chipsets, we continued upgrading our total solution for customers. Not only are we the industry leader in technology, our shipment volume grew at an accelerated pace and market share continued to expand. These factors propelled the Company to become one the top three suppliers of wireless handsets chipsets in the world. MediaTek's high definition digital TV chipsets business also commands its leading position with advanced highly integrated single chip. MediaTek ramped to become the second largest supplier in the world for DTV chipsets. Other products, such as GPS chipsets and blu-ray chipsets have also been successfully launched as one of the industry pioneers.

Last year, MediaTek was not only the winner of "Best Managed Company Award" selected by FSA (Fabless Semiconductor Association) in consecutive years but also the winner of "Forbes FAB 50". In addition, MediaTek was the first and only company in Taiwan to have published 7 papers in the span of five years to IEEE ISSCC, the paramount indicator of IC design industry. Furthermore, MediaTek has received the "Distinguished Innovation Accomplishment Award" from the Ministry of Economic Affairs for the second time, the only company in Taiwan except TSMC to win this award twice. These results show that the ceaseless efforts of MediaTek in technology innovation are repeatedly recognized by professional institutions at home and overseas. In terms of social responsibility, MediaTek proactively supports education of technology in order to properly train students in technology and align them with global standards. Last year, MediaTek was conferred the "2007 Excellence in Corporate Social Responsibility Award" by Common Wealth Magazine and the "Corporate Social Responsibility Award" by Global Views Monthly.

MediaTek also participated aggressively in international mergers and acquisitions in year 2007. The Company acquired NuCORE Technology Inc., a US digital camera chipset design company. It purchased the OthelloR radio and SoftFoneR baseband chipset product lines as well as certain cellular handset baseband support operations of Analog Devices, Inc. These acquisitions allowed MediaTek to break through in critical technologies and helped speed up its globalization process. In addition, the acquisitions also facilitate services for first tier customers and recruitment of talented employees throughout the world. Nonetheless, the cross-border organizational structure and operational methods prompted the upgrading of international management know-how, which remains an important challenge for the Company in the near future and the long run.

Despite of its leadership position in the industry, MediaTek still faces the challenges of rapid technology advancement and accelerated replacement of semiconductor technologies. Product life cycle continues to compress, and acute price competition has made cost reduction increasingly important. In the future, MediaTek will face more sophisticated competitors and challenges. Under this tough environment, the Company still seeks perpetual breakthroughs and innovations. With abundance of intellectual property rights as its niche, the Company would be able to yield synergy and increase competitiveness to become a worldwide leader in the IC industry.

Last year marked the 10<sup>th</sup> anniversary of MediaTek. The product lines, organization, and employees of the Company have had significant changes over the years to accommodate the growing market. This is particularly true after the aforementioned mergers and acquisitions, which

upsized the number of overseas employees of the organization by more than 40%. To cope with these changes, the Company has redesigned its Corporate Identity System and defined the corporate mission and vision. Mission: Through constant innovation, MediaTek strives to provide the best IC products and services in order to fulfill people's potential needs of entertainment, communication, and information. Vision: Enhance and enrich people's life.

Looking into the future, the digital home and wireless communication industries have great growth potential and opportunities. In broadening the product lines and deepening the technological development, MediaTek will take competition at a world-class level as a major global player. The Company will respond to the changes in the market with an international mindset and will continue to provide customers with the most competitive products and services. The Company will also work hard to maximize benefits in favor of all the shareholders. Finally, I wish to express my gratitude to all our shareholders for your continued supports throughout the year.

## **Attachment II**

### **Supervisors' Report**

The Financial Statements of MediaTek Inc. in fiscal year 2007 have been duly audited by Ernst & Young and are believed to fairly represent the financial standing, operation results and cash flows of MediaTek Inc.. We, the Supervisors, have duly reviewed the Financial Statements along with the Business Report and proposal for profits distribution and hereby verify that they comply with the requirements of Company Law and relevant regulations. This Report is duly submitted in accordance with Article 219 of the Company Law, and we hereby submit this report.

To MediaTek Inc. 2008 Annual General Shareholders' Meeting

MediaTek Inc.

Supervisor: Paul Wang (MediaTek Capital Corp., representative)

Supervisor: Chung-Lang Liu (National Tsing Hua University, representative)

Supervisor: Yan-Kuin Su (National Cheng Kung University, representative)

April 23 , 2008

## **Attachment III**

### **English Translation of a Report Originally Issued in Chinese Independent Auditors' Report**

To the Board of Directors and Shareholders  
of MediaTek Inc.

We have audited the accompanying balance sheets of MediaTek Inc. as of December 31, 2007 and 2006, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (R.O.C.). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MediaTek Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years ended December 31, 2007 and 2006, in conformity with requirements of the Business Entity Accounting Act and Regulation on Business Entity Accounting Handling with respect to financial accounting standard, Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the financial statements, effective January 1, 2006, the Company adopted the R.O.C. Statement of Financial Accounting Standards No. 34 "Accounting for Financial Instruments" and the R.O.C. Statement of Financial Accounting Standards No. 36 "Disclosure and Presentation of Financial Instruments" to account for the related assets.

The Company has prepared consolidated financial statements as of December 31, 2007 and 2006 and for the years then ended. We have expressed an unqualified and a modified unqualified audit opinion on those consolidated financial statements, respectively.

Ernst & Young  
CERTIFIED PUBLIC ACCOUNTANTS  
March 17, 2008  
Taipei, Taiwan  
Republic of China

### 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.

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. 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 R.O.C.

English Translation of Financial Statements Originally Issued in Chinese

**MEDIATEK INC.**  
**BALANCE SHEETS**  
**As of December 31, 2007 and 2006**  
(Amounts in thousand New Taiwan Dollars)

ASSETS		Notes	2007	2006	LIABILITIES AND SHAREHOLDERS' EQUITY		Notes	2007	2006
<b>Current assets</b>					<b>Current liabilities</b>				
Cash and cash equivalents	2, 4(1)		\$ 40,365,582	\$ 36,655,169	Financial liability at fair value through profit or loss-current	2, 4(2)	\$ 33,076	\$ 14,586	
Financial assets at fair value through profit or loss-current	2, 4(2)		2,389,876	2,704,102	Accounts payable		6,132,307	4,079,674	
Available for sale financial assets-current	2, 4(3)		2,460,927	-	Payables to related parties	5	507,395	201,052	
Held-to-maturity financial assets-current	2, 4(4)		501,574	-	Income tax payable	2, 4(19)	2,392,981	2,341,449	
Accounts receivable, net	2, 4(5)		5,334,044	3,856,794	Accrued expenses		1,683,398	1,971,445	
Receivables from related parties, net	5		138,557	207	Payables to contractors and equipment suppliers		195,338	160,161	
Other receivables	4(6)		702,220	238,142	Other current liabilities		341,396	311,311	
Inventories, net	2, 4(7)		9,504,676	3,494,063	Total current liabilities		11,285,891	9,079,678	
Prepayments and other current assets			625,530	205,490					
Deferred income tax assets-current	2, 4(19)		589,582	342,585					
Total current assets			62,612,568	47,496,552					
<b>Funds and investments</b>		2, 4(8), 5			<b>Other liabilities</b>				
Available-for-sale financial assets-noncurrent			1,358,655	628,110	Accrued pension liabilities	2, 4(11)	66,368	60,977	
Held-to-maturity financial assets-nocurrent			350,000	-	Deposits received		1,022	-	
Financial assets carried at cost-noncurrent			-	3,000	Total other liabilities		67,390	60,977	
Bond portfolios with no active market-noncurrent			1,000,000	1,000,000					
Investments accounted for using equity method			24,871,106	19,519,896	Total liabilities		11,353,281	9,140,655	
Total funds and investments			27,579,761	21,151,006					
<b>Property, plant and equipment</b>		2, 4(9)			<b>Shareholders' equity</b>				
Buildings and facilities			4,217,486	4,113,175	Capital				
Machinery and equipment			116,374	116,374	Common stock	4(12)	10,408,538	9,683,127	
Research and development equipment			1,650,064	1,095,679	Capital reserve				
Miscellaneous equipment			159,541	107,391	Additional paid-in capital	4(14)	2,090,759	69,689	
Total cost			6,143,465	5,432,619	Treasury stock transaction	4(14)	328,475	218,673	
Less : Accumulated depreciation			(1,202,639)	(689,706)	Donated assets	4(14)	1,260	1,260	
Add : Construction in progress			172,284	-	Long-term investment transaction	4(14)	119,349	114,787	
Prepayments for equipment			108,735	72,071	Total capital reserve		2,539,843	404,409	
Property, plant and equipment, net			5,221,845	4,814,984	Retained earnings				
					Legal reserve	4(13)	9,665,144	7,407,185	
<b>Intangible assets</b>		2, 4(10)			Special reserve	4(15)	-	714,649	
Software			683,544	278,270	Undistributed earnings	4(15)	62,971,175	47,175,664	
Patents, IPs and others			795,105	1,802,973	Other adjustments				
Total intangible assets			1,478,649	2,081,243	Cumulative translation adjustments	2, 4(8)	(400,047)	(483,510)	
					Unrealized gain on financial instruments	2, 4(8)	808,374	2,679,976	
<b>Other assets</b>					Treasury stock	2, 4(16)	(55,970)	(55,970)	
Refundable deposits			17,420	13,888	Total shareholders' equity		85,937,057	67,525,530	
Deferred income tax assets-noncurrent	2, 4(19)		380,095	1,108,512					
Total other assets			397,515	1,122,400					
<b>Total assets</b>			\$ 97,290,338	\$ 76,666,185	<b>Total liabilities and shareholders' equity</b>		\$ 97,290,338	\$ 76,666,185	

The accompanying notes are an integral part to these financial statements.



## MEDIATEK INC.

## STATEMENTS OF INCOME

For the years ended December 31, 2007 and 2006

(Amounts in thousand New Taiwan Dollars, except earnings per share)

Description	Notes	2007	2006		
<b>Gross sales</b>		\$ 76,054,533	\$ 55,212,125		
Less : Sales returns and discounts		(1,275,954)	(2,270,520)		
Net sales	2, 4(17), 5	74,778,579	52,941,605		
<b>Cost of goods sold</b>	4(18), 5	(32,552,182)	(22,287,387)		
<b>Gross profits</b>		42,226,397	30,654,218		
<b>Operating expenses</b>	2, 4(18)				
Selling expenses		(1,453,268)	(967,116)		
Administrative expenses		(2,159,341)	(1,462,771)		
Research and development expenses		(7,187,028)	(4,408,762)		
Total operating expenses		(10,799,637)	(6,838,649)		
<b>Operating income</b>		31,426,760	23,815,569		
<b>Non-operating income and gains</b>					
Interest income		983,203	637,726		
Gain on equity investments, net	2, 4(8)	2,439,953	-		
Gain on disposal of property, plant and equipment	2	153	35,476		
Foreign exchange gain, net	2	58,510	115,926		
Reversal of bad debts	2	-	56,139		
Valuation gain on financial assets	2, 4(2)	-	27,064		
Others		91,727	33,915		
Total non-operating income and gains		3,573,546	906,246		
<b>Non-operating expenses and losses</b>					
Loss on equity investments, net	2, 4(8)	-	(28,589)		
Loss on disposal of property, plant and equipment	2	-	(18,691)		
Loss on disposal of investments	2	(1,803)	(2,202)		
Inventory loss provision	2	(53,799)	(276,213)		
Impairment loss	2, 4(8)	(3,000)	(12,000)		
Valuation loss on financial assets	2, 4(2)	(40,246)	-		
Valuation loss on financial liabilities	2, 4(2)	(33,076)	(14,586)		
Others		(35,452)	(3,348)		
Total non-operating expenses and losses		(167,376)	(355,629)		
<b>Income from continuing operations before income taxes</b>		34,832,930	24,366,186		
<b>Income tax expense</b>	2, 4(19)	(1,240,228)	(1,794,242)		
<b>Income from continuing operations</b>		33,592,702	22,571,944		
<b>Cumulative effect of changes in accounting principles (net of tax benefit of NT\$12 thousand)</b>	3	-	7,638		
<b>Net income</b>		\$ 33,592,702	\$ 22,579,582		
Basic Earnings Per Share (in New Taiwan Dollars)	2, 4(20)	Before tax	After tax	Before tax	After tax
Income from continuing operations		\$ 33.79	\$ 32.59	\$ 23.66	\$ 21.92
Cumulative effect of changes in accounting principles		-	-	0.01	0.01
Net income		\$ 33.79	\$ 32.59	\$ 23.67	\$ 21.93
<b>Pro-forma data: (Assuming that the Company's shares owned by its subsidiary were not treated as treasury stock)</b>	2, 4(20)	Before tax	After tax	Before tax	After tax
Basic Earnings Per Share (in New Taiwan Dollars)		Before tax	After tax	Before tax	After tax
Income from continuing operations		\$ 33.65	\$ 32.45	\$ 23.56	\$ 21.83
Cumulative effect of changes in accounting principles		-	-	0.01	0.01
Net income		\$ 33.65	\$ 32.45	\$ 23.57	\$ 21.84

The accompanying notes are an integral part to these financial statements.

## MEDIATEK INC.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2007 and 2006

(Amounts in thousand New Taiwan Dollars)

Description	Common stock	Capital reserve	Retained earnings			Cumulative translation adjustments	Unrealized gain on financial instruments	Treasury stock	Total
			Legal reserve	Special reserve	Undistributed earnings				
Balance as of January 1, 2006	\$ 8,640,506	\$ 263,536	\$ 5,579,822	\$ 714,649	\$ 37,993,458	\$ (391,751)	\$ -	\$ (55,970)	\$ 52,744,250
Appropriation and distribution of 2005 earnings:									
Legal reserve	-	-	1,827,363	-	(1,827,363)	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(49,339)	-	-	-	(49,339)
Employees' bonuses	178,570	-	-	-	(1,152,067)	-	-	-	(973,497)
Shareholders' dividends	864,051	-	-	-	(10,368,607)	-	-	-	(9,504,556)
Net income for the year ended December 31, 2006	-	-	-	-	22,579,582	-	-	-	22,579,582
Unrealized gain on financial instruments	-	-	-	-	-	-	2,679,976	-	2,679,976
The effects of subsidiaries' shareholding of the Company's stock recorded as treasury stock	-	73,201	-	-	-	-	-	-	73,201
Adjustment arising from changes in percentage of ownership in investees	-	67,672	-	-	-	-	-	-	67,672
Cumulative translation adjustments	-	-	-	-	-	(91,759)	-	-	(91,759)
Balance as of December 31, 2006	9,683,127	404,409	7,407,185	714,649	47,175,664	(483,510)	2,679,976	(55,970)	67,525,530
Appropriation and distribution of 2006 earnings:									
Legal reserve	-	-	2,257,959	-	(2,257,959)	-	-	-	-
Reversal of special reserve	-	-	-	(714,649)	714,649	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(63,109)	-	-	-	(63,109)
Employees' bonuses	206,837	-	-	-	(1,181,926)	-	-	-	(975,089)
Shareholders' dividends	484,156	-	-	-	(15,008,846)	-	-	-	(14,524,690)
Share swap in investee by new issuance	34,418	2,021,070	-	-	-	-	-	-	2,055,488
Net income for the year ended December 31, 2007	-	-	-	-	33,592,702	-	-	-	33,592,702
Unrealized gain on financial instruments	-	-	-	-	-	-	(1,871,602)	-	(1,871,602)
The effects of subsidiaries' shareholding of the Company's stock recorded as treasury stock	-	109,802	-	-	-	-	-	-	109,802
Adjustment arising from changes in percentage of ownership in investees	-	4,562	-	-	-	-	-	-	4,562
Cumulative translation adjustments	-	-	-	-	-	83,463	-	-	83,463
Balance as of December 31, 2007	\$ 10,408,538	\$ 2,539,843	\$ 9,665,144	\$ -	\$ 62,971,175	\$ (400,047)	\$ 808,374	\$ (55,970)	\$ 85,937,057

The accompanying notes are an integral part to these financial statements.

## MEDIATEK INC.

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006

(Amounts in thousand New Taiwan Dollars)

Description	2007	2006
<b>Cash flows from operating activities :</b>		
Net income	\$ 33,592,702	\$ 22,579,582
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of changes in accounting principles	-	(7,638)
Depreciation	528,564	353,930
Amortization	1,301,851	1,118,686
Amortization of financial assets discount or premium	(10,402)	-
Bad debt loss provision (reversal)	129,252	(56,139)
Cash dividends from the equity investees	58,830	22,769
Inventory loss provision	53,799	276,213
Net (gain) loss on equity investments	(2,439,953)	28,589
Loss on disposal of investments	1,803	2,202
Net gain on disposal of property, plant and equipment	(153)	(16,785)
Impairment loss	3,000	12,000
Adjustment of Valuation on financial assets and liabilities	(6,627)	(71,553)
(Increase) decrease in accounts receivable	(1,606,502)	183,655
(Increase) decrease in receivables from related parties	(138,350)	50,215
(Increase) decrease in other receivables	(464,078)	21,104
Increase in inventories	(6,064,412)	(534,383)
(Increase) decrease in prepayments and other current assets	(420,040)	69,839
Decrease (increase) in deferred income tax assets	481,420	(4,308)
Increase in accounts payable	2,052,633	1,260,644
Increase (decrease) in payables to related parties	306,343	(1,937,279)
Increase in income taxes payable	51,532	1,431,802
Decrease in accrued expenses	(288,047)	(1,480,729)
Increase in other current liabilities	30,085	29,189
Increase in accrued pension liabilities	5,391	3,461
Net cash provided by operating activities	27,158,641	23,335,066
<b>Cash flows from investing activities :</b>		
Decrease in restricted deposits	-	24,000
Purchase of property, plant and equipment	(1,126,590)	(1,986,867)
Proceeds from disposal of property, plant and equipment	4,266	520,410
Decrease (increase) in financial assets at fair value through profit or loss	339,343	(1,368,531)
Increase in available-for-sale financial assets	(3,310,631)	(550,000)
Proceeds from disposal of available-for-sale financial assets	1,940	-
Increase in held-to-maturity financial assets	(854,876)	-
Increase in investments accounted for using equity method	(3,200,000)	(3,550,000)
Increase in intangible assets	(477,028)	(706,197)
Decrease (increase) in refundable deposits	(3,532)	58,819
Net cash used in investing activities	(8,627,108)	(7,558,366)
<b>Cash flows from financing activities :</b>		
Contingent consideration based on securities price	740,746	-
Increase in deposits received	1,022	-
Cash dividends	(14,524,690)	(9,504,556)
Directors' and supervisors' remuneration	(63,109)	(49,339)
Employees' bonuses	(975,089)	(973,497)
Net cash used in financing activities	(14,821,120)	(10,527,392)
Net increase in cash and cash equivalents	3,710,413	5,249,308
Cash and cash equivalents at the beginning of the year	36,655,169	31,405,861
Cash and cash equivalents at the end of the year	\$ 40,365,582	\$ 36,655,169
<b>Supplemental disclosures of cash flow information :</b>		
Income tax paid during the year	\$ 707,276	\$ 366,736
<b>Activities partially effected cash flows :</b>		
Purchase of property, plant and equipment	\$ 1,161,767	\$ 1,830,843
Add: (increase) decrease in payables to contractors and equipment suppliers	(35,177)	156,024
Cash paid for the purchase of property, plant and equipment	\$ 1,126,590	\$ 1,986,867
<b>Non-cash activities :</b>		
Stock dividends and employees' bonuses capitalized	\$ 690,993	\$ 1,042,621
Adjustment arising from changes in percentage of ownership in investees	\$ 4,562	\$ 67,672
Cumulative translation adjustments	\$ 83,463	\$ (91,759)
Change in unrealized gain on financial instruments	\$ (1,871,602)	\$ 2,679,976
Adjustment of cash dividends distributed to subsidiaries holding the Company's stock	\$ 109,802	\$ 73,201
Share swap in investee by new issuance	\$ 1,314,742	\$ -

The accompanying notes are an integral part to these financial statements.

# Attachment IV

## English Translation of a Report Originally Issued in Chinese

### Independent Auditors' Report

To the Board of Directors and Shareholders  
of MediaTek Inc.

We have audited the consolidated balance sheets of MediaTek Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MediaTek Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with requirements of the Business Entity Accounting Act and Regulation on Business Entity Accounting Handling with respect to financial accounting standard, Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the financial statements, effective January 1, 2006, the Company and subsidiaries adopted the R.O.C. Statement of Financial Accounting Standards No. 34 "Accounting for Financial Instruments" and the Statement of Financial Accounting Standards No. 36 "Disclosure and Presentation of Financial Instruments" to account for the related assets.

Ernst & Young  
CERTIFIED PUBLIC ACCOUNTANTS  
March 17, 2008  
Taipei, Taiwan  
Republic of China

## 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.**

**The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. 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 R.O.C.**

English Translation of Financial Statements Originally Issued in Chinese

**MEDIATEK INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

As of December 31, 2007 and 2006

(Amounts in thousand New Taiwan Dollars)

ASSETS		Notes	2007	2006	LIABILITIES AND SHAREHOLDERS' EQUITY		Notes	2007	2006
<b>Current assets</b>					<b>Current liabilities</b>				
Cash and cash equivalents	2, 4(1)		\$ 50,588,024	\$ 46,838,240	Short-term loans	4(11)	\$ 25,000	\$ -	
Financial assets at fair value through profit or loss-current	2, 4(2)		3,144,085	2,927,925	Financial liability at fair value through profit or loss-current	2, 4(2)	44,704	14,586	
Available for sale financial assets-current	2, 4(3)		6,276,611	3,097,254	Accounts payable		6,891,874	4,088,743	
Held-to-maturity financial assets-current	2, 4(4)		501,574	-	Payables to related parties	5	644,658	196,472	
Accounts receivable, net	2, 4(5)		7,077,379	3,856,794	Income tax payable	2, 4(23)	2,591,244	2,341,571	
Receivables from related parties, net	5		4,374	207	Accrued expenses		1,996,335	2,037,920	
Other receivables	2, 4(6)		731,389	336,449	Payables to contractors and equipment suppliers		198,852	162,559	
Inventories, net	2, 4(7)		10,540,372	3,494,063	Current portion of long-term liabilities	4(12)	2,223	-	
Prepayments and other current assets			702,189	210,352	Leased payable-current	4(13)	4,933	-	
Deferred income tax assets-current	2, 4(23)		594,462	335,144	Other current liabilities		321,057	315,974	
Restricted deposits-current	6		1,563	-	Total current liabilities		12,720,880	9,157,825	
Total current assets			80,162,022	61,096,428					
<b>Funds and investments</b>	2, 4(8)				<b>Long-term liabilities</b>				
Financial assets designated as at fair value through profit or loss-noncurrent			433,893	64,189	Long-term loans	4(12)	7,712	-	
Available-for-sale financial assets-noncurrent			3,779,870	3,329,893	Leased payable-noncurrent	4(13)	1,304	-	
Held-to-maturity financial assets-noncurrent			641,987	162,980	Total long-term liabilities		9,016	-	
Financial assets carried at cost-noncurrent			547,843	698,942					
Bond portfolios with no active market-noncurrent			1,000,000	1,000,000	<b>Other liabilities</b>				
Investments accounted for using equity method			1,243,367	2,091,768	Accrued pension liabilities	2, 4(14)	66,368	60,977	
Total funds and investments			7,646,960	7,347,772	Deposit received		1,022	-	
					Total other liabilities		67,390	60,977	
<b>Property, plant and equipment</b>	2, 4(9), 6				Total liabilities		12,797,286	9,218,802	
Land			12,041	-	<b>Shareholders' equity</b>				
Buildings and facilities			4,301,500	4,113,175	Capital				
Machinery and equipment			688,934	170,062	Common stock	4(15)	10,408,538	9,683,127	
Research and development equipment			1,769,967	1,243,879	Capital reserve				
Miscellaneous equipment			438,518	147,762	Additional paid-in capital	4(17)	2,090,759	69,689	
Total cost			7,210,960	5,674,878	Treasury stock transaction	4(17)	328,475	218,673	
Less: Accumulated depreciation			(1,628,117)	(744,832)	Donated assets	4(17)	1,260	1,260	
Add: Construction in progress			172,284	-	Long-term investment transaction	4(8), 4(17)	119,349	114,787	
Prepayments for equipment			166,402	125,479	Total capital reserve		2,539,843	404,409	
Property, plant and equipment, net			5,921,529	5,055,525	Retained earnings				
					Legal reserve	4(16)	9,665,144	7,407,185	
<b>Intangible assets</b>					Special reserve	4(19)	-	714,649	
Software	2, 4(10)		708,953	295,425	Undistributed earnings	4(19)	62,971,175	47,175,664	
Goodwill	2		758,698	1,044	Other adjustments				
Patents, IPs and others	2, 4(10)		2,884,206	1,810,670	Cumulative translation adjustments	2	(400,047)	(483,510)	
Total intangible assets			4,351,857	2,107,139	Unrealized gain on financial instruments	2	808,374	2,679,976	
					Treasury stock	2, 4(20)	(55,970)	(55,970)	
<b>Other assets</b>					Total shareholders' equity attributable to shareholders of parent company		85,937,057	67,525,530	
Refundable deposits			368,577	25,351	Minority interests in subsidiaries		132,191	-	
Deferred assets	2		43,349	3,605	Total shareholders' equity		86,069,248	67,525,530	
Deferred income tax assets-noncurrent	2, 4(23)		369,137	1,108,512					
Restricted deposits-noncurrent	6		3,103	-	<b>Total liabilities and shareholders' equity</b>		\$ 98,866,534	\$ 76,744,332	
Total other assets			784,166	1,137,468					
<b>Total assets</b>			\$ 98,866,534	\$ 76,744,332					

The accompanying notes are an integral part to these financial statements.

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the years ended December 31, 2007 and 2006**

(Amounts in thousand New Taiwan Dollars, except earnings per share)

Description	Notes	2007	2006
<b>Gross sales</b>		\$ 82,139,126	\$ 58,690,081
Less : Sales returns and discounts		(1,467,357)	(2,292,796)
Net sales	2, 4(21), 5	80,671,769	56,397,285
<b>Cost of goods sold</b>	4(22), 5	(35,340,888)	(24,518,804)
<b>Gross profits</b>		45,330,881	31,878,481
<b>Operating expenses</b>	2, 4(22)		
Selling expenses		(1,647,098)	(1,047,741)
Administrative expenses		(2,640,562)	(1,660,768)
Research and development expenses		(9,154,041)	(5,904,793)
Total operating expenses		(13,441,701)	(8,613,302)
<b>Operating income</b>		31,889,180	23,265,179
<b>Non-operating income and gains</b>			
Interest income		1,555,191	1,161,541
Gain on equity investments, net	2, 4(8)	168,721	97,156
Gain on disposal of property, plant and equipment	2	219	36,126
Gain on disposal of investments	2	1,757,267	441,595
Foreign exchange gain, net	2	-	115,234
Reversal of bad debts	2	-	56,139
Valuation gain on financial instruments	2	-	99,262
Others	5	272,414	115,348
Total non-operating income and gains		3,753,812	2,122,401
<b>Non-operating expenses and losses</b>			
Interest expense		(65,426)	(6,826)
Loss on disposal of property, plant and equipment	2	(2,858)	(21,066)
Foreign exchange loss, net	2	(18,242)	-
Inventory loss provision	2	(95,290)	(267,567)
Impairment loss	2, 4(8)	(375,312)	(12,000)
Valuation loss on financial assets	2, 4(2)	(5,026)	-
Valuation loss on financial liabilities	2, 4(2)	(44,704)	(14,586)
Others		(183,849)	(80,863)
Total non-operating expenses and losses		(790,707)	(402,908)
<b>Income from continuing operations before income taxes</b>		34,852,285	24,984,672
<b>Income tax expense</b>	2, 4(23)	(1,462,151)	(1,838,776)
<b>Income from continuing operations</b>		33,390,134	23,145,896
<b>Cumulative effect of changes in accounting principles (net of tax benefit of NT\$12 thousand)</b>	3	-	9,314
<b>Consolidated net income</b>		\$ 33,390,134	\$ 23,155,210
<b>Income Attributable to :</b>			
Shareholders of the parent		\$ 33,592,702	\$ 22,579,582
Minority interests		(202,568)	575,628
Consolidated net income		\$ 33,390,134	\$ 23,155,210
<b>Basic Earnings Per Share (in New Taiwan Dollars)</b>	2, 4(24)	Before tax After tax	Before tax After tax
Income from continuing operations		\$ 33.81 \$ 32.39	\$ 24.26 \$ 22.48
Cumulative effect of changes in accounting principles		- -	0.01 0.01
Consolidated Net income		33.81 32.39	24.27 22.49
Net income(loss) attributable to minority interests		0.20 0.20	(0.58) (0.56)
		\$ 34.01 \$ 32.59	\$ 23.69 \$ 21.93

The accompanying notes are an integral part to these financial statements.

English Translation of Financial Statements Originally Issued in Chinese

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the years ended December 31, 2007 and 2006**

(Amounts in thousand New Taiwan Dollars)

Description	Common stock	Capital reserve	Retained Earnings			Cumulative translation adjustments	Unrealized gain on financial instruments	Treasury stock	Total shareholder's equity attributable to shareholders of parent company	Minority interests in subsidiaries	Total shareholder's equity
			Legal reserve	Special reserve	Undistributed earnings						
Balance as of January 1, 2006	\$ 8,640,506	\$ 263,536	\$ 5,579,822	\$ 714,649	\$ 37,993,458	\$ (391,751)	\$ -	\$ (55,970)	\$ 52,744,250	\$ 2,707,711	\$ 55,451,961
Appropriation and distribution of 2005 earnings:											
Legal reserve	-	-	1,827,363	-	(1,827,363)	-	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(49,339)	-	-	-	(49,339)	-	(49,339)
Employees' bonuses	178,570	-	-	-	(1,152,067)	-	-	-	(973,497)	-	(973,497)
Shareholders' dividends	864,051	-	-	-	(10,368,607)	-	-	-	(9,504,556)	-	(9,504,556)
Net income attributable to parent company's shareholders for the year ended December 31, 2006	-	-	-	-	22,579,582	-	-	-	22,579,582	-	22,579,582
Unrealized gain on financial instruments	-	-	-	-	-	-	2,679,976	-	2,679,976	-	2,679,976
The effects of subsidiaries' shareholding of the Company's stock recorded as treasury stock	-	73,201	-	-	-	-	-	-	73,201	-	73,201
Adjustment arising from changes in percentage of ownership in investees	-	67,672	-	-	-	-	-	-	67,672	-	67,672
Cumulative translation adjustments	-	-	-	-	-	(91,759)	-	-	(91,759)	-	(91,759)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	(2,707,711)	(2,707,711)
Balance as of December 31, 2006	9,683,127	404,409	7,407,185	714,649	47,175,664	(483,510)	2,679,976	(55,970)	67,525,530	-	67,525,530
Appropriation and distribution of 2006 earnings:											
Legal reserve	-	-	2,257,959	-	(2,257,959)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(714,649)	714,649	-	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(63,109)	-	-	-	(63,109)	-	(63,109)
Employees' bonuses	206,837	-	-	-	(1,181,926)	-	-	-	(975,089)	-	(975,089)
Shareholders' dividends	484,156	-	-	-	(15,008,846)	-	-	-	(14,524,690)	-	(14,524,690)
Share swap in investee by new issuance	34,418	2,021,070	-	-	-	-	-	-	2,055,488	-	2,055,488
Net income attributable to parent company's shareholders for the year ended December 31, 2007	-	-	-	-	33,592,702	-	-	-	33,592,702	-	33,592,702
Unrealized gain on financial instruments	-	-	-	-	-	-	(1,871,602)	-	(1,871,602)	-	(1,871,602)
The effects of subsidiaries' shareholding of the Company's stock recorded as treasury stock	-	109,802	-	-	-	-	-	-	109,802	-	109,802
Adjustment arising from changes in percentage of ownership in investees	-	4,562	-	-	-	-	-	-	4,562	-	4,562
Cumulative translation adjustments	-	-	-	-	-	83,463	-	-	83,463	-	83,463
Increase in minority interest	-	-	-	-	-	-	-	-	-	132,191	132,191
Balance as of December 31, 2007	\$ 10,408,538	\$ 2,539,843	\$ 9,665,144	\$ -	\$ 62,971,175	\$ (400,047)	\$ 808,374	\$ (55,970)	\$ 85,937,057	\$ 132,191	\$ 86,069,248

The accompanying notes are an integral part to these financial statements.



**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2007 and 2006**  
(Amounts in thousand New Taiwan Dollars)

Description	2007	2006
<b>Cash flows from operating activities :</b>		
Consolidated net income	\$ 33,390,134	\$ 23,155,210
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of changes in accounting principles	-	(9,314)
Depreciation	647,241	421,053
Amortization	1,458,916	1,180,911
Amortization of financial assets discount or premium	(10,402)	-
Bad debt loss provision (reversal)	129,646	(56,139)
Inventory loss provision	95,290	267,567
Cash dividends from the equity investees	58,830	22,716
Net gain on equity investments	(168,721)	(97,156)
Loss on valuation of financial assets and liabilities	(28,634)	(143,751)
Impairment loss	375,312	12,000
Gain on disposal of investment(include interest income)	(1,765,821)	(441,595)
Net loss (gain) on disposal of property, plant and equipment	2,639	(15,060)
(Increase) decrease in accounts receivable	(3,350,231)	815,021
(Increase) decrease in receivables from related parties	(4,167)	13,318
Increase in other receivables	(385,107)	(18,843)
Increase in inventories	(7,141,599)	(98,864)
Decrease in deferred income tax assets	480,057	150,237
(Increase) decrease in prepayments and other current assets	(491,837)	104,158
Increase in accounts payable	2,803,131	686,676
Increase (decrease) in payables to related parties	448,186	(2,056,587)
Increase in income taxes payable	249,673	1,428,319
Decrease in accrued expenses	(41,585)	(1,591,297)
Increase (decrease) in other current liabilities	5,083	(157,181)
Increase in accrued pension liabilities	5,391	37,344
Net cash provided by operating activities	<u>26,761,425</u>	<u>23,608,743</u>
<b>Cash flows from investing activities :</b>		
(Increase) decrease in restricted deposits	(4,666)	59,080
Purchase of property, plant and equipment	(1,696,126)	(612,880)
Proceeds from disposal of property, plant and equipment	5,987	521,003
Proceeds from disposal of group as held for sale	-	590,860
Increase in financial assets at fair value through profit or loss-current	(145,591)	(593,547)
Increase in financial assets designated as at fair value through profit or loss	(657,444)	(65,700)
Increase in available-for-sale financial asset-noncurrent	282,660	-
Increase in available-for-sale financial assets	(5,576,788)	(4,339,473)
Increase in available-for-sale financial asset refundable	14	-
Proceeds from disposal of available-for-sale financial assets	626,016	755,590
Increase in held-to-maturity financial assets	(984,648)	(162,980)
Disinvestment of financial assets carried at cost refundable	22,155	10,500
Increase in financial assets carried at cost	(105,265)	(9,674)
Proceeds from disposal of financial assets carried at cost	39,880	-
Increase in investments accounted for using equity method	1,844,705	(1,894,726)
Proceeds from disposal of investments accounted for using equity method	1,452,250	-
Increase in intangible assets and deferred assets	(3,520,633)	(450,513)
(Increase) decrease in refundable deposits	(343,226)	56,554
Net cash used in investing activities	<u>(8,760,720)</u>	<u>(6,135,906)</u>
<b>Cash flows from financing activities :</b>		
Increase in lease payable	6,237	-
Increase in short-term debts	25,000	-
Increase in long-term debts	9,935	-
Decrease in bonds payable	-	(921,672)
Decrease in deferred credits	-	(183,851)
Contingent consideration based on securities price	740,746	-
Increase (decrease) in deposits received	1,022	(7,437)
Cash dividends	(14,524,690)	(9,504,556)
Directors' and supervisors' remuneration	(63,109)	(49,339)
Employees' bonuses	(975,089)	(973,497)
Cash dividends distributed to subsidiaries holding the Company's stock	109,802	73,201
Increase (decrease) in minority interest	331,162	(2,620,977)
Net cash used in financing activities	<u>(14,338,984)</u>	<u>(14,188,128)</u>
Effect of exchange rate changes	88,063	(92,065)
Net increase in cash and cash equivalents	3,749,784	3,192,644
Cash and cash equivalents at the beginning of the year	46,838,240	43,645,596
Cash and cash equivalents at the end of the year	<u>\$ 50,588,024</u>	<u>\$ 46,838,240</u>
<b>Supplemental disclosures of cash flow information :</b>		
Interest paid during the year	<u>\$ 64,050</u>	<u>\$ 1,442</u>
Income tax paid during the year	<u>\$ 732,421</u>	<u>\$ 375,740</u>
<b>Activities partially effected cash flows :</b>		
Purchase of property, plant and equipment	\$ 1,732,419	\$ 458,857
Add: (increase) decrease in payables to contractors and equipment suppliers	(36,293)	154,023
Cash paid for the purchase of property, plant and equipment	<u>\$ 1,696,126</u>	<u>\$ 612,880</u>
<b>Non-cash activities :</b>		
Stock dividends and employees' bonuses capitalized	<u>\$ 690,993</u>	<u>\$ 1,042,621</u>
Change in unrealized gain on financial instruments	<u>\$ (1,871,602)</u>	<u>\$ 2,679,976</u>

The accompanying notes are an integral part to these financial statements.

# Appendix

# Appendix I

## MediaTek Inc.

### Articles of Incorporation

#### Chapter One General Provisions

- Article 1: This Company is duly incorporated under the provisions set forth in the Company Law in the full name of MediaTek Inc..
- Article 2: The Company shall engage in the following business:
- (1). CC01080 Electronic parts and components manufacture.
  - (2). F401030 Manufacture and export business.
  - (3). I301010 Information & software services.
  - (4). I501010 Product design.
  - (5). F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
  - (6). F601010 Intellectual Property
- (I) To do research, development, production, manufacture and sales of the following products:
1. Multimedia integrated circuits.
  2. Computer peripheral integrated circuits.
  3. High-end consumer electronic integrated circuits.
  4. Other integrated circuits of extraordinary application.
  5. Patents of the relevant aforesaid products, purchase and sale of circuit layout rights, and its licensing business.
- (II) To provide the aforementioned products with software & hardware application design, test, maintenance and technological consultation services.
- (III) To engage in import and export trade for products related to above.
- Article 2-1: The Company, when being a shareholder of limited liability of another company, is free of the restriction set forth in Article 13 of the Company Law which restricts the total investment to not exceeding 40% of the paid-in capital.
- Article 3: The Company is headquartered in Hsinchu Science-based Industrial Park Taiwan and may have branches or offices set elsewhere at home and abroad as resolved by the Board of Directors and competent authorities of the government.
- Article 4: Public announcements of the Company shall be duly made in accordance with Article 28 of Company Law.
- Article 4-1: The Company may render endorsement guarantee externally which shall be duly handled in accordance with the Company's Regulations Governing Endorsement Guarantee.

## Chapter Two Capital Stock

- Article 5: The Company has authorized capital amounting to 12 billion New Taiwan Dollars, divided into 1.2 billion shares at NT\$10 par value for which the Board of Directors has been authorized to issue in installments. Of the total capital, 200 million New Taiwan Dollars, divided into 20 million shares at NT\$10 par value, shall be reserved for issuance of warrant which may be issued in installments as resolved by the Board of Directors.
- Article 6: The share certificates hereof, the registered ones, shall be duly signed by or affixed with seals of three Directors minimum, duly authenticated by the competent authorities of the government or the certification organization authorized thereby before issuance. After the Company issues share certificates to public, the Company may be exempted from printing of share certificates.
- Article 6-1: As requested by Taiwan Securities Central Depository Co., Ltd., the Company may issue share certificates in consolidation into large denomination.
- Article 7: No transfer of shares shall be processed within 60 days prior to regular meeting of shareholders, or within 30 days prior to an extraordinary meeting of shareholders, or within 5 days prior to ex-right date of shareholders' dividend or any allocation of other benefits.

## Chapter Three Shareholders' Meeting

- Article 8: The shareholders' meeting hereof is in two categories, i.e., the regular meeting of shareholders and extraordinary meeting of shareholders.
- (1). The regular meeting of shareholders is called once per annum within six months from closing of each fiscal year.
  - (2). The extraordinary meeting of shareholders may be duly called whenever necessary.
- Article 9: The shareholders' meeting shall be chaired by the chairman. In case of his absence or unavailability, he shall, in advance, appoint a Director to act in his place otherwise one Director shall be elected from among them to act in his place. In the event that the shareholders' meeting is convened by a person outside of the Board of Directors, the shareholders' meeting shall be chaired by that convener. In case of two or more conveners, one of them shall be elected to chair the meeting.
- Article 10: The notices for shareholders' meeting shall be served to all shareholders in writing thirty days in advance in case of a regular meeting of shareholders and fifteen days in advance in case of a extraordinary meeting of shareholders. The written notices shall bear date, location and subjects of the meeting.
- Article 11: A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney expressly bearing the scope of the authorized power to appoint a proxy to attend the meeting on behalf. The powers of attorney shall be duly handled in accordance with "Regulations Governing Use of Powers of Attorney for the Shareholders' Meeting of Public Offering Companies" in addition to the requirements set forth in Article 177 of the Company Law.
- Article 12: Each share hereof is entitled to one voting power, provided that the Company has no voting power for shares held by itself under Article 179 of the Company Law.

- Article 13: Unless otherwise provided for in the Company Law, resolutions in the shareholders' meeting shall be adopted by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares.
- Article 13-1: Minutes of shareholders' meeting shall be duly signed and sealed by the chairman and served to all shareholders within twenty days after the meeting. After the Company goes public and issues share certificates, the minutes may be served to shareholders who hold less than thousand shares each through a public announcement.

## Chapter Four Directors and Supervisors

- Article 14: The Company has five Directors and three Supervisors, to be elected from among shareholders of competence, having a three-year tenure of office and eligible for reelection. After the Company goes public, the total number of shares held by all Directors and Supervisors shall live up to requirements promulgated by the competent authorities in charge of securities affairs. The board of Directors is authorized with full powers to fix the amount of remuneration to Directors and Supervisors at the rates prevalent in the fellow firms.
- The Company may, in accordance with Corporate Governance Regulations for TSE/GTSM Listed Companies, purchase liability insurance for the Directors and Supervisors. The Board of Directors is authorized to resolve the scope of the scope of insurance.
- Article 14-1: Where the Company's Directors concurrently serve the Company for other duties, the shareholders' meeting authorizes the general manager to resolve the amounts of their remuneration and pay in accordance with the Company's Internal Management Regulations.
- Article 14-2: The following relationship shall not be permitted for a majority of the Company Director seats or a minimum of one seat among Directors and Supervisors:
- I. Spouse
  - II. Kin within Degree II relationship.
- Article 15: The Board of Directors shall be formed by the Directors and shall have the following powers and responsibilities:
- (1). Work out business plans.
  - (2). Propose allocation of earning and coverage of loss.
  - (3). Propose for increase/decrease of capital.
  - (4). Draw up major rules and contracts.
  - (5). Appoint and discharge the Company's president and vice president.
  - (6). Set up and dissolve branches.
  - (7). Work out budget and account closing.
  - (8). Exercise other duties and powers as endowed by the Company Law or shareholders' meeting.
- Article 16: The Directors shall organize the Board of Directors. By attendance of two-thirds majority of Directors and a majority vote of the attending Directors, one chairman shall be duly elected to take care of all business affairs internally and represent the Company externally.
- Article 17: Unless otherwise provided for in the Company Law, the Board of Directors meetings shall be duly chaired by the chairman. Unless otherwise provided for in the Company Law, resolutions in the Board of Directors meeting shall be

adopted by a majority vote in the meeting attended by a majority of Directors.

Article 18: The Board of Directors meetings shall be duly chaired by the chairman. In his absence or unavailability, the vice chairman, if any, shall act in the place. In case of vice chairman, or in case of absence or unavailability by the vice chairman as well, the chairman shall, in advance, appoint a Director to act in the place or one Director shall be elected from among themselves to act in the place. Directors shall attend a Board of Directors meeting in person. A Director who is unavailable to attend in person may duly authorize another Director as his/her proxy to attend a board meeting on his/her behalf provided that one aforementioned proxy shall represent only other Director.

Article 19: Supervisors shall have the following powers and responsibilities:

- (1). Audit account closing.
- (2). Oversee the Company's business performance and financial standing and request the Board of Directors or managerial officers to submit reports.
- (3). Call the shareholders' meeting for the Company's interests where the Board of Directors fails or is unable to call the shareholders' meeting.
- (4). Exercise other Supervisory powers according to law.

#### Chapter Five Management of the Corporation

Article 20: The Company has one president, and a certain number of vice president all of whom shall be duly appointed, discharged and paid according to Article 29 of the Company Law.

Article 21: The president shall take charge of the Company's business operation in accordance with decisions resolved in the Board of Directors.

#### Chapter Six Financial Reports

Article 22: The Company's fiscal year is starting from January 1 until December 31 of every calendar year. The account close shall be handled by the end of each year.

Article 23: Upon closing of each fiscal year at calendar year, the Board of Directors shall work out the following documents in accordance with Article 228 of the Company Law to be audited by the Supervisors thirty days prior to a regular meeting of shareholders before being acknowledged by the regular meeting of shareholders:

- (1). Business Report.
- (2). Financial Statements.
- (3). Proposal of profits distribution or loss coverage.

Article 24: The earnings of the Company as shown through the annual closing of account shall be allocated based on the following order:

- (1). The sum to pay tax.
- (2). The sum to make up previous loss, if any.
- (3). The sum 10% as legal reserve.
- (4). The sum to appropriate special reserve according to law or as required by the competent authorities of the government.
- (5). Remuneration to Directors and Supervisors at 0.5% maximum of the balance after deducting Paragraphs 1-4. The remuneration to Directors and Supervisors shall be paid in cash.
- (6). The final balance added with the previous unappropriated retained earnings

shall be given as shareholders' dividend and employees' profit sharing. The retained earnings shall be reserved to be allocated as resolved in subsequent year(s). The employee's profit sharing shall not be less than 1% of the total shareholders' dividend and employees' profit sharing. Employee's profit sharing may be allocated in either cash or stocks and may be allocated to employees of the Company's affiliates who meet the specified qualification requirements which shall be duly resolved by the Board of Directors as authorized.

While the company is in growing phase , the policy of profits distribution may be subject to current and future investment environments, capital needs, competition at home and abroad , anticipated capital plan , with concurrent consideration of shareholder's interests , balanced dividend and the company long-term financial planning. Every year, the Board of Directors and proposes profits distribution to the shareholders' meeting. The Company may fully allocate earnings available for distribution of this year given financial standing, business status and operation. The shareholders' dividend may be allocated in cash or stocks. The cash dividend to shareholders shall not be less than 10% of the total shareholder's dividend.

### Chapter Seven Supplementary Provisions

- Article 25: The organizational rules of the Company shall be separately worked out.
- Article 26: Any matters inadequately provided for herein shall be subject to Company Law.
- Article 27: These Articles were duly established on May 21, 1997 and duly amended on September 1, 1997 as the 1<sup>st</sup> amendment; July 3, 1998 as the 2<sup>nd</sup> amendment; June 21, 1999 as the 3<sup>rd</sup> amendment; June 9, 2000 as the 4<sup>th</sup> amendment; September 28, 2000 as the 5<sup>th</sup> amendment; June 8, 2001 as the 6<sup>th</sup> amendment; June 3, 2002 as the 7<sup>th</sup> amendment; May 16, 2003 as the 8<sup>th</sup> amendment; June 9, 2004 as the 9<sup>th</sup> amendment ; June 13, 2005 as the 10<sup>th</sup> amendment ; June 21, 2006 as the 11<sup>th</sup> amendment and June 11, 2007 as the 12<sup>th</sup> amendment.

## Appendix II

### MediaTek Inc.

#### Rules and Procedure of Shareholders' Meeting

June 3, 2002

Officially resolved in 2002 annual general shareholders' meeting

- Article 1: These Regulations govern all affairs regarding the Company's shareholders' meeting related affairs.
- Article 2: The present shareholders who attend a shareholders' meeting in person or through a proxy shall wear the attendance certificate, present sign-in card as the grounds to calculate the shareholding.
- Article 3: The chairman shall call to order the meeting when the meeting is attended by shareholders who represent a majority of the total issued shares.
- Article 4: The agenda of the shareholders' meeting shall be determined by the Board of Directors. All shareholders' meetings shall be duly held exactly in accordance with the agenda.
- Article 5: Except those already enumerated in the agenda, all other resolutions or alternates or amendment of the original resolutions proposed by a shareholder shall be seconded by other shareholder(s). The shareholding represented by the proposer and the seconders shall be up to 1% of the total common shares.
- Article 6: A proposal which is not deemed resolution shall not be put into discussion or voting. Upon discussion of the resolution, the chairman may announce closure of discussion in due time and may promulgate discontinuation of discussion.
- Article 7: Where a resolution is promulgated closed or discontinued from discussion, the chairman shall refer the resolution to voting.
- Article 8: Unless otherwise provided for in the Company Law, resolutions in the shareholders' meeting shall be adopted by a majority vote in the meeting by attended shareholders. Where no objection is heard in response to inquiry by the chairman, the resolution is deemed having been formally resolved in the validity same as an issue officially resolved through balloting.
- Article 9: A shareholder who wishes to speak shall first take a floor slip and fill in his/her attendance certificate code, name and number of shares held therein before being given the floor to speak. The order to speak shall be determined by the chairman.
- Article 10: Each shareholder (including a person and a corporate representative) may speak for three minutes maximum which may, nevertheless, be extended as permitted by the chairman. On a same discussion item, a shareholder (including the natural person and corporate representative) may speak not more than twice.
- Article 11: Where a shareholder overuses his/her time limit to speak or speaks beyond the specified scope, the chairman may discontinue the speech. If a shareholder defies the rectification or obstructs the order, the chairman may discontinue his/her right to attend.
- Article 12: During the process of the meeting, the chairman may determine due time to announce a break.
- Article 13: In case of an air-raid alarm during process of a meeting, the meeting shall be discontinued and participants shall take the initiative to evacuate themselves. The



meeting will be resumed an hour after the air-raid alarm is lifted.

Article 14: Any matters insufficiently provided for herein shall be subject to laws and regulations concerned.

Article 15: These rules and procedure thereof shall come into enforcement after being resolved in the Board of Directors meeting and approved by the shareholders' meeting. The same applies in case of revision.

## Appendix III

### MediaTek Inc.

#### Shareholdings of All Directors and Supervisors

I. Shareholdings of the 4th Board of Directors and Supervisors of MediaTek Inc. are as below:

Number of common shares issued by MediaTek	1,040,853,762
Percentage of total shares held by all Directors	5.0%
Number of total shares held by all Directors	52,042,688
Percentage of total shares held by all Supervisors	0.5%
Number of total shares held by all Supervisors	5,204,269

II. The shareholdings of all Directors and Supervisors as appearing on the Roster of Shareholders on the date which the share transfer was suspended is as below:

As of date: April 15, 2008

Title	Name	Date Elected	Tenure	Roster of Shareholders as of the date on which the share transfer was suspended	
				Number of shares	%
Director	Ming-Kai Tsai	06.21.2006	3 years	40,087,313	3.85%
Director	Jyh-Jer Cho	06.21.2006	3 years	29,798,619	2.86%
Director	Ching-Jiang Hsieh	06.21.2006	3 years	4,412,159	0.42%
Director	National Taiwan University Statutory representative: Ming-Je Tan	06.21.2006	3 years	2,835	0.00%
Director	National Chiao Tung University Statutory representative: Chin-Teng Lin	06.21.2006	3 years	2,835	0.00%
Supervisor	MediaTek Capital Corp. Statutory representative: Paul Wang	06.21.2006	3 years	7,686,143	0.74%
Supervisor	National Tsing Hua University Statutory representative: Chung-Lang Liu	06.21.2006	3 years	2,024	0.00%
Supervisor	National Cheng-Kung University Statutory representative: Yan-Kuin Su	06.21.2006	3 years	202	0.00%
Percentage of total shares held by all Directors				74,303,761	7.14%
Percentage of total shares held by all Supervisors				7,688,369	0.74%

## Appendix IV

### MediaTek Inc.

#### The Influence of Dividend Capitalization upon the Company's Business Performance and EPS

Descriptions		Year	2008 (Forecast)
Paid-in Capital (Beginning of year)			NT\$10,408,537,620
Dividend Payout	Cash dividend (NT\$/share)		NT\$19*
	Stock dividend from retained earnings (NT\$/share)		0.01 share*
	Stock dividend from capital surplus (NT\$/share)		-
Business Performance	Income from operations		N/A**
	% of increase/decrease of income from operations compared with corresponding period of the preceding year (YOY)		
	Net income after tax		
	% of increase/decrease of net profit after tax compared with corresponding period of the preceding year (YOY)		
	EPS		
	% of increase/decrease of EPS compared with corresponding period of the preceding year (YOY)		
Pro Forma EPS & P/E Ratio	If retained earnings distributed in cash dividend in full	Pro-forma EPS	N/A**
		Pro-forma annual averaged return on investment (%)	
	If capital surplus not distributed in stock dividend	Pro-forma EPS	N/A**
		Pro-forma annual averaged return on investment (%)	
	If capital surplus not distributed in stock dividend and earning conversion into capital was allocated in cash dividend	Pro-forma EPS	N/A**
		Pro-forma annual averaged return on investment (%)	

\*: Subject to final decision to be resolved in the regular meeting of shareholders 2008.

\*\* : As per "Regulations Governing Financial Forecast of Public Companies", MediaTek Inc. is not required to make public financial forecast, 2008.

Chairman: Ming-Kai Tsai

President: Ching-Jiang Hsieh

CFO: Ming-To Yu

## Appendix V

### MediaTek Inc.

#### Earnings Allocation as Resolved by the Board of Directors and such Information

As approved at the Board of Directors meeting on Mar 20, 2008:

- (1) As proposed employee's profit sharing in form of stock and employee's profit sharing in form of cash are NT\$218,900,000 and NT\$3,200,000,000 respectively, totally NT\$3,418,900,000; Remuneration to Directors and Supervisors is NT\$75,583,579.
- (2) As proposed, total 21,890,000 of shares are allocated to employees as profit sharing, which accounts for 67.77% of the earnings converted into capital this year.
- (3) As proposed, after allocation of employee's profit sharing and remuneration to Directors and Supervisors, EPS becomes NT\$ 29.2.

The allocation of 2006 earnings for remuneration to Directors and Supervisors, as well as employee's profit sharing is enumerated below:

Descriptions	Amount	Equivalent number of shares	Ratio of dilution in capital
Remuneration to Directors and Supervisors (in cash)	NT\$63,108,817	-	-
Employee's profit sharing (in cash)	NT\$975,089,310	-	-
Employee's profit sharing (in stock)	NT\$206,837,120	20,683,712 shares	1.99%
Total	NT\$1,245,035,247	20,683,712 shares	1.99%