



# **2009 ANNUAL GENERAL SHAREHOLDERS' MEETING**

## **MEETING AGENDA**

(TRANSLATION)

**JUNE 10, 2009**

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## MediaTek Inc.

### 2009 Annual General Shareholders' Meeting Procedure

1. Call the meeting to order
2. Chairman takes the position
3. Chairman's opening remarks
4. Report items
5. Acknowledgements
6. Proposed resolutions and elections
7. Prompt motion
8. Meeting adjourned

# MediaTek Inc.

## 2009 Annual General Shareholders' Meeting Agenda

**Time:** 9:00 a.m., June 10, 2009 (Wednesday)

**Venue:** The Labor Recreational Center Auditorium  
No. 2, Hsin-An Road, Hsinchu Science-based Industrial Park, Hsinchu, Taiwan, R.O.C.

**Agenda:**

1. Call the meeting to order
2. Chairman's opening remarks
3. Report items
  - (1). 2008 Business Report
  - (2). Supervisors' Report
  - (3). Report on the company's endorsements and guarantees
4. Acknowledgements
  - (1). To ratify 2008 Business Report and Financial Reports
  - (2). To ratify the proposal of 2008 profit distribution
5. Matters for Discussion and Election
  - (1). To approve the capitalization of 2008 shareholders' dividends and employee profit sharing
  - (2). To amend the Company's "Operating Procedures of Outward Loans to Others" and "Operating Procedures of Endorsement/Guarantee"
  - (3). To amend the company's "Procedures Governing the Acquisition or Disposition of Assets"
  - (4). To elect Board of Directors and Supervisors
  - (5). To suspend the non-competition restriction on the company's newly elected Directors
6. Prompt motion
7. Meeting adjourned

# Report Items

## Report item (1)

Proposed by the Board of Directors

Subject: MediaTek's 2008 Business Report. Please resolve your decision.

Descriptions: For MediaTek's 2008 Business Report, please refer to page 10, Attachment I.

## Report item (2)

Proposed by the Board of Directors

Subject: The Supervisors have duly reviewed MediaTek's 2008 Business Report, Financial Statements, and earnings allocation. Please resolve your decision.

Descriptions: For Supervisors' Report, please refer to page 11, Attachment II.

## Report item (3)

Proposed by the Board of Directors

Subject: Report on the company's endorsements and guarantees. Please resolve your decision.

Description: Detailed items and amounts are listed below (as of December 31, 2008)

Endorsee	Relationship with MediaTek Inc. (Note 1)	Outstanding amount of the endorsement	Note
MediaTek Wireless Inc. (USA)	100% owned subsidiary	NTD\$134,766,000 (USD\$4,184,050)	Lease contract guarantee
MTK Wireless Limited (UK)	100% owned subsidiary	NTD\$22,269,000 (GBP\$379,944)	

Note 1:

The company's Board of Directors authorized the Chairman of the Board to provide endorsements or guarantees for amounts under NT\$300 million dollars, but the endorsee or guarantee is limited to the company's 100% owned subsidiaries

# Acknowledgements

## Acknowledgement item (1)

Proposed by the Board of Directors

**Subject:** MediaTek's 2008 Business Report and Financial Statements are herewith submitted. Your acknowledgement shall be appreciated.

**Descriptions:**

- (1). MediaTek's 2008 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 Shao-Pin Kuo and Hsin-Min Hsu of Ernst & Young. The report issued by the independent auditors has been approved at the 24<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors.
- (2). For MediaTek's 2008 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements, please refer to page 10, Attachment I, page 12-16, Attachment III, and page 17-21, Attachment IV.

**Resolution:**

## Acknowledgement item (2)

Proposed by the Board of Directors

**Subject:** The proposal of MediaTek's 2008 profit distribution is herewith submitted. Your acknowledgement shall be appreciated.

**Descriptions:**

- (1). The proposal of MediaTek's 2008 profit allocation was approved at the 24<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors.

MediaTek's 2008 profit allocation proposal is as below: <b>Descriptions</b>	<b>Amount (NTD)</b>	<b>Remarks</b>
Net profit of 2008	\$19,189,997,509	
Less: Legal reserve	1,918,999,751	
Less: Special reserve	273,488,999	
2008 Earnings available for distribution	16,997,508,759	
Plus: Unappropriated retained earnings of previous years	36,237,113,847	
Earnings available for distribution	53,234,622,606	
Distribution items:		
Dividend to common shareholders	15,045,595,232	Stock dividend of NT\$0.02 and cash dividend of NT\$14 per share
Unappropriated earnings	38,189,027,374	

**Note:**

1. In accordance with new accounting regulations requiring expensing of employee profit-sharing, MediaTek's 2008 net profit was the net of employee profit-sharing expenses of NT\$6,403,394,882. The Board approved distribution of 85% of employee profit-sharing in the form of stock (market value: NT\$5,442,885,650) and 15% in cash (NT\$960,509,232). The number of shares to be distributed will be calculated based on the closing price of MediaTek common shares on June 9, the day before the Company's 2009 annual Shareholders' Meeting. However the maximum new shares issued for employee profit-sharing shall not exceed 21,463,000 shares; shall the market value of 21,463,000 shares be worth less than NT\$5,442,885,650, the difference will be distributed to employees in cash.
2. Remuneration to Directors and Supervisors is NT\$42,493,772 (0.25% of 2008 earnings available for distribution). There is a difference of NT\$8,498,754 with the estimated Directors' compensation. The estimate was calculated based on 0.3% of the distributable earnings while the actual compensation was calculated based on 0.25% of the distributable earnings.
3. MediaTek's retained earnings capitalization is rounded to the nearest number of ten New Taiwan Dollars.
4. The Board of Directors is authorized to determine the fundraising record day, ex-dividend day, and record day.
5. The Board of Directors shall be authorized by the general shareholders to adjust the dividend payout ratio, shall that ratio be impacted by events such as share buybacks, the transfer or cancellation of treasury stocks, or the exercise of employee stock options.

# Proposed Resolutions

## Proposed item (1)

Proposed by the Board of Directors

**Subject:** To approve the capitalization of 2008 shareholders' dividends and employee profit sharing. Please resolve your decision.

**Descriptions:**

- (1). To fund the Company's expansion plans for purchasing R&D equipments, intellectual property, real estate and other investments, the Board of Directors proposed to issue 2,146,304 new shares to shareholders by converting NT\$21,463,040 of 2008 earnings available for distribution to paid-in capital. For employee profit sharing, the Board of Directors proposed to issue new shares worth NT\$5,442,885,650 (based on the share price on June 9<sup>th</sup>, 2008, the day before the annual general shareholders' meeting and adjusted for the impact of dividends). However, new shares issued for employee profit sharing shall not exceed 21,463,000 shares; shall the market value of 21,643,000 shares be worth less than NT\$5,442,885,650, the difference shall be distributed to employees in cash.
- (2). The above mentioned new shares to be issued are all common shares with a par value of NT\$10. For distributions allocated from 2008 earnings available for distribution, each common shareholder will be entitled to receive a stock dividend of 2 shares for every 1,000 shares owned. Shareholders with fractional shares shall comprise these shares to one full share and register with the Company's Transfer Agent within 5 days after the recording day, otherwise distributions will be made in cash for fractions not comprising one full share. Odd shares will be subscribed at par value by persons designated by the Chairman, as authorized by the Board of Directors.
- (3). The new shares to be issued hereunder will have the same rights and obligations as those of the existing common shares. The issuance of new shares is non-physical.
- (4). The Board of Directors is authorized to take necessary actions when the above mentioned capital augment plan needs to be modified in response to practical issues or in accordance with dictations from related government authorities.
- (5). The Board of Directors is authorized to set the ex-dividend date after being approved by related government authorities.
- (6). The Board of Directors is authorized to determine the usage of the earnings being capitalized.
- (7). The Board of Directors shall be authorized by the general shareholders to adjust the dividend payout ratio, shall that ratio be impacted by events such as share buybacks, the transfer or cancellation of treasury stocks, or the exercise of employee stock options.

**Resolution:**

### Proposed item (2)

Proposed by the Board of Directors

**Subject:** To amend the company's "Operating Procedures of Outward Loans to Others" and "Operating Procedures of Endorsement/Guarantee". Please resolve your decisions.

**Descriptions:**

- (1). The Company plans to amend "Operating Procedures of Outward Loans to Others" and "Operating Procedures of Endorsement/Guarantee", in accordance to guidelines announced by the Financial Supervisory Commission of Executive Yuan on January 15<sup>th</sup>, 2009 (Regulation No. 0980000271). The Company's amendments have been approved by the Board of Directors.
- (2). For the comparison table of articles being amended, please refer to page 22, Attachment V, and page 23, Attachment VI.

**Resolution:**

### Proposed item (3)

Proposed by the Board of Directors

**Subject:** To amend the company's "Procedures Governing the Acquisition or Disposition of Assets". Please resolve your decisions.

**Descriptions:**

- (1). For business operation needs, the Company plans to amend "Procedures Governing the Acquisition or Disposition of Assets." The amendments have been approved by Board of Directors.
- (2). For the comparison table of articles being amended, please refer to page 25, Attachment VII.

### Proposed item (4)

Proposed by the Board of Directors

**Subject:** To elect the 5<sup>th</sup> Board of Directors and Supervisors. Please resolve your decisions.

**Descriptions:**

- (1). The term of the Company's 4<sup>th</sup> Board of Directors and Supervisors will expire on June 20<sup>th</sup> of this year. The Board of Directors (5 seats) and Supervisors (3 seats) for the succeeding term shall be elected at the 2009 Shareholders' Meeting.
- (2). The term of the succeeding Board of Directors and Supervisors is from June 10<sup>th</sup>, 2009 to June 9<sup>th</sup>, 2012.

**Resolution:**

### **Proposed item (5)**

Proposed by the Board of Directors

**Subject:** To suspend the non-competition restriction on the Company's newly elected board of directors. Please resolve your decision.

**Descriptions:**

- (1). According to Article 209 of the Company Law, a Director who conducts affairs within the business scope of the Company for himself or for others shall report the essential activities of the conduct in the Shareholders' Meeting and obtain the shareholders' approval.
- (2). Since some of the newly elected Directors may also be Directors of other companies that have similar business to the Company's current operation, it is proposed to suspend the non-competition restriction on the Company's newly elected Board of Directors.

**Resolution:**

**Prompt Motion**

**Meeting Adjourned**

# Attachments

## MediaTek Inc.

### 2008 Business Report

In 2008, despite the unprecedented global recession, we have achieved key business objectives thanks to our diligent staff and our supportive customers. In fiscal year 2008, we posted a 13% growth rate, our 11<sup>th</sup> consecutive year of top-line growth. We posted revenue of NT\$90.4 billion and earnings of NT\$19.2 billion, or NT\$18.01 per share, which provided the highest return on equity, placing MediaTek at the top of the semiconductors industry in Taiwan. Building on top of the worldwide leadership in optical storage IC, DVD player IC, and digital TV chips, we have also become a market leader in the mobile handset solutions business. Handsets with MediaTek ICs inside were sold in more than a hundred countries and we are ranked one of the top four handset chip suppliers in the world. Furthermore, we are rapidly closing the gap between ourselves and foreign competitors.

We made a few overseas acquisitions last year and have successfully completed the integration phase. These acquisitions will significantly improve our global position, technological innovation, and customer relationships. Throughout the year, we have received a number of acclaims recognizing our corporate management and technological innovation. Most notably, we received "The Best Financially Managed Semiconductor Company Award" from *Global Semiconductor Association* (GSA) for the third consecutive year. Moreover, we were the only domestic company to publish its research papers in the International Solid State Circuits Conference (ISSCC) for six consecutive years. To date, our research papers have been published in the ISSCC a total of 11 times. Finally, we were recognized for our continued focus on corporate social responsibility by *Both CommonWealth Magazine* and *Global View Monthly*. They acknowledged our efforts in technology and rural education through the "Corporate Social Responsibility Award".

Looking forward, leading economists predict that it will take several quarters, even years, before we see full economic recovery. The semiconductor industry is facing a challenging year in the face of weakened demand for consumer electronics. However, we firmly believe that companies with sound financial foundation and the ability to adapt will prevail in these difficult times. This is a time for companies to improve their efficiency and enhance their added value. We have worked persistently toward diversifying our product lines and positioning ourselves globally. Management complexity and cost generally come with acquisitions and new product lines. However, we in the past year still kept our operating cost down and in line with our expectation. During this global recession, we have re-examined our financial basis and made the necessary adjustments so that we are well positioned to capitalize on the coming economic recovery.

The company's future performance is still very much relying on the global economic recovery, but we will leverage our product portfolio, financial strength, intellectual property, human capital, and customer relationships to improve our operation efficiency. We aim to strike a balance between mid-to-long term product development and short-term market demands. Our plan is to focus our resources on high margin products, and to lower production costs and operating costs. Our strong portfolio of intellectual property can be leveraged to create a formidable barrier to competitors.

Looking ahead, we see boundless potential and opportunities for digital home and wireless communications technology. Our mission is to meet consumers' entertainment, communication, and information needs with the most innovative IC products and services. We are well aware of the short-term economic impact. Nevertheless, with our continuing gain in market share and competitive edge, we believe, we will continue to reward our shareholders with good total shareholder return. We would like to end on a note of thanks to each and every one of our valued shareholders for your continued support.

## **MediaTek Inc. Supervisors' Report**

The Financial Statements of MediaTek Inc. in fiscal year 2008 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. 2009 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 12, 2009

## Attachment III

# Independent Auditors' Report

(English translation of a report originally issued in Chinese)

To the Board of Directors and Shareholders  
of MediaTek Inc.

We have audited the accompanying balance sheets of MediaTek Inc. as of December 31, 2008 and 2007, 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, 2008 and 2007, 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 standards, 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 from January 1, 2008, the Company adopted Accounting Research and Development Foundation Interpretation No. 96-052 and recognized share-based employee bonuses and remunerations to directors and supervisors as expenses rather than as a distribution of retained earnings.

The Company has prepared consolidated financial statements as of December 31, 2008 and 2007 and for the years then ended. We have expressed an unqualified and a modified unqualified opinion on those consolidated financial statements, respectively.

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

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#### 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, 2008 and 2007

(Amounts in thousand New Taiwan Dollars)

ASSETS		Notes	2008	2007	LIABILITIES AND SHAREHOLDERS' EQUITY		Notes	2008	2007		
<b>Current assets</b>					<b>Current liabilities</b>						
Cash and cash equivalents	2, 4(1)	\$	35,750,448	\$	40,365,582	Financial liability at fair value through profit or loss-current	2, 4(2)	\$	2,956	\$	33,076
Financial assets at fair value through profit or loss-current	2, 4(2)		993,748		2,389,876	Accounts payable			3,443,883		6,132,307
Available for sale financial assets-current	2, 4(3)		1,538,700		2,460,927	Payables to related parties	5		363,932		507,395
Held-to-maturity financial assets-current	2, 4(4)		371,530		501,574	Income tax payable	2, 4(20)		717,675		2,392,981
Accounts receivable, net	2, 4(5)		2,529,181		5,334,044	Accrued expenses	2, 3, 4(16)		9,768,013		1,683,398
Receivables from related parties, net	5		20,325		138,557	Payables to contractors and equipment suppliers			89,403		195,338
Other receivables	4(6)		452,585		702,220	Other current liabilities			507,475		341,396
Inventories, net	2, 4(7)		3,382,841		9,504,676	Total current liabilities			14,893,337		11,285,891
Prepayments and other current assets			501,887		625,530						
Deferred income tax assets-current	2, 4(20)		209,620		589,582						
Restricted deposits	6		1,800		-						
Total current assets			45,752,665		62,612,568						
<b>Funds and investments</b>					<b>Other liabilities</b>						
Financial assets designated as at fair value through profit or loss-noncurrent	2, 4(8)		51,442		-	Accrued pension liabilities	2, 4(11)		82,166		66,368
Available-for-sale financial assets-noncurrent			2,448,066		1,358,655	Deposits received			1,022		1,022
Held-to-maturity financial assets-noncurrent			1,158,760		350,000	Total other liabilities			83,188		67,390
Bond portfolios with no active market-noncurrent			1,000,000		1,000,000	Total liabilities			14,976,525		11,353,281
Investments accounted for using equity method			30,473,509		24,871,106						
Total funds and investments			35,131,777		27,579,761						
<b>Property, plant and equipment</b>					<b>Shareholders' equity</b>						
Buildings and facilities	2, 4(9)		4,340,042		4,217,486	Capital					
Machinery and equipment			116,792		116,374	Common stock	4(12)		10,731,523		10,408,538
Research and development equipment			2,011,107		1,650,064	Capital reserve					
Miscellaneous equipment			235,828		159,541	Additional paid-in capital	4(14)		2,090,759		2,090,759
Total cost			6,703,769		6,143,465	Treasury stock transaction	4(14)		474,512		328,475
Less : Accumulated depreciation			(1,731,797)		(1,202,639)	Donated assets	4(14)		1,260		1,260
Add : Construction in progress			169,195		172,284	Long-term investment transaction	4(8), 4(14)		150,136		119,349
Prepayments for equipment			102,049		108,735	Employee stock option	2, 3, 4(8)		40,644		-
Property, plant and equipment, net			5,243,216		5,221,845	Total capital reserve			2,757,311		2,539,843
<b>Intangible assets</b>					<b>Retained earnings</b>						
Software	2, 4(10)		627,559		683,544	Legal reserve	4(13)		13,024,414		9,665,144
Goodwill			6,817,211		-	Undistributed earnings	4(16)		55,427,112		62,971,175
Patents, IPs and others			2,814,268		795,105	Other adjustments					
Total intangible assets			10,259,038		1,478,649	Cumulative translation adjustments	2, 4(8)		(17,915)		(400,047)
<b>Other assets</b>					<b>Unrealized gain on financial instruments</b>						
Refundable deposits			14,733		17,420	Treasury stock	2, 4(17)		(55,970)		(55,970)
Deferred income tax assets-noncurrent	2, 4(20)		185,997		380,095	Total shareholders' equity			81,610,901		85,937,057
Total other assets			200,730		397,515						
<b>Total assets</b>			<b>\$ 96,587,426</b>		<b>\$ 97,290,338</b>	<b>Total liabilities and shareholders' equity</b>			<b>\$ 96,587,426</b>		<b>\$ 97,290,338</b>

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

Chairman : Ming-Kai Tsai

President : Ching-Jiang Hsieh

Chief Financial Officer : Mingo Yu

## MEDIATEK INC.

## STATEMENTS OF INCOME

For the years ended December 31, 2008 and 2007

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

Description	Notes	2008		2007	
<b>Gross sales</b>		\$	71,248,417	\$	76,054,533
Less : Sales returns and discounts			(3,232,874)		(1,275,954)
Net sales	2, 4(18), 5		68,015,543		74,778,579
<b>Cost of goods sold</b>	4(19), 5		(31,131,461)		(32,552,182)
<b>Gross profits</b>			<u>36,884,082</u>		<u>42,226,397</u>
<b>Operating expenses</b>	2, 4(19), 5				
Selling expenses		\$	(1,496,879)		(1,453,268)
Administrative expenses			(2,159,842)		(2,159,341)
Research and development expenses			(15,129,695)		(7,187,028)
Total operating expenses			<u>(18,786,416)</u>		<u>(10,799,637)</u>
<b>Operating income</b>			<u>18,097,666</u>		<u>31,426,760</u>
<b>Non-operating income and gains</b>					
Interest income			869,659		983,203
Gain on equity investments, net	2, 4(8)		2,954,090		2,439,953
Gain on disposal of property, plant and equipment			-		153
Foreign exchange gain, net	2		404,012		58,510
Reversal of bad debts	2, 4(5)		257,741		-
Others			189,353		91,727
Total non-operating income and gains			<u>4,674,855</u>		<u>3,573,546</u>
<b>Non-operating expenses and losses</b>					
Loss on disposal of property, plant and equipment	2		(661)		-
Loss on disposal of investments	2		(181,678)		(1,803)
Inventory loss provision	2, 4(7)		(1,074,328)		(53,799)
Impairment loss	2, 4(8)		(12,126)		(3,000)
Valuation loss on financial assets			(391,569)		(40,246)
Valuation loss on financial liabilities	2, 4(2)		(2,956)		(33,076)
Others			(139,386)		(35,452)
Total non-operating expenses and losses			<u>(1,802,704)</u>		<u>(167,376)</u>
<b>Income from continuing operations before income taxes</b>			<u>20,969,817</u>		<u>34,832,930</u>
<b>Income tax expense</b>	2, 4(20)		<u>(1,779,820)</u>		<u>(1,240,228)</u>
<b>Net income</b>		\$	<u>19,189,997</u>	\$	<u>33,592,702</u>
Basic Earnings Per Share (in New Taiwan Dollars)	2, 4(21)	Before tax	After tax	Before tax	After tax
Net income		\$ 19.68	\$ 18.01	\$ 32.77	\$ 31.60
<b>Pro-forma data: (Assuming that the Company's shares owned by its subsidiary were not treated as treasury stock)</b>	2, 4(21)				
Basic Earnings Per Share (in New Taiwan Dollars)		Before tax	After tax	Before tax	After tax
Net income		\$ 19.68	\$ 18.02	\$ 32.63	\$ 31.47
Diluted EPS (in New Taiwan Dollars)	2, 4(21)	Before tax	After tax		
Net income		\$ 19.16	\$ 17.53		

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

Chairman : Ming-Kai Tsai

President : Ching-Jiang Hsieh

Chief Financial Officer : Minto Yu

English Translation of Financial Statements Originally Issued in Chinese

**MEDIATEK INC.**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the years ended December 31, 2008 and 2007**

(Amounts in thousand New Taiwan Dollars)

Description	Common stock	Capital reserve	Retained earnings			Cumulative translation adjustments	Unrealized gain (loss) on financial instruments	Treasury stock	Total
			Legal reserve	Special reserve	Undistributed earnings				
Balance as of January 1, 2007	\$ 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 (loss) 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 the 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
Appropriation and distribution of 2007 earnings:									
Legal reserve	-	-	3,359,270	-	(3,359,270)	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(75,584)	-	-	-	(75,584)
Employees' bonuses	218,900	-	-	-	(3,418,900)	-	-	-	(3,200,000)
Shareholders' dividends	104,085	-	-	-	(19,880,306)	-	-	-	(19,776,221)
Net income for the year ended December 31, 2008	-	-	-	-	19,189,997	-	-	-	19,189,997
Unrealized gain (loss) on financial instruments	-	-	-	-	-	-	(1,063,948)	-	(1,063,948)
Employee stock option distributed to subsidiaries' employees	-	40,644	-	-	-	-	-	-	40,644
The effects of subsidiaries' shareholding of the Company's stock recorded as treasury stock	-	146,037	-	-	-	-	-	-	146,037
Adjustment arising from changes in the percentage of ownership in investees	-	30,787	-	-	-	-	-	-	30,787
Cumulative translation adjustments	-	-	-	-	-	382,132	-	-	382,132
Balance as of December 31, 2008	\$ 10,731,523	\$ 2,757,311	\$ 13,024,414	\$ -	\$ 55,427,112	\$ (17,915)	\$ (255,574)	\$ (55,970)	\$ 81,610,901

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

Chairman : Ming-Kai Tsai

President : Ching-Jiang Hsieh

Chief Financial Officer : Mingo Yu

## MEDIATEK INC.

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2008 and 2007

(Amounts in thousand New Taiwan Dollars)

Description	2008	2007
<b>Cash flows from operating activities :</b>		
Net income	\$ 19,189,997	\$ 33,592,702
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	2,525,052	1,830,415
Amortization of financial assets discount or premium	(17,539)	(10,402)
Bad debt loss (reversal) provision	(257,741)	129,252
Cash dividends from the equity investees	74,604	58,830
Inventory loss provision	1,074,328	53,799
Net gain on equity investments	(2,954,090)	(2,439,953)
Adjustment of Valuation on financial assets and liabilities	17,082	(6,627)
Loss on disposal of investments	181,678	1,803
Net loss (gain) on disposal of property, plant and equipment	661	(153)
Impairment loss	12,126	3,000
Deferred income tax	574,060	481,420
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	605,884	339,343
Accounts receivable	3,062,604	(1,606,502)
Receivables from related parties	118,232	(138,350)
Other receivables	249,635	(464,078)
Inventories	5,047,507	(6,064,412)
Prepayments and other current assets	123,643	(420,040)
Accounts payable	(2,688,424)	2,052,633
Payables to related parties	(143,463)	306,343
Income tax payable	(1,675,306)	51,532
Accrued expenses	8,084,615	(288,047)
Other current liabilities	166,079	30,085
Accrued pension liabilities	15,798	5,391
Net cash provided by operating activities	33,387,022	27,497,984
<b>Cash flows from investing activities :</b>		
Increase in restricted deposits	(1,800)	-
Purchase of property, plant and equipment	(938,173)	(1,126,590)
Proceeds from disposal of property, plant and equipment	9,414	4,266
Increase in available-for-sale financial assets	(1,525,347)	(3,310,631)
Proceeds from disposal of available-for-sale financial assets	1,694,842	1,940
Increase in held-to-maturity financial assets	(1,175,199)	(854,876)
Proceeds from redemption of held-to-maturity financial assets	500,000	-
Increase in investments accounted for using equity method	(3,000,000)	(3,200,000)
Prepaid long-term investment	(12,126)	-
Purchase of intangible assets from other enterprise	4(10) (10,060,691)	-
Increase in intangible assets	(443,958)	(477,028)
Decrease (increase) in refundable deposits	2,687	(3,532)
Net cash used in investing activities	(14,950,351)	(8,966,451)
<b>Cash flows from financing activities :</b>		
Contingent consideration based on securities price	-	740,746
Increase in deposits received	-	1,022
Cash dividends	(19,776,221)	(14,524,690)
Directors' and supervisors' remuneration	(75,584)	(63,109)
Employees' bonuses	(3,200,000)	(975,089)
Net cash used in financing activities	(23,051,805)	(14,821,120)
Net (decrease) increase in cash and cash equivalents	(4,615,134)	3,710,413
Cash and cash equivalents at the beginning of the year	40,365,582	36,655,169
Cash and cash equivalents at the end of the year	\$ 35,750,448	\$ 40,365,582
<b>Supplemental disclosures of cash flow information :</b>		
Income tax paid during the year	\$ 2,881,066	\$ 707,276
<b>Activities partially effected cash flows :</b>		
Purchase of property, plant and equipment	\$ 832,238	\$ 1,161,767
Add: decrease (increase) in payables to contractors and equipment suppliers	105,935	(35,177)
Cash paid for the purchase of property, plant and equipment	\$ 938,173	\$ 1,126,590
<b>Non-cash activities :</b>		
Stock dividends and employees' bonuses capitalized	\$ 322,985	\$ 690,993
Adjustment arising from changes in percentage of ownership in investees	\$ 30,787	\$ 4,562
Cumulative translation adjustments	\$ 382,132	\$ 83,463
Change in unrealized gain (loss) on financial instruments	\$ (1,063,948)	\$ (1,871,602)
Adjustment of cash dividends distributed to subsidiaries holding the Company's stock	\$ 146,037	\$ 109,802
Share swap in investee by new issuance	\$ -	\$ 1,314,742

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

Chairman : Ming-Kai Tsai

President : Ching-Jiang Hsieh

Chief Financial Officer : Mingto Yu

## Attachment IV

# Independent Auditors' Report: MediaTek Inc. & Subsidiaries

(English translation of a report originally issued in Chinese)

To the Board of Directors and Shareholders  
of MediaTek Inc.

We have audited the consolidated balance sheets of MediaTek Inc. and its subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MediaTek Inc. and its subsidiaries as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with requirements of the 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 from January 1, 2008, the Company adopted Accounting Research and Development Foundation Interpretation No. 96-052 and recognized share-based employees' bonuses and remunerations to directors and supervisors as expenses rather than as a distribution of retained earnings.

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

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### 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, 2008 and 2007

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	2008	2007	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2008	2007
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	2, 4(1)	\$ 53,021,544	\$ 50,588,024	Short-term loans	4(11)	\$ -	\$ 25,000
Financial assets at fair value through profit or loss-current	2, 4(2)	993,748	3,144,085	Financial liability at fair value through profit or loss-current	2, 4(2)	2,956	44,704
Available for sale financial assets-current	2, 4(3)	3,207,472	6,276,611	Accounts payable		4,273,034	6,891,874
Held-to-maturity financial assets-current	2, 4(4)	371,530	501,574	Payables to related parties	5	633,674	644,658
Accounts receivable, net	2, 4(5)	5,428,620	7,077,379	Income tax payable	2, 4(23)	839,461	2,591,244
Receivables from related parties, net	5	-	4,374	Accrued expenses		10,630,907	1,996,335
Other receivables	4(6)	739,307	731,389	Payables to contractors and equipment suppliers		89,403	198,852
Inventories, net	2, 4(7)	5,547,299	10,540,372	Current portion of long-term liabilities	4(12)	-	2,223
Prepayments and other current assets		1,653,568	702,189	Leased payable-current	4(13)	1,392	4,933
Deferred income tax assets-current	2, 4(23)	257,254	594,462	Other current liabilities		761,526	321,057
Restricted deposits-current	6	5,535	1,563	Total current liabilities		17,232,353	12,720,880
Total current assets		71,225,877	80,162,022				
<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		994,848	433,893	Long-term loans	2, 4(12), 6	-	7,712
Available-for-sale financial assets-noncurrent		3,224,681	3,779,870	Leased payable-noncurrent	4(13)	-	1,304
Held-to-maturity financial assets-noncurrent		1,762,612	641,987	Total long-term liabilities		-	9,016
Financial assets carried at cost-noncurrent		769,806	547,843				
Bond portfolios with no active market-noncurrent		1,000,000	1,000,000	<b>Other liabilities</b>			
Investments accounted for using equity method		1,208,569	1,243,367	Accrued pension liabilities	2, 4(14)	82,166	66,368
Prepayments for long-term investment		9,111	-	Deposit received		1,022	1,022
Total funds and investments		8,969,627	7,646,960	Total other liabilities		83,188	67,390
				Total liabilities		17,315,541	12,797,286
<b>Property, plant and equipment</b>	2, 4(9), 6			<b>Shareholders' equity</b>			
Land		-	12,041	Capital			
Buildings and facilities		4,480,979	4,301,500	Common stock	4(15)	10,731,523	10,408,538
Machinery and equipment		266,945	688,934	Capital reserve			
Research and development equipment		2,843,007	1,769,967	Additional paid-in capital	4(17)	2,090,759	2,090,759
Miscellaneous equipment		819,919	438,518	Treasury stock transaction	4(17)	474,512	328,475
Total cost		8,410,850	7,210,960	Donated assets	4(17)	1,260	1,260
Less: Accumulated depreciation		(2,181,410)	(1,628,117)	Long-term investment transaction	4(8), 4(17)	150,136	119,349
Add: Construction in progress		171,562	172,284	Employee stock option	2, 3, 4(18)	40,644	-
Prepayments for equipment		103,010	166,402	Total capital reserve		2,757,311	2,539,843
Property, plant and equipment, net		6,504,012	5,921,529	Retained earnings			
				Legal reserve	4(16)	13,024,414	9,665,144
<b>Intangible assets</b>	2, 4(10)			Undistributed earnings	4(19)	55,427,112	62,971,175
Software		692,988	708,953	Other adjustments			
Goodwill		6,945,969	758,698	Cumulative translation adjustments	2	(17,915)	(400,047)
Patents, IPs and others		4,390,113	2,884,206	Unrealized gain on financial instruments	2,4(2), 4(8)	(255,574)	808,374
Total intangible assets		12,029,070	4,351,857	Treasury stock	2, 4(20)	(55,970)	(55,970)
				Total shareholders' equity attributable to shareholders of parent company		81,610,901	85,937,057
<b>Other assets</b>				Minority interests in subsidiaries		147,962	132,191
Refundable deposits		103,897	368,577	Total shareholders' equity		81,758,863	86,069,248
Deferred assets	2	48,494	43,349				
Deferred income tax assets-noncurrent	2, 4(23)	163,937	369,137				
Restricted deposits-noncurrent	6	29,490	3,103				
Total other assets		345,818	784,166				
<b>Total assets</b>		\$ 99,074,404	\$ 98,866,534	<b>Total liabilities and shareholders' equity</b>		\$ 99,074,404	\$ 98,866,534

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

Chairman : Ming-Kai Tsai

President : Ching-Jiang Hsieh

Chief Financial Officer : Mingo Yu

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the years ended December 31, 2008 and 2007**

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

Description	Notes	2008		2007	
<b>Gross sales</b>		\$ 94,560,270		\$ 82,139,126	
Less : Sales returns and discounts		(4,158,229)		(1,467,357)	
Net sales	2, 4(21), 5	90,402,041		80,671,769	
<b>Cost of goods sold</b>	4(22), 5	(41,819,016)		(35,340,888)	
<b>Gross profits</b>		48,583,025		45,330,881	
<b>Operating expenses</b>	2, 4(22), 5				
Selling expenses		(2,059,025)		(1,647,098)	
Administrative expenses		(2,941,169)		(2,640,562)	
Research and development expenses		(21,274,903)		(9,154,041)	
Total operating expenses		(26,275,097)		(13,441,701)	
<b>Operating income</b>		22,307,928		31,889,180	
<b>Non-operating income and gains</b>					
Interest income		1,299,883		1,555,191	
Gain on disposal of property, plant and equipment		-		219	
Gain on equity investments, net	2, 4(8)	184,393		168,721	
Gain on disposal of investments	2, 4(8)	-		1,757,267	
Foreign exchange gain, net	2	458,172		-	
Reversal of bad debts	2, 4(5)	152,470		-	
Others	5	295,748		272,414	
Total non-operating income and gains		2,390,666		3,753,812	
<b>Non-operating expenses and losses</b>					
Interest expense		(10,045)		(65,426)	
Loss on disposal of property, plant and equipment	2	(3,093)		(2,858)	
Loss on disposal of investments		(39,638)		-	
Foreign exchange loss, net		-		(18,242)	
Inventory loss provision	2, 4(7)	(1,311,878)		(95,290)	
Impairment loss	2, 4(3), 4(8), 4(10)	(1,423,139)		(375,312)	
Valuation loss on financial assets		(645,864)		(5,026)	
Valuation loss on financial liabilities	2, 4(2)	(2,956)		(44,704)	
Others		(163,851)		(183,849)	
Total non-operating expenses and losses		(3,600,464)		(790,707)	
<b>Income from continuing operations before income taxes</b>		21,098,130		34,852,285	
<b>Income tax expense</b>	2, 4(23)	(1,923,890)		(1,462,151)	
<b>Consolidated net income</b>		\$ 19,174,240		\$ 33,390,134	
<b>Income Attributable to :</b>					
Shareholders of the parent		\$ 19,189,997		\$ 33,592,702	
Minority interests		(15,757)		(202,568)	
Consolidated net income		\$ 19,174,240		\$ 33,390,134	
<b>Basic Earnings Per Share (in New Taiwan Dollars)</b>	2, 4(24)	Before tax	After tax	Before tax	After tax
Consolidated net income		\$ 19.81	\$ 18.00	\$ 32.79	\$ 31.41
Net loss attributable to minority interests		0.01	0.01	0.19	0.19
Net income attributable to Shareholders of the parent		\$ 19.82	\$ 18.01	\$ 32.98	\$ 31.60
<b>Diluted EPS (in New Taiwan Dollars)</b>	2, 4(24)	Before tax	After tax		
Consolidated net income		\$ 19.28	\$ 17.52		
Net loss attributable to minority interests		0.01	0.01		
Net income attributable to Shareholders of the parent		\$ 19.29	\$ 17.53		

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

Chairman : Ming-Kai Tsai

President : Ching-Jiang Hsieh

Chief Financial Officer : Mingto Yu

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the years ended December 31, 2008 and 2007**  
(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital reserve	Retained Earnings			Cumulative translation adjustments	Unrealized gain (loss) 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, 2007	\$ 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 (loss) 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 the 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
Appropriation and distribution of 2007 earnings:											
Legal reserve	-	-	3,359,270	-	(3,359,270)	-	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(75,584)	-	-	-	(75,584)	-	(75,584)
Employees' bonuses	218,900	-	-	-	(3,418,900)	-	-	-	(3,200,000)	-	(3,200,000)
Shareholders' dividends	104,085	-	-	-	(19,880,306)	-	-	-	(19,776,221)	-	(19,776,221)
Net income attributable to parent company's shareholders for the year ended December 31, 2008	-	-	-	-	19,189,997	-	-	-	19,189,997	-	19,189,997
Unrealized gain (loss) on financial instruments	-	-	-	-	-	-	(1,063,948)	-	(1,063,948)	-	(1,063,948)
Employee stock option distributed to subsidiaries' employees	-	40,644	-	-	-	-	-	-	40,644	-	40,644
The effects of subsidiaries' shareholding of the Company's stock recorded as treasury stock	-	146,037	-	-	-	-	-	-	146,037	-	146,037
Adjustment arising from changes in the percentage of ownership in investees	-	30,787	-	-	-	-	-	-	30,787	-	30,787
Cumulative translation adjustments	-	-	-	-	-	382,132	-	-	382,132	-	382,132
Increase in minority interest	-	-	-	-	-	-	-	-	-	15,771	15,771
Balance as of December 31, 2008	\$ 10,731,523	\$ 2,757,311	\$ 13,024,414	\$ -	\$ 55,427,112	\$ (17,915)	\$ (255,574)	\$ (55,970)	\$ 81,610,901	\$ 147,962	\$ 81,758,863

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

Chairman :Ming-Kai Tsai

President : Ching-Jiang Hsieh

Chief Financial Officer : Minto Yu

**MEDIA TEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2008 and 2007**  
(Amounts in thousands of New Taiwan Dollars)

Description	2008	2007
<b>Cash flows from operating activities :</b>		
Consolidated net income	\$ 19,174,240	\$ 33,390,134
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,294,710	2,106,157
Amortization of financial assets discount or premium	(19,043)	(10,402)
Bad debt loss (reversal) provision	(152,470)	129,646
Inventory loss provision	1,311,878	95,290
Cash dividends from the equity investees	74,604	58,830
Net gain on equity investments	(184,393)	(168,721)
Gain on disposal of investment(include interest income)	39,638	(1,765,821)
Impairment loss	1,423,139	375,312
Adjustment of valuation of financial assets and liabilities	132,230	(28,634)
Net loss on disposal of property, plant and equipment	3,093	2,639
Deferred income tax	542,067	480,057
Employee stock option distributed	40,644	-
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	731,228	(520,375)
Accounts receivable	1,790,276	(3,350,231)
Receivables from related parties	4,374	(4,167)
Other receivables	90,901	(385,107)
Inventories	3,656,655	(7,141,599)
Prepayments and other current assets	(972,054)	(491,837)
Accounts payable	(2,583,108)	2,803,131
Payables to related parties	(10,984)	448,186
Income taxes payable	(1,751,783)	249,673
Accrued expenses	8,640,573	(41,585)
Other current liabilities	306,447	5,083
Accrued pension liabilities	15,798	5,391
Net cash provided by operating activities	<u>35,598,660</u>	<u>26,241,050</u>
<b>Cash flows from investing activities :</b>		
Increase in restricted deposits	(30,359)	(4,666)
Increase in available-for-sale financial assets	(2,471,734)	(5,576,788)
Increase in available-for-sale financial asset refundable	-	14
Proceeds from disposal of available-for-sale financial assets	5,437,065	626,016
Increase in held-to-maturity financial assets	(1,612,351)	(984,648)
Proceeds from maturity of held-to-maturity financial assets	500,000	-
Proceeds from disposal of financial assets carried at cost	2,207	39,880
Disinvestment of financial assets carried at cost refundable	6,509	22,155
Increase in financial assets carried at cost	(223,553)	(105,265)
Net Changes in investments accounted for using equity method	-	1,844,705
Proceeds from disposal of investments accounted for using equity method	-	1,452,250
Increase in prepaid long-term investments	(72,861)	-
Purchase of property, plant and equipment	(1,704,547)	(1,696,126)
Proceeds from disposal of property, plant and equipment	38,751	5,987
Purchase of intangible assets from other enterprise	4, (10) (10,060,691)	-
Increase in intangible assets and deferred assets	(547,557)	(3,520,633)
Decrease (increase) in refundable deposits	256,372	(343,226)
Net cash used in investing activities	<u>(10,482,749)</u>	<u>(8,240,345)</u>
<b>Cash flows from financing activities :</b>		
(Decrease) Increase in short-term debts	(25,000)	25,000
(Decrease) Increase in lease payable	(4,845)	6,237
Contingent consideration based on securities price	-	740,746
Increase in deposits received	-	1,022
(Decrease) Increase in long-term debts	(9,935)	9,935
Cash dividends	(19,776,221)	(14,524,690)
Directors' and supervisors' remuneration	(75,584)	(63,109)
Employees' bonuses	(3,200,000)	(975,089)
Cash dividends distributed to subsidiaries holding the Company's stock	146,037	109,802
Increase in minority interest	62,315	331,162
Net cash used in financing activities	<u>(22,883,233)</u>	<u>(14,338,984)</u>
Effect of exchange rate	200,842	88,063
Net increase in cash and cash equivalents	2,433,520	3,749,784
Cash and cash equivalents at the beginning of the year	50,588,024	46,838,240
Cash and cash equivalents at the end of the year	<u>\$ 53,021,544</u>	<u>\$ 50,588,024</u>
<b>Supplemental disclosures of cash flow information :</b>		
Interest paid during the year	\$ 9,493	\$ 64,050
Income tax paid during the year	\$ 3,133,606	\$ 732,421
<b>Activities partially effected cash flows :</b>		
Purchase of property, plant and equipment	\$ 1,595,098	\$ 1,732,419
Add: (increase) decrease in payables to contractors and equipment suppliers	109,449	(36,293)
Cash paid for the purchase of property, plant and equipment	<u>\$ 1,704,547</u>	<u>\$ 1,696,126</u>
<b>Non-cash activities :</b>		
Stock dividends and employees' bonuses capitalized	\$ 322,985	\$ 690,993
Change in unrealized gain (loss) on financial instruments	\$ (1,063,948)	\$ (1,871,602)

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

Chairman : Ming-Kai Tsai

President : Ching-Jiang Hsieh

Chief Financial Officer : Mingto Yu

## Comparison of the Original Text and the Amended Text in “Operating Procedures of Outward Loans to Others”

	Original Text	Amended Text	Amendment Remarks
Article 4	<p><b><i>The term of loan and interest rate:</i></b> The term of each loan extended by the Company shall not exceed one year. The interest rate shall not be lower than the interest rate of short-term loan quoted by financial institutions and the interest shall be calculated on a monthly basis. <u>The term of a loan may be extended only in an extraordinary event and only when approved by the Board of Directors.</u></p>	<p><b><i>The term of loan and interest rate:</i></b> The term of each loan extended by the Company shall not exceed one year. The interest rate shall not be lower than the interest rate of short-term loan quoted by financial institutions and the interest shall be calculated on a monthly basis.</p>	Amendment made in accordance with Article 3 of “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.”: The term of short-term loans extended by a public company shall not exceed one year.
Article 6	<p><b><i>Procedures for public announcement and declaration:</i></b></p> <p>1. The Company shall report the preceding month's loan balances of the parent company and its subsidiaries by the 10th day of each month.</p> <p>2. If one of the following events occurs regarding the total amount lending to others, the Company shall announce and report within two days of the occurrence:</p> <p>(1). The total amount lending to others exceeds 20% of the Company's net worth, <u>or after reporting based on this regulation, each time the net increase of lending exceeds 2% of the Company's net worth stated in its latest financial reports.</u></p> <p>(2). The total amount lending to a single entity exceeds 10% of the Company's net worth, <u>or after reporting based on this regulation, each time the net increase in lending to that entity exceeds 2% of the Company's net worth.</u></p> <p>(3). <u>The total amount lending to an entity that has a business relationship with the Company exceeds the total trading amount in the most recent year, or after reporting based on this regulation, each time the net increase in lending to that entity exceeds 2% of the Company's net worth.</u></p> <p>3. <u>A public company</u> shall report for its non-public subsidiaries when one of <u>the events mentioned in Article 6-2</u> occurs to its subsidiaries.</p> <p>4. <u>To calculate the lending amount of a subsidiary as a percentage of the Company's net worth, it shall be the lending amount of the subsidiary divided by the Company's net worth.</u></p>	<p><b><i>Procedures for public announcement and declaration:</i></b></p> <p>1. The Company shall report the preceding month's loan balances of the parent company and its subsidiaries by the 10th day of each month.</p> <p>2. If one of the following events occurs regarding the total amount lending to others, the Company shall announce and report within two days of the occurrence:</p> <p>(1). The total amount lending to others <u>by the Company and its subsidiaries</u> exceeds 20% of <u>the Company's</u> net worth stated in its latest financial reports.</p> <p>(2). The total amount lending to a single entity <u>by the Company and its subsidiaries</u> exceeds 10% of <u>the Company's</u> net worth.</p> <p>(3). <u>The total amount lending to others by the Company and its subsidiaries</u> exceeds NT\$10 million and <u>exceeds 10% of the Company's net worth stated in its latest financial reports.</u></p> <p>3. <u>If the Company's subsidiary is not a public company in the Republic of China, and the subsidiary meets the criteria mentioned in Article 6-2, the Company shall report for the subsidiary.</u></p>	Amendment made in accordance with the Financial Supervisory Commission (FSC) amendment on Article 22 of “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.”  The major purpose of the FSC amendment is to simplify the reporting procedure, while considering the practice that financial information disclosure shall be based on the whole consortium's risk.
Article 7	When the Company's subsidiaries intend to lend to others due to operational needs, the Company's Operating Procedures of lending to others shall also be followed by the subsidiaries.	When the Company's subsidiaries intend to lend to others due to operational needs, <u>the subsidiaries shall define their own operating procedures based on the Company's procedures, and process accordingly.</u>	Amendment made in accordance with Article 10 of “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.”
Article 12	(3). Should there be any excess over the lending limit due to unexpected changes to the Company, a plan to correct the situation shall be provided to the Supervisors.	(3). Should there be any <u>lending to unqualified entities</u> , or any excess over the lending limit due to unexpected changes of the Company, a plan to correct the situation shall be provided to the Supervisors, and remedial actions shall be taken according to the plan.	Amendment made in accordance with Article 16 of “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.”
Article 13	None.	The Procedure was resolved in the 1999 Annual General Shareholders' Meeting (AGM). The first amendment was made in the 2002 AGM, the second in the 2003 AGM, and the third amendment in the 2009 AGM.	Newly added article to record amendment history.

Attachment VI

## Comparison of the Original Text and the Amended Text in “Operating Procedures of Endorsement/Guarantee”

	Original Text	Amended Text	Amendment Remarks
Article 4	<p><b><i>Limits and authorization of endorsement/guarantee:</i></b> The amount of endorsement or guarantee rendered to other entities or a single entity shall subject to the following limits:</p> <ol style="list-style-type: none"> <li>1. The total amount of endorsement or guarantee provided by the Company is limited to 50% of its net worth as recorded in its most recent financial reports.</li> <li>2. For any one endorsee/guarantee company, the limit shall not exceed 20% of the Company's net worth.</li> <li>3. Before rendering endorsement/guarantee to others, the Company shall get approval from the Board of Directors. To shorten the operational lead-time to accommodate business needs, the Board of Directors may authorize the Chairman to render endorsement/guarantee within a certain limit, getting it ratified at a Board Meeting and reporting it at a Shareholders' Meeting later.</li> <li>4. In case the above limits have to be exceeded to accommodate business needs, the Company must obtain consent from the Board of Directors through a majority vote for them to jointly guarantee the Company against the potential loss which may occur due to the aforementioned excess. The credit limit shall also be amended accordingly and be reported in the Shareholders' Meeting for retrospective acknowledgement. If the amendment is disapproved in the Shareholders' Meeting, proper actions shall be taken to withdraw the excess within a specific period of time.</li> <li>5. If the party no longer qualifies for the criteria set forth in Article 2, or the amount of endorsement/guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, a plan to correct the said situation shall be made. The excess portion shall be withdrawn when the contract expires, or within a certain period of time. A plan of corrective actions shall be provided to the Supervisors.</li> </ol>	<p><b><i>Limits and authorization of endorsement/guarantee:</i></b> The amount of endorsement or guarantee rendered <u>by the Company</u> to other entities or a single entity shall subject to the following limits:</p> <ol style="list-style-type: none"> <li>1. The total amount of endorsement or guarantee provided by the Company is limited to 50% of its net worth as recorded in its most recent financial reports.</li> <li>2. For any one endorsee/guarantee company, the limit shall not exceed 20% of the Company's net worth.</li> <li>3. Before rendering endorsement/guarantee to others, the Company shall get approval from the Board of Directors. To shorten the operational lead-time to accommodate business needs, the Board of Directors may authorize the Chairman to render endorsement/guarantee within a certain limit, getting it ratified at a Board Meeting and reporting it at a Shareholders' Meeting later.</li> <li>4. In case the above limits have to be exceeded to accommodate business needs, the Company must obtain consent from the Board of Directors through a majority vote to jointly guarantee the Company against a potential loss which may occur due to the aforementioned excess. The credit limit shall also be amended accordingly and be reported in the Shareholders' Meeting for retrospective acknowledgement. If the amendment is disapproved in the Shareholders' Meeting, proper actions shall be taken to withdraw the excess within a specific period of time.</li> <li>5. If the party <u>to whom the Company provided an endorsement/guarantee</u> no longer qualifies for the criteria set forth in Article 2 <u>herein</u>, or the amount of endorsement/guarantee exceeded the limits <u>set forth in this Procedure</u> due to changes of basis on which the amounts of limits are calculated, a plan to correct the said situation shall be made <u>and</u> the excess portion shall be withdrawn when the contract expires, or within a certain period of time. A plan of corrective actions shall be provided to the Supervisors <u>and actions shall be taken according to the plan.</u></li> </ol>	Amendment made in accordance with Article 20 of “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.”
Article 7	<p><b><i>Procedures for public announcement and declaration:</i></b></p> <ol style="list-style-type: none"> <li>1. The Company shall report and make public announcement on the total outstanding endorsement/guarantee amount of the Company and its subsidiaries for the previous month by the 10th day of each month in accordance with relevant regulations.</li> <li>2. Other than the abovementioned monthly announcement, additional reporting shall be made within two days when the outstanding amount of endorsement/ guarantee reaches any one of the following limits: (1). When the total outstanding</li> </ol>	<p><b><i>Procedures for public announcement and declaration:</i></b></p> <ol style="list-style-type: none"> <li>1. The Company shall report and make public announcement on the total outstanding endorsement/guarantee amount of the Company and its subsidiaries for the previous month by the 10th day of each month in accordance with relevant regulations.</li> <li>2. Other than the abovementioned monthly announcement, additional reporting shall be made within two days when the outstanding amount of endorsement/ guarantee reaches any one of the following limits: (1). When the total outstanding</li> </ol>	Amendment made in accordance with Article 25 of “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.”

	<p>endorsement/guarantee amount exceeds 50% of the Company's net worth as of the latest financial statements date.</p> <p>(2). When the outstanding endorsement/guarantee amount provided to a single entity exceeds 20% of the Company's net worth as of the latest financial statements date.</p> <p>(3). When the outstanding endorsement/guarantee amount provided to a single entity exceeds NT\$10 million, and the sum of the outstanding amount of endorsement/guarantee, long-term investments and loans made to that particular company exceed 30% of the Company's net worth as of the latest financial statements date.</p> <p>(4). <u>When the outstanding amount of the endorsement/guarantee deriving from business relationship exceeds the total dollar amount of business transactions between the Company and the endorsed/guaranteed party over the most recent year.</u></p> <p>(5). <u>Each time that the outstanding increment, after the report and public announcement required by Article 7.2 (1) ~ (4), exceeds 5% of the Company's net worth as of the latest financial statements.</u></p> <p>(6). If there is any reporting and announcement, as aforesaid, required for the Company's subsidiary which is not a domestic public company, the Company shall follow the requirement of reporting on behalf of the subsidiary.</p>	<p>endorsement/guarantee amount of <u>the Company and its subsidiaries</u> exceeds 50% of the Company's net worth as of the latest financial statements date.</p> <p>(2). When the outstanding endorsement/guarantee amount of <u>the Company and its subsidiaries</u> provided to a single entity exceeds 20% of the Company's net worth as of the latest financial statements date.</p> <p>(3). When the outstanding endorsement/guarantee amount provided <u>by the Company and its subsidiaries</u> to a single entity exceeds NT\$10 million, and the sum of the outstanding amount of endorsement/guarantee, long-term investments and loans made to that particular company exceed 30% of the Company's net worth as of the latest financial statements date.</p> <p>(4). <u>Each time when the outstanding endorsement/guarantee increment exceeds NT\$30 million and reaches 5% of the Company's net worth as of the latest financial statements.</u></p> <p>3. If there is any reporting and announcement, as aforesaid, required for the Company's subsidiary which is not a domestic public company, the Company shall follow the requirement of reporting on behalf of the subsidiary.</p>	
Article 10	When an endorsement/guarantee extended to other parties is contemplated by the Company's subsidiary due to its business needs, the subsidiary shall follow the procedures herein. A subsidiary shall use the Company's official seal stated in Article 8 to extend an endorsement/ guarantee to other parties, but if the subsidiary is located abroad, it shall use a seal of the locally registered company, and dedicate the seal for only endorsement/guarantee use.	When an endorsement/guarantee extended to other parties is contemplated by the Company's subsidiary due to business needs, the subsidiary shall set forth its procedures based on the procedures herein and proceed accordingly. A subsidiary shall use the Company's official seal stated in Article 8 to extend an endorsement/guarantee to other parties, but if the subsidiary is located abroad, it shall use a seal of the locally registered company, and dedicate the seal for only endorsement/guarantee use.	Amendment made in accordance with Article 13 of "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies."
Article 12	None.	The Procedure was resolved in the 1999 Annual General Shareholders' Meeting (AGM). The first amendment was made in the 2003 AGM, and the second amendment in the 2009 AGM.	Newly added article to record amendment history.

Attachment VII

## Comparison of the Original Text and the Amended Text in “Procedures Governing the Acquisition or Disposition of Assets”

	Original Text	Amended Text	Amendment Remarks
Section 3, Article 14-4	<p><b>Limits of trading amounts:</b></p> <p>1. Hedging operation: The total amount of overall hedging shall be limited to the balance after inter-offset between receivables/payables and assets/liabilities six months ahead. No stop and reverse (SAR) shall be set for hedging.</p> <p>2. Financing operation: Each transaction shall only be carried out after approval from the financial supervisor regardless of the amount.</p>	<p><b>Limits of trading amounts and stop and reverse (SAR):</b></p> <p>In accordance with the Company's "Foreign Exchange Transaction Management Procedure."</p>	In accordance with operational needs.
Section 5, Article 31	None.	The Procedure was resolved in the 2003 Annual General Shareholders' Meeting (AGM). The first amendment was made in the 2006 AGM, second amendment in the 2007 AGM, and third amendment in 2009 AGM.	Newly added article to record amendment history.

# Appendix

# MediaTek Inc.

## Article of Incorporation

Effective after approval at the 2007 shareholder's meeting

### Section One – General Provisions

#### Article 1

The Company shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be MediaTek Inc. (in the English language).

#### Article 2

The scope of business of the Corporation shall be as follows:

- CC01080: Electronic parts and components manufacture.
- F401030: Manufacture and export business.
- I301010: Information & software services.
- I501010: Product design.
- F401021: Restrained Telecom Radio Frequency Equipments and Materials Import.
- F601010: Intellectual Property

1. Researching, developing, producing, manufacturing, and sales the following products:
  - (1). Multimedia integrated circuits (ICs);
  - (2). PC peripheral ICs;
  - (3). High-end consumer electronic ICs;
  - (4). Other Application-Specific ICs;
  - (5). Patents or IC layout copyright licensing related to the abovementioned ICs.
2. Providing hardware and software design, development, testing, maintenance and technology consulting services for the abovementioned products.
3. Conducting import and export trade for the abovementioned products.

#### Article 2-1

When the Company becomes a shareholder of limited liability of another company, the total amount of the Company's reinvestment shall not be subject to the restriction of not more than 40% of the Company's paid-in capital as provided in Article 13 of the Company Law.

#### Article 3

The Company is headquartered in the Hsinchu Science-Based Industrial Park in Taiwan, Republic of China, and shall be free, upon approval of the Board of Directors and government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, whenever and wherever the Company deems it necessary or advisable to carry out any or all of its business activities.

#### Article 4

Public announcements of the Company shall be made in accordance with Article 28 of the Company Law and other relevant rules and regulations of the Republic of China.

**Article 4-1**

The Company may provide endorsement and guarantee to other companies. The process shall be handled in accordance with the Company's Regulations Governing Endorsement and Guarantee.

**Section Two – Capital Stock****Article 5**

The total capital stock of the Company shall be in the amount of 12 billion New Taiwan Dollars, divided into 1.2 billion shares at NT\$10 par value each share, and may be paid-up in installments. The Company may issue stock options from time to time in accordance with the resolutions of the Board of Directors. A total 20 million shares among the above total capital stock should be reserved for issuing stock options.

**Article 6**

The share certificates of the Company shall all be name-bearing share certificates. If the Company decides to print share certificates for shares issued, the share certificates shall be signed by or affixed with seals of three Directors minimum, and authenticated by the competent authorities of the government or the certification organization. The Company may issue shares without printing share certificate(s).

**Article 6-1**

The Taiwan Securities Central Depository Co., Ltd., may request the Company to issue share certificates in consolidation into larger denomination.

**Article 7**

Registration for transfer of shares shall be suspended 60 days immediately before the date of regular meeting of shareholders, and 30 days immediately before the date of any special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

**Section Three – Shareholders' Meeting****Article 8**

Shareholders' meetings of the Company are of two types, namely: (1) regular meetings – which shall be convened by the Board of Directors within 6 months after the close of each fiscal year, and (2) special meetings – which shall be convened whenever necessary in accordance with the relevant laws, rules and regulations of the Republic of China.

**Article 9**

The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Company. In his absence, the Chairman shall appoint a deputy to act in his place; otherwise, one Director shall be designated to preside over the shareholders' meeting. If a shareholders' meeting is convened by a person other than the Board of Directors, the shareholders' meeting shall be

chaired by that convener. If there are two or more conveners for a shareholders' meeting, one of them shall be elected to chair the meeting.

#### **Article 10**

Notices shall be sent to all shareholders for the convening of shareholders' meetings – at least 30 days in advance for regular meetings; and at least 15 days in advance for special meetings. The meeting date, venue and the purpose(s) for convening such shareholders' meeting shall be clearly stated in the meeting notices.

#### **Article 11**

If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a representative to attend it, with a Shareholder Proxy Form issued by the Company, in accordance with Article 177 of the Company Law of the Republic of China, and the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

#### **Article 12**

Each share is entitled to one voting right, except shares held under regulation of Article 179 of the Company Law, which have no voting rights.

#### **Article 13**

Except as regulated in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

#### **Article 13-1**

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the Chairman of the meeting. Shareholders shall be notified of the minutes within 20 days after the meeting. The Company may make a public announcement to notify shareholders who hold less than one thousand shares.

### **Section Four – Directors and Supervisors**

#### **Article 14**

The Company shall have five Directors and three Supervisors, elected in the shareholders' meetings. The term of office for Directors shall be three years, and all Directors shall be eligible for re-election.

After the company went public, the total number of shares that all Directors and Supervisors shall hold should be in accordance with the requirements of competent authorities.

The Board of Directors is authorized to determine the compensation for the Directors and Supervisors, taking into account the standards of the industry.

The Company may, in accordance with Corporate Governance Regulations for TSE/GTSM Listed Companies, purchase Directors and Officers Liability Insurance for its Directors and Supervisors. The Board of Directors is authorized to decide on the insurance coverage.

**Article 14-1**

If the Director(s) also serves other position(s) in the Company, the shareholders' meeting authorizes the General Manager to resolve the compensation for these duties, 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's Director seats or a minimum of one seat among Directors and Supervisors:

1. Spouse
2. Relative within the Second Degree of relationship.

**Article 15**

The Board of Directors shall be formed by elected Directors and shall have the following responsibilities:

1. Preparing business plans.
2. Proposing allocation plans of earnings or proposals to recover loss.
3. Proposing plans for increasing or decreasing capital.
4. Drafting important rules and contracts.
5. Appointing or discharging the Company's President and Vice Presidents.
6. Setting up or dissolving branches.
7. Compiling Budget Reports and Final Reports.
8. Performing other duties authorized by the Company Law or shareholders' meeting.

**Article 16**

The Directors shall elect from among themselves a Chairman of the Board of Directors, and a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall be the chairman of shareholders' meetings, and shall have the authority to represent the Company.

**Article 17**

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, except conditions regulated by the Company Law. Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

**Article 18**

Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors of the Company. In his absence, either the Vice Chairman of the Board of Directors or one of the Directors appointed by the Chairman shall preside in the meeting. When a Director is unable to attend any Meeting of the Board of Directors, he may appoint another Director to attend on his behalf, but no Director may act as proxy for more than one other Director.

**Article 19**

Supervisors shall have the following authority:

1. Audit account closings.
2. Oversee the Company's business performance and financial standing as well as request the Board of Directors or managerial officers to submit reports.

3. Convene the Shareholders' Meeting for the Company's interests when the Board of Directors fails or is unable to convene such meetings.
4. Exercise other Supervisory powers according to the law.

## **Section Five – Management of the Company**

### **Article 20**

The Company shall appoint one President, and several Vice Presidents. The appointment, discharge, and compensation of the President and Vice Presidents shall in accordance with Article 29 of the Company Law.

### **Article 21**

The President shall direction the Company's business operation in accordance with decisions resolved by the Board of Directors.

## **Section Six – Financial Reports**

### **Article 22**

The Company's fiscal year shall be from January 1<sup>st</sup> of each year to December 31<sup>st</sup> of the same year. After the close of each fiscal year, the Company shall prepare final accounts for that year.

### **Article 23**

After the close of each fiscal year, in accordance with the Company Law, Article 228, the following reports shall be prepared by the Board of Directors, and be audited by Supervisors 30 days prior to the annual general shareholders' meeting, and be submitted to the shareholders' meeting for acceptance.

1. Business Report.
2. Financial Statements.
3. Proposal Concerning Appropriation of Net Profits or Covering of Losses.

### **Article 24**

When allocating the net profits for each fiscal year, the following order shall be followed:

1. Reserve for tax payments.
2. Offset losses in previous years, if any.
3. Legal reserve, which is 10% of leftover profits.
4. Allocation or reverse of special reserves as required by law or government authorities.
5. Remuneration to Directors and Supervisors, at a maximum of 0.5% of remaining net profits after deducting item (1) to (4) stated in Article 24. The Remuneration to Directors and Supervisors shall be paid in cash.
6. The remaining net profits, after considering retained earnings from previous years and amounts set aside for distribution in future years, shall be allocated as employees' profit sharing and shareholders' dividend. The guideline for employee profit sharing is, the amount of employee profit sharing shall not be lower than 1% of the sum of employee profit sharing and shareholder dividends. Employee profit sharing may be paid in cash or in stock to qualified employees of the Company and its affiliate companies. The Board of Directors shall be authorized to set criteria for qualified employees.

Since the Company is in an industry in a growth phase, the dividend policy shall take into consideration factors such as the Company's current and future investment environment, needs for capital, domestic and overseas competition, capital budgeting plans, etc., to come out with a proposal that strike a balance among shareholders' benefits and the Company's long-term financial plans. Each year the Board of Directors shall prepare a profit distribution proposal and report it at the shareholders' meeting. After considering financial, business and operational factors, the Company may distribute the whole of distributable profits for the year; dividends to shareholders may be distributed in cash or in stock, and the cash dividends shall not be lower than 10% of total dividends to shareholders.

## **Section Seven – Supplementary Provisions**

### **Article 25**

The organization of the Company shall be defined in separate internal regulations.

### **Article 26**

In regard to all matters not provided for in the Articles of Incorporation, the Company Law of the Republic of China shall govern.

### **Article 27**

These Articles of Incorporation were resolved on May 21, 1997. The first amendment was made on September 1, 1997, the second amendment on July 3, 1998, the third amendment on June 21, 1999, the fourth amendment on June 9, 2000, the fifth amendment on September 28, 2000, the sixth amendment on June 8, 2001, the seventh amendment on June 3, 2002, the eighth amendment on May 16, 2003, the ninth amendment on June 9, 2004, the tenth amendment on June 13, 2005, the eleventh amendment on June 21, 2006, and the twelfth amendment on June 11, 2007.

## MediaTek Inc.

### Rules and Procedures of Shareholders' Meeting

Effective after approval at the 2002 shareholder's meeting

#### Article 1

Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.

#### Article 2

Shareholders attending the Meeting in person or through a proxy shall wear the attendee badge, and submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

#### Article 3

When the number of shares represented by the shareholders present at the Meeting has constituted 50% or more of the total outstanding shares, the chairman shall call the Meeting to order at the time scheduled for the Meeting.

#### Article 4

The agenda of the Meeting shall be set by the Board of Directors. The Meeting shall proceed in accordance with the agenda.

#### Article 5

Other than items already in the agenda, if a shareholder proposes other discussion items or proposes amendment to or substitute for a discussion item, those motions shall be seconded by other shareholders(s). The shareholding represented by the proposer and the seconder(s) shall be more than 1% of the total outstanding common shares.

#### Article 6

Proposals not in the Meeting's agenda will not be put into discussion or vote. The Chairman may announce to end a discussion of any resolution if the Chairman deems it appropriate.

#### Article 7

The Chairman may put a resolution to vote at the end of a discussion.

#### Article 8

Except otherwise specified in the Company Law of the Republic of China, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairman.

#### Article 9

When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with the shareholder's Attendance Card number, the shareholder's name, and the number of shares held. The sequence of speeches by shareholders should be decided by the Chairman.

**Article 10**

Unless otherwise permitted by the Chairman, each shareholder shall not, for each discussion item, speak more than two times, and each time not exceeding three minutes.

**Article 11**

In case the speech of any shareholder violates the abovementioned provision or exceeds the scope of the discussion item, the Chairman may stop the speech of such shareholder. In case a shareholder does not obey the Chairman's instruction or does not maintain order at Meeting place, the Chairman may stop such shareholder from attending the Meeting.

**Article 12**

During the Meeting, the Chairman may set time for intermission.

**Article 13**

In case of incident of force majeure, the Meeting shall be discontinued. The Meeting shall be resumed an hour after the incident is over.

**Article 14**

Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

**Article 15**

The Rules and Procedures shall be effective from the date it is resolved by the Board of Directors and approved by the Shareholders' Meeting. The same applies in case of revision.

## MediaTek Inc.

### Rules for Election of Directors and Supervisors

Effective after approval at the 2002 shareholder's meeting

#### Article 1

Unless otherwise provided in the Company Law or the Articles of Incorporation of this Company, the Directors and Supervisors of this Company shall be elected in accordance with the rules specified herein.

#### Article 2

Election of Directors and Supervisors of this Company shall be held at the shareholders' meeting. This Company shall prepare and distinguish ballots for Directors and Supervisors, and note the number of voting rights.

#### Article 3

In the election of Directors and Supervisors of this Company, the recorded cumulative voting system is implemented. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or divided to vote for several persons.

#### Article 4

In the election of Directors of this Company, candidates who acquire more votes should win the seats of Directors or Supervisors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present. If a shareholder is elected as Director and Supervisor at the same time, the person shall decide whether he/she will take the seat of Director or Supervisor, and the vacancy shall be filled by the candidate who wins the closest number of votes.

#### Article 5

At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the shareholders present.

#### Article 6

The ballot box used for voting shall be prepared by this Company and checked in public before voting by the person to check the ballots.

#### Article 7

If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and the candidate's shareholder's number. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and the candidate's ID number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) shall be filled

in the "candidate" column. If there are multiple representatives, these representatives' names shall be filled in separately.

#### **Article 8**

Ballots shall be deemed void in either one of the following conditions:

- (1). Ballots not placed in the ballot box;
- (2). Ballots not prepared by the Company's Board of Directors;
- (3). Blank ballots not completed by the voter;
- (4). The "candidate" column was not filled in properly as specified in Article 7 of this Rule.
- (5). If the candidate is a shareholder of this Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register;
- (6). If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (7). Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;
- (8). Illegible writing;
- (9). Any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased or changed;
- (10). The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them;
- (11). The number of candidates filled in the ballot exceeding the number of the seats to be elected;
- (12). The total votes cast by the voter exceeding the total voting rights of such voter.

#### **Article 9**

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

#### **Article 10**

The Rules and any revision thereof shall become effective after approval at the shareholder's meeting.

## MediaTek Inc.

## Shareholdings of All Directors and Supervisors

1. The shareholdings of the Company's Directors and Supervisors and percentage of shareholdings required by law are listed below:

The Company's total outstanding shares:	1,073,152,299
Percentage of shareholdings of all Directors required by law:	3.0%
Total shareholdings of all Directors required by law:	40,000,000
Percentage of shareholdings of all Supervisors required by law:	0.3%
Total shareholdings of all Supervisors required by law:	4,000,000

2. As of April 12, 2009, the cut-off date of this Shareholders' Meeting, the individual Directors and Supervisors and their aggregate shareholdings are listed below:

Title	Name	Date Elected	Term	Shares	%
Director	Ming-Kai Tsai	June 21 2006	3 years	40,547,187	3.78%
Director	Jyh-Jer Cho	June 21 2006	3 years	30,117,007	2.80%
Director	Ching-Jiang Hsieh	June 21 2006	3 years	4,364,101	0.41%
Director	National Taiwan University Representative: Ming-Je Tang	June 21 2006	3 years	2,863	0.00%
Director	National Chiao-Tung University Representative: Ching-Teng Lin	June 21 2006	3 years	2,863	0.00%
Supervisor	MediaTek Capital Co. Representative: Paul Wang	June 21 2006	3 years	7,763,004	0.72%
Supervisor	National Tsing-Hua University Representative: Chung-Lang Liu	June 21 2006	3 years	2,044	0.00%
Supervisor	National Cheng-Kung University Representative: Yan-Kuin Su	June 21 2006	3 years	204	0.00%
<b>Holdings of all Directors</b>				75,034,021	6.99%
<b>Holdings of all Supervisors</b>				7,765,252	0.72%

## MediaTek Inc.

## Effect of Stock Dividends Resolved at this Shareholders' Meeting on Operating Performance &amp; Earnings Per Share

Items		2009 (Estimate)
Paid-in Capital at the beginning of the year		NT\$10,731,522,990
Dividends of the year	Cash dividends per share (NT\$)	NT\$14.0*
	Number of shares allocated to per share for capitalization (shares)	0.002 shares*
	Number of shares allocated to per share for capitalization of legal reserves (shares)	-
Changes in operating performance	Operating income	Not applicable.**
	Increase (decrease) in operating income in comparison with the previous year (%)	
	After-tax net profit	
	Increase (decrease) in after-tax net income in comparison with the previous year (%)	
	Earnings per share (NT\$)	
	Increase (decrease) in EPS in comparison with the previous year (%)	
	Average rate of return on investments for the year (reciprocal of average P/E ratio)	
Hypothetical EPS and P/E ratio	If capitalization of earnings was entirely distributed in cash	Hypothetical EPS Hypothetical ROI
	If capital reserve was not converted to capital	Hypothetical EPS Hypothetical ROI
	If capital reserve was not converted to capital and capitalization of earnings was instead distributed in cash	Hypothetical EPS Hypothetical ROI

## Note:

- \* To be resolved in the 2009 Annual Shareholders' Meeting.
- \*\* The Company is not required to disclose its financial forecast for the fiscal year of 2009, according to the government regulation. As a result, changes in operating performance and hypothetical EPS and P/E ratio are not applicable.