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GigaMedia secures large China base by strategic investment in online sports game leader T2CN Holding

**FunTown MahJong extends in China to 21 million registered users;
6.9 million active users in last 30 days**

SHANGHAI, PRC: May 1, 2006 – GigaMedia Limited (“GigaMedia”) (NASDAQ: GIGM) announced today a major expansion of its China market reach in an exclusive partnership with and strategic investment in online casual game company T2CN Holding Ltd. (“T2CN”), operator of the largest online sports game in China.

“Today Giga takes a major step forward in China,” stated GigaMedia CEO Arthur Wang. “We bring our number one FunTown MahJong and other Asian games to the 21 million registered users of T2CN in China, an important expansion of our China market reach.”

“The true pedigree of T2CN can be seen from their marketing partnership with premier international brands such as Coca-Cola and the NBA,” stated GigaMedia CEO Wang. “We are proud to be a partner and co-owner of this exciting company.”

Under the terms of the strategic partnership, GigaMedia will make an initial investment of US\$15 million and obtain preferred shares convertible into a minority equity stake in T2CN, along with customary preferred share rights and protections. GigaMedia will also join the Board of T2CN.

GigaMedia and T2CN will together offer FunTown’s existing games to the large T2CN user base on a revenue sharing arrangement. GigaMedia will become T2CN’s exclusive provider for FunTown’s existing games and preferred provider for games newly developed by GigaMedia.

The transaction is subject to customary closing conditions. Management expects the transaction to close in early May.

About GigaMedia

GigaMedia Limited (Singapore registration number: 199905474H) is a major provider of online entertainment software and services. Through its subsidiary Cambridge Entertainment Software Limited, GigaMedia develops software for online entertainment services, including the global online gaming market. GigaMedia's FunTown game portal is a leading Asian casual game portal and the world's largest online MahJong game site in terms of revenue. GigaMedia also operates a broadband ISP providing Internet access services to consumers and corporate subscribers in Taiwan. More information on GigaMedia can be obtained from <http://www.gigamedia.com.tw>

The statements included above and elsewhere in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. GigaMedia cautions readers that forward-looking statements are based on the Company's current expectations and involve a number of risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. Information as to certain factors that could cause actual results to vary can be found in GigaMedia's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission in June 2005.

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