

FOR IMMEDIATE RELEASE

For further information contact:
Brad Miller, Investor Relations Director
Country/City Code 8862 Tel: 3518-1107
brad.miller@gigamedia.com.tw

GigaMedia Invests in Exciting Southeast Asian Game Platform

New Access to Giant and Rapidly Growing Regional Market

TAIPEI, Taiwan, December 20, 2006 – GigaMedia Limited (“GigaMedia” or the “Company”) (NASDAQ: GIGM) announced today a strategic partnership with and investment in Infocomm Asia Holdings Pte Ltd (“Infocomm Asia”), an exciting Southeast Asian online game platform.

The deal extends GigaMedia’s online game presence from Greater China to the large and promising Southeast Asia region, offering new and high growth markets for GigaMedia’s FunTown games.

Infocomm Asia is an emerging leader in Southeast Asia, offering blockbuster game titles such as the highly anticipated Granado Espada[®] and Hellgate: London[®], both under exclusive license for all of Southeast Asia. Infocomm Asia is based in Singapore and managed by a team of top industry veterans with a track record of mega-hits in Asia including Warcraft, Diablo, StarCraft and Counter-Strike.

“Infocomm Asia is the most dynamic force in Southeast Asia, led by the most talented, most experienced team in the region,” stated GigaMedia CEO Arthur Wang. “We are excited to partner with Infocomm Asia, to join this emerging powerhouse.”

Southeast Asia is one of the fastest growing online game markets in the world. According to an IDC study (“Southeast Asia Online Gaming Forecast & Analysis, 2006”), the region’s online games market is expected to nearly triple over the next four years.

“Southeast Asia is a huge and largely untapped opportunity, similar to China’s online game market several years ago,” stated GigaMedia CEO Arthur Wang. “Through Infocomm Asia, we look to establish an unrivaled No. 1 position in this region.”

Southeast Asia has a total population of approximately 580 million people in ten countries and an estimated 57 million Internet users.

Pursuant to the terms of the strategic partnership, GigaMedia has made an investment of US\$10 million in Infocomm Asia and obtained Board representation and preferred shares convertible into an approximate 33 percent equity position, making GigaMedia the largest shareholder of Infocomm Asia.

GigaMedia joins several premier strategic and financial investors as a shareholder of Infocomm Asia, including Infocomm Development Authority of Singapore; Commerzbank Asset Management Asia, the Asian arm of one of Europe’s largest banks; and The9 Limited, a leading online game operator in China.

Infocomm Asia is the first company to ever obtain exclusive region-wide rights for top-rated Massively-Multiplayer Online Role-Playing Games, which include the marquee games Granado Espada[®] and Hellgate: London[®].

Granado Espada[®] is from developer IMC Games and leading game publisher HanbitSoft, Inc. IMC Games was founded by Hakkyu Kim, the creator of one of Southeast Asia’s most popular MMORPGs, Ragnarok Online. Granado Espada[®] has received multiple industry awards, including the Grand Prix award at the Korea Game Awards 2006, and the 2006 Game of the Month award (April), which is sponsored by the Korean Ministry of Culture and Tourism, Korea’s Game Infinity, and the Electronic Times.

Hellgate: London[®] is a highly anticipated title from premier developer Flagship Studios and leading publisher HanbitSoft. Since the game was announced in 2004, it has received an overwhelming amount of attention including its appearance on more than 30 magazine covers worldwide in addition to multiple industry nominations and awards. It received over 10 awards when it was shown at E3 2006, including nominations for Best PC Game and Best RPG Game from E3 Game Critics Awards, nomination for Best PC RPG of E3 2006 from IGN, and E3 2006 Notable Title from The New York Times.

Infocomm Asia has also recently acquired exclusive rights to distribute Emil Chronicle Online (ECO) within the Southeast Asia region, including

Singapore, Malaysia, Thailand, the Philippines, Indonesia, Vietnam, Australia and New Zealand. ECO is published by Gravity, who is also the publisher of Ragnarok Online.

About GigaMedia

GigaMedia Limited (Singapore registration number: 199905474H) is a major provider of online entertainment software and services. GigaMedia develops software for online entertainment services, including the global online gaming market. GigaMedia's FunTown game portal is a leading Asian casual games 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 www.gigamedia.com.tw.

About Infocomm Asia Holdings Pte Ltd

Infocomm Asia Holdings Pte Ltd aims to become the leading operator and distributor of online games in Southeast Asia through strategic alliances with other online games operators in the region. IAH believes in obtaining the rights to only the best games available. Examples of these include Granado Espada[®], Hellgate: London[®], and most recently, Emil Chronicle Online (ECO). ECO is published by the company behind Ragnarok Online – Gravity. IAH will continue to bring the best online games from around the world to gamers in Southeast Asia.

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 2006.

#