

FOR IMMEDIATE RELEASE

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GigaMedia's Leading Game Portal FunTown Partners with Yahoo! Taiwan

Extends Wretch Partnership to Yahoo! Taiwan

TAIPEI, Taiwan, December 15, 2006 – GigaMedia Limited (“GigaMedia” or the “Company”) (NASDAQ: GIGM) announced today that its leading casual games portal FunTown has entered into a strategic cooperation agreement with Yahoo! Taiwan Inc. (“Yahoo! Taiwan”) designed to broaden and enrich the entertainment and community offerings of both portals.

The strategic cooperation adds Yahoo!'s leading online entertainment and community offerings to FunTown's world number one MahJong and other online casual game offerings. The cooperation includes co-marketing of FunTown's games on key Yahoo! Taiwan properties and revenue sharing on resulting sales.

The strategic cooperation with Yahoo! Taiwan follows the proposed acquisition by Yahoo! Taiwan of GigaMedia's strategic partner Wretch, which acquisition is expected to close in early 2007. Wretch is Taiwan's top community “blog” site. As part of this transaction, GigaMedia has agreed to cancel its option to purchase equity interest in Wretch in exchange for the larger strategic cooperation with Yahoo! Taiwan and a cash payment.

Cooperation with Wretch will continue under the new agreement with Yahoo! Taiwan and expand to include strategic cooperation with Yahoo! Taiwan. Direct links to a co-branded FunTown and Yahoo Taiwan! Web site will be prominently featured throughout Wretch, and will be placed on Yahoo! Taiwan's online game and messenger homepages with banner advertisement rights designed to drive users to the co-branded site.

Members of Yahoo! Taiwan will also be able to use their login and password to directly access FunTown's games on the co-branded site.

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 <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 2006.

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