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**SIGMA DESIGNS AND TIPLAY ANNOUNCE COOPERATIVE
EFFORTS IN INTERACTIVE ENTERTAINMENT FIELD**

Las Vegas, NV, United States – January 8, 2007 – Sigma Designs, Inc. (Nasdaq: SIGM), a leader in digital media processing for consumer electronics, and Beijing Tiplay Networking Ltd., a member of Shanda Interactive Entertainment (Nasdaq: SNDA), a leading interactive entertainment media company in China, announced today at CES that both parties will cooperate closely to provide the world's first interactive entertainment solutions based on peer to peer (P2P) and consumer electronics platforms. The companies will be demonstrating product prototypes to industry experts at CES 2007.

The solution is based on Sigma Designs SMP8634 media processor and Linux OS. Employing the P2P Internet connectivity technique, Tiplay creatively integrated many advanced Internet technologies such as RSS, DRM and SOAP into the platform, and further integrated these technologies into a consumer electronics product successfully. The primary application is an Internet client home appliance that will access to the website of SNDA back-end server. This will provide a total solution to the end user to experience content distribution, sharing, and education and game operations.

Based on this solution, end users can enjoy abundant audio/video sources from the Internet on their TV set and by using a remote controller. Consumer electronic manufacturers can implement this technology with their next generation media players and interactive TV products. Content and service providers can deliver their contents and services worldwide effectively and efficiently. Telecom and Broadband operators can expand the subscription to non-PC users and increase the number of their clients.

Mr. Qu Haibin, Senior Vice President of Shanda and President of Tiplay said, “Through the cooperation with Sigma Designs, we have achieved a breakthrough in the interactive entertainment field based on consumer electronics. This commercial product is expected to be launched into the market in Q2 2007. We believe this technology is the first to market which will gain full acceptance by end users in the interactive internet entertainment field.”

Mr. [Ken Lowe](#), Vice President of Strategic Marketing for Sigma Designs, said, “The world’s interactive Internet entertainment market has huge potential and is developing very fast. We are pleased to cooperate with Tiplay and integrate their technology into a complete solution.”

The two companies agree to cooperate closely to work toward the goal of launching the commercial product into the market in the first half of 2007.

Safe Harbor Statement

This announcement contains forward-looking statements that are based on current expectations, assumptions, estimates and projections about the companies and the industry. All statements other than statements of historical fact in this announcement are forward-looking statements, including but not limited to the statement regarding the launch date of the product, design features included in the commercial release version of the product and user experience of the product developed under this cooperation. These forward-looking statements involve various risks and uncertainties. Although the companies believe that their expectations expressed in these forward-looking statements are reasonable, they cannot assure you that their expectations will turn out to be correct. Important risks and uncertainties could cause actual results to be materially different from expectations include but not limited to the risk that the cooperation fails to yield the intended results, the results fail to be commercialized or the commercialized results fail to meet the expectations of end users.

About Sigma Designs, Inc.

Sigma Designs (Nasdaq: SIGM) specializes in silicon-based media processors and wireless chipsets for IPTV set-top boxes, digital media receivers, high definition DVD players, HDTV, and portable media players. The company’s industry-leading media processor architectures feature high definition video, advanced codec support (H.264, VC-1, MPEG-2), and secure media processing in a complete system-on-chip (SOC) solution. Headquartered in Milpitas, Calif., the company also has sales offices in China, Europe, Hong Kong, Japan, Korea and Taiwan. For more information, please visit the company’s web site at www.sigmadesigns.com.

About Shanda Interactive Entertainment Limited

Shanda Interactive Entertainment Limited (Nasdaq: SNDA) is a leading interactive entertainment media company in China. Shanda offers a portfolio of diversified entertainment content including some of the most popular massively multi-player and casual online games in China, along with online chess and board games, a network PC game platform and a variety of cartoons, literary and music content. Shanda’s interactive entertainment platform attracts a large and loyal user base. Each user can interact with thousands of others and enjoy

the interactive entertainment content that Shanda provides. Interaction enriches your life. For more information about Shanda, please visit <http://www.snda.com>.