

(Translation)

# Procedures for Endorsement & Guarantee Of

## **AVerMedia TECHNOLOGIES, Inc.** (the Company)

1. The Procedures set forth below are the guidelines for the Company to provide endorsement and/or guarantee to outside parties.
2. The words “Endorsement/Guarantee” herein are including financing endorsement/guarantee, endorsement/guarantee of customs duties and other endorsement/guarantee.
  - (1) Financing endorsement/guarantee is including: endorsement/guarantee to customers’ notes for cash financing with a discount, endorsement/guarantee for another company for its financing needs, and endorsement/guarantee to the notes issued by the Company to non-financial institutions and entities for the Company’s own financing needs.
  - (2) Endorsement/guarantee of customs duties is the endorsement/guarantee relevant to the customs duties of the Company or other companies’.
  - (3) Other endorsement/guarantee which is not included under paragraphs 1.2.
3. The Company may provide endorsement and/or guarantee to companies include the following:
  - (1) Any company who has business contact with the Company.
  - (2) Any subsidiary whose voting shares are fifty percent (50%) or more owned directly or indirectly by the Company.
  - (3) Any company who directly or indirectly owns fifty percent (50%) or more of the Company's voting shares.

Companies whose voting shares are 100% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other.
4. The total amount of endorsement/guarantee provided by the Company is limited to 50% of its paid-up capital. For any endorsee/guarantee company, the limit shall not exceed 50% of its paid-up capital. Subsidiaries that are held over 50% by the Company or affiliated enterprise are not limited to the aforementioned procedures.
5.
  - (1) When endorsee/guarantee company asks for endorsement/guarantee the Company, the endorsee/guarantee company shall submit the relevant endorsement/guarantee to their Board of Directors for approval. Then the endorsee/guarantee company submits the minutes of the Board of Directors and issues the same endorsement/guarantee amount of guarantee note to the Company for transaction.
  - (2) Finance department shall evaluate credit and risk of the endorsee/guarantee company, the evaluation point shall include as follow:
    - (2.1) The necessity and rationality of the endorsement/guarantee
    - (2.2) The endorsement/guarantee amount according to the endorsee/guarantee company’s financial state
    - (2.3) Evaluating that accumulative endorsement/guarantee amount is accordance with the limited amount
    - (2.4) The endorsement/guarantee on account of business contacts, the financial department shall evaluate that the endorsement/guarantee amount and business contact amount are still in the limited amount.

- (2.5) The effect to the Company's operating risk, financial state and shareholder equity.
  - (2.6) The necessity to acquire collateral and appraisal of collateral
  - (2.7) Enclosing the endorsement/guarantee credibility and risk evaluation record
6. Before endorsement/guarantee, the Board of the Directors shall resolve to approve. Supposing that already established the independent director, the Board of Directors shall fully take their opinions into consideration. Besides, their clear reasons pro and con shall be included in the minutes of the Board of Directors. Also, the Board of Directors shall report processing condition and relevant affairs to the Shareholder's Meeting of the next year for reference. During the recess of the Board of Directors, the Board of Directors can authorize to the Chairman and General Manager that they can guarantee to every endorsee/guarantee company as long as the endorsement/guarantee amount is below to 20% of the Company's paid-in capital. To each entity for which the endorsement/guarantee does not exceed its own more than 50% of total endorsement/guarantee amount and below to 5% of the Company's paid-in capital. Subsidiaries that are held 50% by the Company or affiliated enterprise are not limited to the aforementioned procedures can transact after the approval then submit to the Board of Directors.
  7. The seals for endorsement/guarantee should be the official corporate seals registered with the Ministry of Economic Affairs.
  8. The endorsement/guarantee shall be on the basis of the mutually beneficial.
  9. When the Company conducts the endorsement/guarantee, finance department shall prepare the reference book and write down the guarantee affairs, name of the company, guarantee amount and the conditions and dates of endorsement dissolution for auditing.
  10. When conducting endorsement/guarantee, finance department shall copy and keep the notes, contracts and relevant documents.
  11. Before the endorsement/guarantee expires, finance department shall voluntarily notify the endorsee/guarantee that they shall take the guarantee note form deposited bank and debt institution back and write off endorsement-relevant contracts.
  12. Finance department shall collect and analyze the operating information of endorsee/guarantee companies for the Board of Directors reference.
  13. Supposing there be any endorsement/guarantee which is required to be reported to the competent authority, shall be in accordance with the relevant laws.
  14.
    - (1) Internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Supposing there is any violation found, a written report shall notify the Supervisors immediately.
    - (2) The Company shall conduct the endorsement/guarantee in accordance with the procedures. Supposing there is any violation, punishment is needed to enforce to the manger and persons-in-charge according to the violation condition.
    - (3) Changing of circumstances in the Company to cause the entity for which an endorsement/guarantee is made no longer meets the requirements set forth or the amount of endorsements made exceeds the limits set forth in the Procedures. The Company shall set up the improvement plan, submit the relevant improvement plan to every Supervisor, and complete the improvement as schedule.
  15. When endorsement/guarantee extended to other parties is contemplated by the Company's subsidiary, the Company shall mandate the subsidiary to establish relevant procedures for endorsement/guarantee. Relevant information of the endorsement/guarantee extended by the Company's subsidiary should be provided regularly to the Company for inspection.
  16. Any other matters not set forth in the Procedures shall be dealt with in accordance with the

relevant laws, rules, and regulations.

17. The Procedure that is approved by the Board of Directors shall send to every Supervisor and submit to the Shareholders' meeting for approval. Supposing any Director have opposite opinion and have record or written announcement, the Company shall submit the opposite opinion to every Supervisor and discuss during the Shareholders' meeting. Any Amendment is subject to the same procedure.

When the Company submits the aforementioned procedure to the Board of Directors for discussing, the Company shall consider every Director's independent opinion and included the approval opinion and opposite reason into the minutes of the Board of Directors.

18. The Procedure is enacted on June 23<sup>rd</sup>, 1995.

The first Amendment is on April 25<sup>th</sup>, 1997.

The second Amendment is on May 24<sup>th</sup>, 2000.

The third Amendment is on May 28<sup>th</sup>, 2003.

The fourth Amendment is on June 9<sup>th</sup>, 2006.

The fifth Amendment is on June 10<sup>th</sup>, 2009.