

Dear Zhen Ding Shareholders,

May 18<sup>th</sup>, 2023

敬愛的臻鼎股東們，

We are writing to inform you about the recent voting recommendation report from ISS & Glass Lewis regarding Zhen Ding Technology Holding's 2023 Annual Shareholders' Meeting. In the report, ISS recommended that investors vote against **Amendment to the "Operational Procedures for Endorsement and Guarantees" (Discussion Items Proposal 3)**, citing the unnecessary risks that may arise from increasing the endorsement & guarantee limit and the company's failure to provide a rationale for the increase. Regarding the same proposal, Glass Lewis recommended voting FOR and stated that the amendment is to meet the Company's operational needs and will not harm the interests of shareholders. We would like to address the concern raised by ISS in this letter.

ISS 及 Glass Lewis 於近日發布對於臻鼎科技控股 2023 年股東會的投票建議報告，其中對於本次股東會討論事項第三案：「背書保證作業程序」修訂案，ISS 以背書保證額度的調整可能使公司暴露於不必要的風險以及公司未提供調整理由而建議投資人反對此議案。而 Glass Lewis 則是建議投資人贊成此議案，Glass Lewis 表示作業程序的修訂是為了滿足公司的營運需要，並不會損害股東利益。針對 ISS 的顧慮，特以此信向各位股東們說明。

Zhen Ding established the [Procedures for Endorsement and Guarantee](#) in accordance with the *Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies* issued by the Financial Supervisory Commission. The procedure clearly outlines the scope and target of the endorsements & guarantees, as well as the procedure, review, and decision-making of endorsement & guarantee cases.

針對背書保證之適用範圍、對象以及背書保證案件之辦理、審查及核決，本公司已依據金管會發布之「公開發行公司資金貸與及背書保證處理準則」訂定[背書保證作業程序](#)。

ISS's report pointed out that the company increased the endorsements & guarantees limits without specifying the object of the endorsed guarantee and that providing endorsement guarantees to non-controlling parties may expose the company to unnecessary risks. However, Zhen Ding's [Procedures for Endorsement and Guarantee](#) has specific limitations and regulations for the party of such endorsement and guarantee, including companies that have business relationship with the company or companies whose voting shares are 50% or more owned directly or indirectly by the company. Additionally, the operating procedure requires that the endorsement and guarantee be approved by the board of directors and with full oversight from the independent directors. Zhen Ding will follow the *Procedures for Endorsement and Guarantees* policy to appropriately control the risks of endorsement guarantees and ensure the effectiveness of fund utilization.

ISS 於報告中指出公司提高背書保證額度上限但未說明被背書保證對象，以及若公司向沒有控制權的對象提供背書擔保將可能會使公司面臨不必要的風險。臻鼎的[背書保證作業程序](#)中對背書保證之對象已有明確的限制與規定，包括與本公司有業務往來關係之公司、本公司直接及間接持有表決權之股份超過百分之五十之公司等等。另外，作業程序中亦規定本公司所為背書保證應先經董事會決議通過後辦理，並充分考量各獨立董事之意見。臻鼎將遵循背書保證作業程序以適當控制背書保證之風險並確保資金使用效益之回饋。

As of March 31, 2023, Zhen Ding only has one outstanding endorsement/guarantee with BroadTek Electronics Corporation, a wholly-owned subsidiary of Zhen Ding, with the ratio of accumulated endorsement/guarantee amount to net asset value being 8.29%. (Please refer to Table 2 on page 72 of [Zhen Ding's Q1 2023 financial report](#))

截至 2023 年 3 月 31 日，臻鼎的被背書保證對象為先豐通訊股份有限公司一家，其背書保證金額佔淨值之比率為 8.29%。而先豐為臻鼎 100%持有之子公司。請見[臻鼎 2023 年第一季財務報表](#)附表二第 1 頁。

In the past, there was a case of a subsidiary of a technology conglomerate in Taiwan declaring bankruptcy due to insufficient assets to repay its debt, and the funds lent from the banks to the subsidiary were unsecured loans. As a result, several banks in Taiwan were unable to recover their debts after the subsidiary declared bankruptcy. Following this incident, banks in Taiwan have become extremely stringent in their requirements, and if a subsidiary seeks financing from Taiwanese banks, it often requires endorsement guarantees from its parent company.

之前台灣有一科技集團之子公司因資產不足以清償債務而向法院宣告破產，而當初銀行借予子公司之資金皆為無擔保借款，因此在這家子公司宣告破產後使得台灣幾家銀行求償無門。在此事件後，台灣銀行的要求變的更加嚴謹，子公司若向台灣的銀行籌資，往往需要母公司背書保證。

Therefore, to support the future operational fund requirements of subsidiaries and strengthen operations flexibility financially, we're proposing to adjust the endorsement & guarantee limit at this shareholders' meeting.

因此，為支應未來子公司之營運發展資金需求並加強財務運作之彈性，於本次股東會提出背書保證額度之調整。

For more information on Zhen Ding's 2023 Annual Shareholders' Meeting, please visit our [corporate website](#).

有關臻鼎本次股東會的相關資訊，請見本公司[官網](#)。

Thank you once again for your unwavering support for Zhen Ding.

再次感謝您對於臻鼎的支持與愛護。

Yours sincerely,



Charles Shen  
Chairman of Board