

Viking Tech Corporation
2019 Annual Shareholders' Meeting Minutes

Time: 9:00 a.m., Monday June 24, 2019

Place: Hsinchu Industrial Park, 2F, No. 22, Chungghwa Road, Hukou Township, Hsinchu County, Taiwan.

Total Outstanding Brogent shares: 117,340,842 shares

Total shares represented by shareholders present in person or by proxy : 66,687,902 shares (among them 4,895,218 shares voted via electronic transmission.), accounting for 56.83% of the Company's total outstanding shares

Directors present: Tsai Kao-Ming(the Chairman of the Board of Directors) 、
Chen Li-Ming(Director) 、 Liang Yao-Ming(Director) 、 Li Mao-Sheng(Director) 、
Shen Bo-Ting(Director) 、 Li Yi-Wen(Director) 、 Huang Shi-Bing(Director)

Chairman: Hu Chuang-Bin

Recorder: Lo Jui-Peng

I. Call Meeting to Order: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Address (omitted)

III. Report Items

Report I: 2018 Business Report. (Please reference Attachment)

Report II: 2018 Audit Committee's Review Report.(Please reference Attachment)

Report III: 2018 Employees' and Directors' Compensation Report.

Explanatory Notes: In accordance with the provisions of Article 24-2 of the Articles of Incorporation, the employees' and directors' compensation is approved by the board of directors of the Company, the distribution of the 2018 profit performance is NTD38,078,975 (10%) as the employees' compensation and is NTD19,039,488 (5%) as the directors' compensation. The said amounts are to be distributed in cash and be consistence with the estimated amounts recognized as the expense.

Proposed Adoptions

Proposal I: (Proposed by the Board of Directors)

Matters of Deliberation: 2018 Business Report and Financial Statements is proposed for adoption.

Explanatory Notes : 1.2018 Business Report and Financial Statements have been

prepared, and the financial statements have been reviewed and verified by the two independent auditors, Lin Yukuan and Zheng Yahui of KPMG Taiwan, and unqualified opinions were issued.

2.The aforesaid review report and the business report have been reviewed by the Audit Committee (Please reference Attachment).

3.Be proposed for adoption.

Resolution:

RESOLVED,that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting : 66,687,902 (Including 4,895,218 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	62, 335, 133 votes (545, 998)	93. 47%
Votes against(electronic votes)	15, 642 votes(15, 642)	0. 02%
Invalid Votes(electronic votes)	0 votes(0)	0%
Votes abstained / Not Voted (electronic votes)	4, 337, 127 votes (4, 333, 578)	6. 50%

Report II: (Proposed by the Board of Directors)

Matters of Deliberation: 2018 Earnings Distribution Proposal, hereby propose to be adopted.

Explanatory Notes :

1. 2018 Earnings Distribution Table of the Company (Please reference Attachment).
2. The proposed earnings distribution is allocated from Earnings in 2018 Available for Distribution. Each common share holder will entitled to receive a cash dividend of NTD1.2 per share. When distributing cash dividends, the dividend for individual shareholders will be distributed down to dollar, while the decimals will be rounded down to dollar. The decimal following the integer dollar will be rounded off, and the odd sum will also be included in the other income accounts of this Company. And after the approval of the shareholders' meeting, the board of directors is authorized to set the record date of dividend payout. If the shareholder's dividend rate is changed due to the number of shares outstanding that are affected by shares buyback, the transfer of treasury

shares, the cancellation thereof or cash capital increase, etc., hereby the proposal is made to the shareholders' meeting to authorize the board of directors to handle the matter with full authority.

3. Be proposed for adoption.

Resolution:

RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting : 66,687,902 (Including 4,895,218 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	62, 319, 137 votes (530, 002)	93. 44%
Votes against(electronic votes)	30, 643 votes(30, 643)	0. 04%
Invalid Votes(electronic votes)	0 votes(0)	0%
Votes abstained / Not Voted (electronic votes)	4, 338, 122votes (4, 334, 573)	6. 50%

Election Items.

Matters of Deliberation: Re-election for all the ninth directors

Explanatory Notes :

1. The term of the eighth directors will be expired on August 22, 2019, and the re-election will be held at the shareholders' meeting and be handled in accordance with the laws.
2. This proposal for the election of 9 directors (including 3 independent directors) with a term of three years, from June 24, 2019 to June 23, 2022, the term of incumbent directors will be expired on the completion of this shareholders' meeting.
3. The elections of the Company are based on the candidates nomination system. The directors shall be selected by shareholders from the list of candidates whose academic experience and other relevant information (Please reference Attachment).
4. Rules for Election of Directors (Please reference Attachment).
5. Voting by Poll.

Result of voting: The list of be elected is as follows:

Position Title	Account number or identity document number	Name	be elected votes
Director	42420	Guangdong Fenghua Semiconductor Technology Co., Ltd. (China) Representative: Hu Chuang-Bin	92, 614, 121
Director	42420	Guangdong Fenghua	92, 462, 508

		Semiconductor Technology Co., Ltd. (China) Representative: Liang Yao-Ming	
Director	42420	Guangdong Fenghua Semiconductor Technology Co., Ltd. (China) Representative: Liao Wei-Qiang	92, 363, 576
Director	58225	Hua-Jie Investment Co. Ltd. Representative: Tsai Kao-Ming	93, 601, 822
Director	42418	Representative of Thai Wey Industrial Co., Ltd.: Chen Li-Ming	92, 565, 111
Director	42418	Representative of Thai Wey Industrial Co., Ltd.: Li Mao-Sheng	92, 393, 947
Independent Director	R12027****	Shen Bo-Ting	1, 214, 354
Independent Director	F12343****	Li Yi-Wen	1, 214, 354
Independent Director	A12237****	Huang Shi-Bing	1, 214, 354

Proposed Resolutions

Proposal I: (Proposed by the Board of Directors)

Matters of Deliberation: Amendment to “Rules and Procedures of Shareholders’ Meeting” of the Company is submitted for discussion.

Explanatory Notes :

1. Propose to amend some provisions of “Rules and Procedures of Shareholders’ Meeting” of the Company in response to the voting rights exercised by means of electronic transmission.
2. Comparison Table for Provisions Before and After Revision (Please reference Attachment).
3. Be submitted for discussion.

Resolution:

RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting : 66,687,902 (Including 4,895,218 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	62,317,703 votes (528,568)	93.44%
Votes against(electronic votes)	18,945 votes(18,945)	0.02%
Invalid Votes(electronic votes)	0 votes(0)	0%
Votes abstained / Not Voted (electronic votes)	4,351,254votes (4,347,705)	6.52%

Report II: (Proposed by the Board of Directors)

Matters of Deliberation: Amendment to “Regulations Governing Acquisition or Disposal of Assets” of the Company to be submitted for discussion.

Explanatory Notes :

1. Propose to amend the “Regulations Governing Acquisition or Disposal of Assets” of the Company in response to the Financial-Supervisory-Securities-Securities-Corporate-1070341072.
2. Comparison Table for Regulations Governing Acquisition or Disposal of Assets Before and After Revision (Please reference Attachment).
3. Be submitted for discussion.

Resolution:

RESOLVED,that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting : 66,687,902 (Including 4,895,218 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	62,317,703 votes (528,568)	93.44%
Votes against(electronic votes)	19,940 votes(19,940)	0.02%
Invalid Votes(electronic votes)	0 votes(0)	0%
Votes abstained / Not Voted (electronic votes)	4,350,253votes(4,346,704)	6.52%

Report III: (Proposed by the Board of Directors)

Matters of Deliberation: Amendment to “Regulations Governing Loaning of Funds to Others” is submitted for discussion.

Explanatory Notes :

1. Propose to amend the “Regulations Governing Loaning of Funds to Others” of the Company in response to the Financial-Supervisory-Securities-Auditing-1080304826.
2. Comparison Table for “Regulations Governing Loaning of Funds to

Others” Before and After Revision (Please reference Attachment).

3. Be submitted for discussion.

Resolution:

RESOLVED,that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting : 66,687,902 (Including 4,895,218 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	62,317,708 votes (528,573)	93.44%
Votes against(electronic votes)	19,940 votes(19,940)	0.02%
Invalid Votes(electronic votes)	0 votes(0)	0%
Votes abstained / Not Voted (electronic votes)	4,350,254votes(4,346,705)	6.52%

Report IV: (Proposed by the Board of Directors)

Matters of Deliberation: Amendment to “Regulations Governing Making of Endorsements/Guarantees” is submitted for discussion.

Explanatory Notes :

- i. Propose to amend the “Regulations Governing Making of Endorsements/Guarantees” in response to the Financial-Supervisory-Securities-Auditing-1080304826.
- ii. Comparison Table for “Regulations Governing Making of Endorsements/Guarantees” Before and After Revision (Please reference Attachment).
- iii. Be submitted for discussion.

Resolution:

RESOLVED,that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting : 66,687,902 (Including 4,895,218 shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	62,317,709 votes (528,574)	93.44%
Votes against(electronic votes)	19,940 votes(19,940)	0.02%
Invalid Votes(electronic votes)	0 votes(0)	0%
Votes abstained / Not Voted (electronic votes)	4,350,253votes(4,347,704)	6.52%

Report V: (Proposed by the Board of Directors)

Matters of Deliberation: Relief of 9th directors from non-competition restrictions is submitted for discussion.

Explanatory Notes :

1. In accordance with Article 209 of the Company Act, “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”.
2. Propose to invite the new directors and their representatives to explain their important contents at the shareholders' meeting and request the Shareholders' Meeting to relieve them from non-competition restrictions.
3. Be submitted for discussion.

Resolution:

The names and titles of the directors who are permitted to engage in competitive activities are as follows:

Name	Company Name and Concurrent Position
Hua-Jie Investment Co. Ltd. Representative: Tsai Kao-Ming	Independent Director of United Radiant Technology Corp.
	Independent Director of Opto Tech Corporation
Guangdong Fenghua Semiconductor Technology Co., Ltd. (China) Representative: Hu Chuang-Bin	Deputy director of Marketing Center, Guangdong Fenghua
	Supervisor of Changchun Guanghua Microelectronics Equipment Engineering Center Co., Ltd.
Guangdong Fenghua Semiconductor Technology Co., Ltd. (China) Representative: Liang Yao-Ming	Senior Manager of Guangdong Fenghua Semiconductor Technology Co., Ltd.
Guangdong Fenghua Semiconductor Technology Co., Ltd. (China) Representative: Liao Wei-Qiang	Director of Operations Management, Guangdong Fenghua Semiconductor Technology Co., Ltd.
	Supervisor of Guangdong Fenghua Semiconductor Technology Co., Ltd.
	Director of Guangdong Fenghua Semiconductor Technology Co., Ltd.
	Director of Netron Soft-Tech (Zhuai) Co., Ltd.
	Executive Director of Guangdong Micro-Electronics Co., Ltd. (Legal Entity)
Director of Siping City Jihua Gaoxin Tech Co., Ltd.	

Other Business and Special Motion:

None

Meeting Adjourned At 9:38 AM

Viking Tech Corporation

2018 Business Report



I. Business Policy

The Company is mainly engaged in the production of high-end and special-function passive components and actively promotes the Viking brand through local agents, distributors and branch offices around the world. The main sales are still high-margin thin film precision resistors, column resistors, current detection resistors that are high voltage, surge resistor, anti-sulfurated and that applies in various electronic products, especially the electronic components related to China electric meters, power management market, global equipment and instruments for industrial purpose, Internet of Things, automotive electronic control devices, etc.

In 2018, the passive components market continued to be desperately short of stock. In addition to MLCC, thick film resistors will be desperately short of stock. The Company relies on the advantages of the market subsegment of precision passive components, and actively adjusts the customer structure and product structure by using the industry economic cycle. First, the production expansion for the Automotive-grade resistor, Thin film resistor, and Metal alloy resistor expansion in response to high demand, especially the expansion for MELF precision columnar resistor to meet market demand; Second, focusing on consolidating and expanding the market share on automobile industry, industrial control and high-end consumer electronics, to take the opportunity to introduce more international companies to enhance the market position of the Company; Third, rationally planning the layout of Wuxi, Taiwan Hsinchu and Kaohsiung production lines, to strengthen the construction of supporting infrastructure, and to lay the foundation for the subsequent development of the Company; Fourth, expanding the industry synergy with major shareholders, Guangdong Fenghua Advanced Technology Holding CO.,LTD, and other industry players, and actively introducing new types of precision passive components to provide customers with subdivided category of product integration services.

The Company is also committed to research and development of various high-end, high-reliability and high-power components to meet the special needs of customers and to continue to develop products based on

competitive advantages in niche markets, and to improve product yield rate and reduce costs to improve competitiveness in response to the intensive business environment.

II. General Condition of Implementation

After the implementation of the original 2018 business policy, the annual achievement rate against the annual forecast revenue figures for 2018 is 121%, the revenue growth is 44% higher compared with that of the previous period. In the second half of the year, the passive components are desperately short of stock globally. After the Company actively invested in expanding the production, the revenue also continues to reach a record high, indicating that the current business policy is in line with market demand.

III. Result of Implementation of Business Plan

The revenue under 2018 business plan is NTD 2,200,000 thousand and net income before tax is NTD 275,000 thousand, and after actual execution, the revenue is NTD 2,653,960 thousand, and net income before tax is NTD 342,849 thousand.

IV. Execution of the Budget Derivative of Operating Revenue and Expenditure:

Unit: In Thousands of New Taiwan Dollars

Item	BUDGET	FINAL	Achievement Rate%
Operating Revenue	2,200,000	2,653,960	121%
Operating Costs	(1,615,279)	(1,808,824)	112%
Gross Profit	584,721	845,136	145%
Operating Expenses	(312,812)	(344,695)	110%
Income from Operations	271,909	500,441	184%
Non-Operating Income and Expenses	3,091	(157,592)	(5098%)
Net Income Before Tax	275,000	342,849	125%

Note: The aforesaid financial information is in adoption of the consolidated financial statements.

V. Profitability Analysis

Financial Structure	Debt Ratio (%)	24.57
	Long-term Fund to Property, Plant and Equipment Ratio (%)	236.17
Solvency	Liquidity Ratio (%)	313.52
	Quick Ratio (%)	222.21
	Interest Coverage Ratio	95.16
Operating Performance	Accounts Receivable Turnover (times)	5.01
	Average Collection Days	73
	Inventory Turnover (times)	3.12
	Accounts Payable Turnover(times)	6.89
	Average Inventory Turnover Days	118
	Property, Plant and Equipment Turnover (Times)	2.19
	Total Assets Turnover (times)	0.83
Profitability	Return on total assets (%)	8.79
	Return on Equity (%)	11.48
	Pre-tax Income to Paid-in Capital Ratio (%)	29.22
	Net Margin (%)	10.48
	Earnings per share (in one of New Taiwan Dollar)	2.36

Note: The aforesaid financial information is in adoption of the consolidated financial statements.

VI. Research and Development

1. Successfully developed the jumper resistor LRJ 0603 1/4W model.
2. Successfully developed the jumper resistor LRJ 0805 1/2W model.
3. Successfully developed current detection high power resistor CSM 1206 69mΩ~100mΩ 1W.
4. Successfully developed 4-wire current-sensing chip resistor 4T 1206 10mΩ~20mΩ 1/2W.
5. Successfully developed 4-wire current sensing chip resistor 4T 2010 10mΩ~20mΩ 3/4W.
6. Power development current detection high power resistance CS 1206 101~1000mR 1W.
7. Successfully developed anti-pulse and surge-resistant high power thick film resistor PWR/SWR 0402 1/5W.
8. Successfully developed anti-pulse and surge-resistant ultra high power thick film resistor PWR/SWR 0805 1/2W.
9. Successfully developed anti-pulse and surge-resistant ultra high power thick film resistor PWR/SWR 1206 3/4W.
10. Successfully developed a miniaturized, fully lead-free thick film resistor CRG 0201.
11. Successfully developed a large current and low resistance thick film Jumper resistor PWR 0R (0603<8mR, 0805/1206<5mR).
12. Successfully developed high-power alloy resistor LRP12 120-200mR 3W.

Responsible person:
Tsai Kao-Ming

Managerial Personnel:
Zhang Yuan-Sheng

Accountant in charge of
the Company
Li Shun-He

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000442

To the Board of Directors and Shareholders of VIKING TECH CORPORATION

Opinion

We have audited the accompanying consolidated balance sheets of VIKING TECH CORPORATION and its subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2018 are outlined as follows:

Cut-off risk error of revenue recognition

Description

Please refer to Note 4(24) for accounting policy on revenue recognition. The Company is primarily engaged in export and offers different credit terms to their customers. The credit terms for some customers are delivered at place and the timing for transferring the control of goods is based on the customer confirmation documents. Given the revenue recognition process relies on manual processes and the large amounts of daily sales transactions are to be material to the financial statements, we thus consider sales cut-off as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the sales recognition accounting policy.
2. Understood and tested the design and effectiveness of implement of relevant internal control when recognising the sales revenues.
3. Sampled delivery orders and customer confirmation documents in a certain period before and after the balance sheet date to ensure the accuracy of cut-off of sales revenue.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policies on inventory, Note 5 for significant accounting estimates and assumptions of inventory, and Note 6(6) for details of allowance for inventory valuation losses.

The Company manufactures and sells thick and thin film passive components products. Due to the competitive market in the industry and the fluctuating prices, there is a higher risk of inventory losing value or becoming obsolete. The inventories are stated at the lower of cost and net realisable value and the possible losses arising from aged and obsolete inventories are also assessed. Given the evaluation on the aged and obsolete inventories involves subjective judgement which results in estimation uncertainty and the impact of aged inventories and allowance for inventory valuation losses are to be material to the financial statements, we thus consider assessment of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and assessed the reasonableness of allowance for inventory valuation losses policy including the historical sources of inventory clearance process.
2. Obtained the inventory assessment report prepared by the authority and checked the completeness of the information on the inventory aging report.
3. Verified the accuracy of the intervals and relevant information used on the inventory aging report, ensured the allowance loss valuation and the provision policy are consistently applied and further assessed the reasonableness of the estimations of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Viking Tech Corporation, as at and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for

overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Yu-Kuan

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan
March 13, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

VIKING TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 612,806	18	\$ 669,909	22
1110	Financial assets at fair value through profit or loss - current	6(2)	49,656	2	40,856	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	59,096	2	-	-
1125	Available-for-sale financial assets - current	12(4)	-	-	58,901	2
1136	Current financial assets at amortised cost, net	6(4)	63,416	2	-	-
1147	Bond investments without active markets - current	12(4)	-	-	4,565	-
1150	Notes receivable, net	6(5)	14,929	-	9,737	-
1170	Accounts receivable, net	6(5)	615,166	18	405,421	13
1180	Accounts receivable - related parties	6(5) and 7	9	-	130	-
1200	Other receivables		22,517	1	13,011	1
1210	Other receivables - related parties	7	1,581	-	-	-
1220	Current income tax assets		2,129	-	2,129	-
130X	Inventories	6(6)	568,210	17	405,627	14
1410	Prepayments		22,936	1	26,476	1
1479	Other current assets, others	8	1,088	-	901	-
11XX	Total current assets		<u>2,033,539</u>	<u>61</u>	<u>1,637,663</u>	<u>54</u>
Non-current assets						
1600	Property, plant and equipment	6(7)(8)(25) and 8	1,143,587	34	1,282,614	42
1780	Intangible assets		3,608	-	1,947	-
1840	Deferred income tax assets	6(23)	46,510	1	24,387	1
1900	Other non-current assets	6(25)	125,956	4	90,116	3
15XX	Total non-current assets		<u>1,319,661</u>	<u>39</u>	<u>1,399,064</u>	<u>46</u>
1XXX	Total assets		<u>\$ 3,353,200</u>	<u>100</u>	<u>\$ 3,036,727</u>	<u>100</u>

(Continued)

VIKING TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(9)(26)	\$ 20,000	1	\$ 130,000	4
2150	Notes payable		3,154	-	5,253	-
2170	Accounts payable		280,099	9	182,001	6
2180	Accounts payable - related parties	7	33,508	1	19,114	1
2200	Other payables	6(10)(22)	210,044	6	198,135	7
2230	Current income tax liabilities	6(23)	63,155	2	12,593	-
2320	Long-term liabilities, current portion	6(11)(26) and 8	29,076	1	22,319	1
2399	Other current liabilities, others		9,574	-	2,120	-
21XX	Total current liabilities		<u>648,610</u>	<u>20</u>	<u>571,535</u>	<u>19</u>
Non-current liabilities						
2540	Long-term borrowings	6(11)(26) and 8	171,673	5	147,816	5
2570	Deferred income tax liabilities	6(23)	209	-	247	-
2600	Other non-current liabilities		3,555	-	3,445	-
25XX	Total non-current liabilities		<u>175,437</u>	<u>5</u>	<u>151,508</u>	<u>5</u>
2XXX	Total Liabilities		<u>824,047</u>	<u>25</u>	<u>723,043</u>	<u>24</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(13)	1,173,408	35	1,173,408	38
Capital surplus						
3200	Capital surplus	6(14)	730,121	22	730,121	24
Retained earnings						
3310	Legal reserve	6(15)	150,954	4	142,221	5
3320	Special reserve		3,510	-	5,105	-
3350	Unappropriated retained earnings		473,887	14	263,320	9
Other equity						
3400	Other equity interest	6(3)(16) and 12(4)	(7,524)	-	(3,510)	-
31XX	Total equity attributable to owners of the parent		<u>2,524,356</u>	<u>75</u>	<u>2,310,665</u>	<u>76</u>
36XX	Non-controlling interest		<u>4,797</u>	<u>-</u>	<u>3,019</u>	<u>-</u>
3XXX	Total equity		<u>2,529,153</u>	<u>75</u>	<u>2,313,684</u>	<u>76</u>
Significant Contingent Liabilities and Unrecongised Contract Commitments						
Significant Events After the Balance Sheet Date						
3X2X	Total liabilities and equity		<u>\$ 3,353,200</u>	<u>100</u>	<u>\$ 3,036,727</u>	<u>100</u>

VIKING TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

		Years ended December 31			
Items		2018		2017	
	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	\$ 2,653,960	100	\$ 1,848,068	100
5000	Operating costs				
		(1,808,824)	(68)	(1,409,614)	(76)
5900	Gross profit	845,136	32	438,454	24
	Operating expenses				
6100	Selling expenses	(128,469)	(5)	(104,351)	(5)
6200	General and administrative expenses	(165,472)	(6)	(123,354)	(7)
6300	Research and development expenses	(50,754)	(2)	(55,898)	(3)
6000	Total operating expenses	(344,695)	(13)	(283,603)	(15)
6900	Operating profit	500,441	19	154,851	9
	Non-operating income and expenses				
7010	Other income	15,873	-	(21,582)	(1)
7020	Other gains and losses	(169,824)	(6)	(28,530)	(2)
7050	Finance costs	(3,641)	-	(4,169)	-
7000	Total non-operating income and expenses	(157,592)	(6)	(54,281)	(3)
7900	Profit before income tax	342,849	13	100,570	6
7950	Income tax expense	(64,823)	(3)	(12,398)	(1)
8200	Profit for the year	\$ 278,026	10	\$ 88,172	5
	Other comprehensive income				
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Cumulative translation differences of foreign operations	(\$ 2,080)	-	(\$ 1,519)	-
8362	Other comprehensive income, before tax, available-for-sale financial assets	-	-	2,912	-
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income, net	(1,806)	-	-	-
8500	Total comprehensive income for the year	\$ 274,140	10	\$ 89,565	5
	Profit, attributable to:				
8610	Owners of the parent	\$ 276,376	10	\$ 87,331	5
8620	Non-controlling interest	\$ 1,650	-	\$ 841	-
	Comprehensive income attributable to:				
8710	Owners of the parent	\$ 272,362	10	\$ 88,926	5
8720	Non-controlling interest	\$ 1,778	-	\$ 639	-
	Basic earnings per share				
9750	Total Basic earnings per share	\$	2.36	\$	0.74
	Diluted earnings per share				
9850	Total Diluted earnings per share	\$	2.33	\$	0.74

VIKING TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent												
	Retained Earnings					Other Equity Interest						
	Notes	Ordinary Shares	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
Year ended December 31, 2017												
Balance at January 1, 2017		\$ 1,173,408	\$ 730,121	\$ 134,179	\$ -	\$ 247,807	(\$ 2,541)	\$ -	(\$ 2,564)	\$ 2,280,410	\$ 2,380	\$ 2,282,790
Profit for the year		-	-	-	-	87,331	-	-	-	87,331	841	88,172
Other comprehensive income (loss) for the year	6(16) and 12(4)	-	-	-	-	-	(1,317)	-	2,912	1,595	(202)	1,393
Total comprehensive income		-	-	-	-	87,331	(1,317)	-	2,912	88,926	639	89,565
Distribution of retained earnings of 2016:												
Legal reserve	6(15)	-	-	8,042	-	(8,042)	-	-	-	-	-	-
Special reserve	6(15)	-	-	-	5,105	(5,105)	-	-	-	-	-	-
Cash dividends	6(15)	-	-	-	-	(58,671)	-	-	-	(58,671)	-	(58,671)
Balance at December 31, 2017		<u>\$ 1,173,408</u>	<u>\$ 730,121</u>	<u>\$ 142,221</u>	<u>\$ 5,105</u>	<u>\$ 263,320</u>	<u>(\$ 3,858)</u>	<u>\$ -</u>	<u>\$ 348</u>	<u>\$ 2,310,665</u>	<u>\$ 3,019</u>	<u>\$ 2,313,684</u>
Year ended December 31, 2018												
Balance at January 1, 2018		\$ 1,173,408	\$ 730,121	\$ 142,221	\$ 5,105	\$ 263,320	(\$ 3,858)	\$ -	\$ 348	\$ 2,310,665	\$ 3,019	\$ 2,313,684
Retrospective application and effect of retrospective restatement		-	-	-	-	-	-	348	(348)	-	-	-
Balance at 1 January after adjustments		<u>1,173,408</u>	<u>730,121</u>	<u>142,221</u>	<u>5,105</u>	<u>263,320</u>	<u>(3,858)</u>	<u>348</u>	<u>-</u>	<u>2,310,665</u>	<u>3,019</u>	<u>2,313,684</u>
Profit for the year		-	-	-	-	276,376	-	-	-	276,376	1,650	278,026
Other comprehensive income (loss) for the year	6(3)(16)	-	-	-	-	-	(2,208)	(1,806)	-	(4,014)	128	(3,886)
Total comprehensive income		-	-	-	-	276,376	(2,208)	(1,806)	-	272,362	1,778	274,140
Distribution of retained earnings of 2017:												
Legal reserve	6(15)	-	-	8,733	-	(8,733)	-	-	-	-	-	-
Special reserve	6(15)	-	-	-	(1,595)	1,595	-	-	-	-	-	-
Cash dividends	6(15)	-	-	-	-	(58,671)	-	-	-	(58,671)	-	(58,671)
Balance at December 31, 2018		<u>\$ 1,173,408</u>	<u>\$ 730,121</u>	<u>\$ 150,954</u>	<u>\$ 3,510</u>	<u>\$ 473,887</u>	<u>(\$ 6,066)</u>	<u>(\$ 1,458)</u>	<u>\$ -</u>	<u>\$ 2,524,356</u>	<u>\$ 4,797</u>	<u>\$ 2,529,153</u>

VIKING TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 342,849	\$ 100,570
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for expected credit loss	12(2)	883	-
Reversal for doubtful accounts	12(4)	-	(22)
Depreciation	6(7)(21)	184,546	173,109
Amortisation of intangible assets	6(21)	2,976	3,166
Interest income	6(3)(4)(18)	(5,066)	(6,524)
Interest expense	6(20)	3,641	4,169
Net loss (gain) on financial assets at fair value	6(2)(19)	4,372	(3,109)
Loss on disposal of property, plant and equipment	6(7)(19)	35,524	1,491
Impairment loss	6(7)(8)(19)	135,374	4,637
Value loss on available-for-sale financial assets	12(4)	-	4,901
Gain on foreign exchange remeasurement of financial assets at fair value through other comprehensive income	6(3)	(1,872)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	6(2)	(13,172)	54,624
Notes receivable	6(5)	(5,266)	6,541
Accounts receivable	6(5) and 12(4)	(214,636)	(7,396)
Accounts receivable - related parties	6(5), 7 and 12(4)	121	(11)
Other receivables		(9,620)	(4,341)
Other receivables - related parties		(1,581)	-
Inventories	6(6)	(165,118)	57,397)
Prepayments		3,411	(7,534)
Other current assets		(187)	644
Changes in operating liabilities			
Notes payable		(2,099)	(1,365)
Accounts payable		99,883	32,392
Accounts payable- related parties	7	14,829	7,176
Other payables	6(10)	35,128	5,244
Other current liabilities		7,503	(1,474)
Cash inflow generated from operations		452,423	309,491
Interest received		4,981	6,719
Interest paid		(3,670)	(4,235)
Income tax paid		(36,307)	(12,549)
Net cash flows from operating activities		417,427	299,426

(Continued)

VIKING TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost	6(4)	(\$ 86,481)	\$ -
Acquisition of Obtain debt instruments without an active market		-	(4,530)
Proceeds from Disposal of financial assets measured by amortized cost	6(4)	27,361	-
Expiration of Debt instrument investment without active market	12(4)	-	6,795
Increase in other current financial assets	8	-	(800)
Acquisition of property, plant and equipment	6(7)(25)	(317,369)	(175,542)
Proceeds from disposal of property, plant and equipment	6(7)	44,138	1,285
Acquisition of intangible assets		(4,637)	(2,819)
Increase in refundable deposits		(1,990)	(274)
Net cash flows used in investing activities		(338,978)	(175,885)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(9)(26)	30,000	150,000
Repayment of short-term borrowings	6(9)(26)	(140,000)	(330,000)
Increase in short-term borrowings	6(11)(26)	57,380	95,000
Repayment of short-term borrowings	6(11)(26)	(26,766)	(16,022)
Increase (decrease) in guarantee deposits received		110	(288)
Cash dividends paid	6(15)	(58,671)	(58,671)
Net cash flows used in financing activities		(137,947)	(159,981)
Effects of changes in foreign exchange rates		2,395	535
Net decrease in cash and cash equivalents		(57,103)	(35,905)
Cash and cash equivalents at beginning of year	6(1)	669,909	705,814
Cash and cash equivalents at end of year	6(1)	\$ 612,806	\$ 669,909

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000418

To the Board of Directors and Shareholders of VIKING TECH CORPORATION

Opinion

We have audited the accompanying balance sheets of VIKING TECH CORPORATION (the “Company”) as at December 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide

a separate opinion on these matters.

The key audit matters in relation to the parent company only financial statements for the year ended

December 31, 2018 are outlined as follows:

Cut-off risk error of revenue recognition

Description

Please refer to Note 4(24) for accounting policy on revenue recognition. The Company is primarily engaged in export and offers different credit terms to their customers. The credit terms for some customers are upon delivery to a specific location and the timing for transferring the control of goods is based on the customer confirmation documents. Given that the revenue recognition process relies on manual processes and the large volume of daily sales transactions which are to be material to the financial statements, we thus consider sales

cut-off as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of the sales recognition accounting policy.
2. Understood and tested the design and effectiveness of relevant internal control when recognising the sales revenues.
3. Sampled delivery orders and customer confirmation documents in a certain period before and after the balance sheet date to ensure the accuracy of cut-off of sales revenue.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policies on inventory, Note 5 for significant accounting estimates and assumptions of inventory, and Note 6(6) for details of allowance for inventory valuation losses.

The Company manufactures and sells thick and thin film passive components products. Due to the competitive market in the industry and the fluctuating prices, there is a higher risk of inventory losing value or becoming obsolete. The inventories are stated at the lower of cost and net realisable value and the possible losses arising from aged and obsolete inventories are also assessed. Given that the evaluation on the aged and obsolete inventories involves subjective judgement which results in estimation uncertainty and the impact of aged inventories and allowance for inventory valuation losses are material to the financial statements, we thus consider assessment of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Understood and assessed the reasonableness of allowance for inventory valuation losses policy including the historical sources of inventory clearance process.
2. Obtained the inventory assessment report prepared by the authority and checked the completeness of the information on the inventory aging report.
3. Verified the accuracy of the intervals and relevant information used on the inventory aging report, ensured that the allowance loss valuation and the provision policy are consistently applied and further assessed the reasonableness of the estimations of allowance for inventory valuation losses.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for

overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Yu-Kuan

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan
March 13, 2019

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

VIKING TECH CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 501,809	15	\$ 603,083	20
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		49,656	2	40,856	1
1120	Current financial assets at fair	6(3)				
	value through other					
	comprehensive income		59,096	2	-	-
1125	Available-for-sale financial	12(4)				
	assets - current		-	-	58,901	2
1136	Current financial assets at	6(4)				
	amortised cost, net		50,000	2	-	-
1150	Notes receivable, net	6(5)	11,288	-	7,183	-
1170	Accounts receivable, net	6(5)	385,903	12	252,639	9
1180	Accounts receivable - related	6(5) and 7				
	parties		210,517	6	132,792	5
1200	Other receivables		19,094	1	9,243	-
1210	Other receivables - related	7				
	parties		19,568	1	3	-
1220	Current income tax assets		2,129	-	2,129	-
130X	Inventories	6(6)	468,824	14	349,821	12
1410	Prepayments		16,606	-	19,925	1
1479	Other current assets, others	8	1,008	-	845	-
11XX	Total current assets		<u>1,795,498</u>	<u>55</u>	<u>1,477,420</u>	<u>50</u>
Non-current assets						
1550	Investments accounted for	6(7)				
	under equity method		186,526	6	107,324	3
1600	Property, plant and equipment	6(8)(9)(26) and 8	1,107,238	34	1,278,452	43
1780	Intangible assets		3,608	-	1,947	-
1840	Deferred income tax assets	6(24)	46,510	1	24,387	1
1900	Other non-current assets	6(26)	122,221	4	88,300	3
15XX	Total non-current assets		<u>1,466,103</u>	<u>45</u>	<u>1,500,410</u>	<u>50</u>
1XXX	Total assets		<u>\$ 3,261,601</u>	<u>100</u>	<u>\$ 2,977,830</u>	<u>100</u>

(Continued)

VIKING TECH CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(10)(27)	\$ 20,000	1	\$ 130,000	4
2150	Notes payable		3,154	-	5,253	-
2170	Accounts payable	7	204,200	6	137,110	5
2200	Other payables	6(11)(23)	218,834	7	196,121	7
2230	Current income tax liabilities	6(24)	57,319	2	12,593	-
2320	Long-term liabilities, current portion	6(12) and 8	29,076	1	22,319	1
2399	Other current liabilities, others		3,575	-	1,499	-
21XX	Total current Liabilities		<u>536,158</u>	<u>17</u>	<u>504,895</u>	<u>17</u>
Non-current liabilities						
2540	Long-term borrowings	6(12)(27) and 8	171,673	5	147,816	5
2570	Deferred income tax liabilities	6(24)	209	-	247	-
2600	Other non-current liabilities		29,205	1	14,207	-
25XX	Total non-current liabilities		<u>201,087</u>	<u>6</u>	<u>162,270</u>	<u>5</u>
2XXX	Total Liabilities		<u>737,245</u>	<u>23</u>	<u>667,165</u>	<u>22</u>
Equity						
Share capital						
3110	Share capital - common stock	6(14)	1,173,408	36	1,173,408	40
Capital surplus						
3200	Capital surplus	6(15)	730,121	22	730,121	24
Retained earnings						
3310	Legal reserve	6(16)(24)	150,954	5	142,221	5
3320	Special reserve		3,510	-	5,105	-
3350	Unappropriated retained earnings		473,887	14	263,320	9
Other equity interest						
3400	Other equity interest	6(3)(17)	(7,524)	-	(3,510)	-
3XXX	Total equity		<u>2,524,356</u>	<u>77</u>	<u>2,310,665</u>	<u>78</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments						
Significant Events After the Balance Date						
3X2X	Total liabilities and equity		<u>\$ 3,261,601</u>	<u>100</u>	<u>\$ 2,977,830</u>	<u>100</u>

VIKING TECH CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

Years ended December 31

Items	Notes	2018		2017	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$ 2,165,515	100	\$ 1,594,973	100
5000 Operating costs	6(6)(22)(23)	(1,459,800)	(67)	(1,206,221)	(75)
5900 Net operating margin		705,715	33	388,752	25
5910 Unrealized profit from sales		(25,650)	(1)	(10,762)	(1)
5920 Realized profit from sales		10,762	-	270	-
5950 Net operating margin		690,827	32	378,260	24
Operating expenses	6(22)(23)				
6100 Selling expenses	7	(89,763)	(4)	(70,683)	(4)
6200 General and administrative expenses		(148,478)	(7)	(114,100)	(7)
6300 Research and development expenses		(50,754)	(2)	(55,898)	(4)
6000 Total operating expenses		(288,995)	(13)	(240,681)	(15)
6900 Operating profit		401,832	19	137,579	9
Non-operating income and expenses					
7010 Other income	6(3)(19)	12,493	-	(21,715)	(1)
7020 Other gains and losses	6(2)(20)	(168,423)	(8)	(27,415)	(2)
7050 Finance costs	6(21)	(3,641)	-	(4,169)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	81,410	4	15,430	1
7000 Total non-operating income and expenses		(78,161)	(4)	(37,869)	(2)
7900 Profit before income tax		323,671	15	99,710	7
7950 Income tax expense	6(24)	(47,295)	(2)	(12,379)	(1)
8200 Profit for the year		\$ 276,376	13	\$ 87,331	6
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Other comprehensive income, before tax, exchange differences on translation	6(17)	(\$ 2,208)	-	(\$ 1,317)	-
8362 Other comprehensive income, before tax, available-for-sale financial assets	6(17) and 12(4)	-	-	2,912	-
8367 Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(3)(17)	(1,806)	-	-	-
8500 Total comprehensive income for the year		\$ 272,362	13	\$ 88,926	6
Basic earnings per share					
9750 Total basic earnings per share	6(25)	\$	2.36	\$	0.74
Diluted earnings per share					
9850 Total diluted earnings per share	6(25)	\$	2.33	\$	0.74

VIKING TECH CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Other equity interest			Total equity
				Legal reserve	Special reserve	Total unappropri- ated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensiv e income	Unrealized gain or loss on available-for-s ale financial assets	
Year ended December 31, 2017										
Balance at January 1, 2017		\$ 1,173,408	\$ 730,121	\$ 134,179	\$ -	\$ 247,807	(\$ 2,541)	\$ -	(\$ 2,564)	\$ 2,280,410
Profit for the year		-	-	-	-	87,331	-	-	-	87,331
Other comprehensive income for the year	6(17) and 12(4)	-	-	-	-	-	(1,317)	-	2,912	1,595
Total comprehensive income		-	-	-	-	87,331	(1,317)	-	2,912	88,926
Distribution of retained earnings of 2016:(Note 1)										
Legal reserve	6(16)	-	-	8,042	-	(8,042)	-	-	-	-
Special reserve	6(16)	-	-	-	5,105	(5,105)	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(58,671)	-	-	-	(58,671)
Balance at December 31, 2017		<u>\$ 1,173,408</u>	<u>\$ 730,121</u>	<u>\$ 142,221</u>	<u>\$ 5,105</u>	<u>\$ 263,320</u>	<u>(\$ 3,858)</u>	<u>\$ -</u>	<u>\$ 348</u>	<u>\$ 2,310,665</u>
Year ended December 31, 2018										
Balance at January 1, 2018		\$ 1,173,408	\$ 730,121	\$ 142,221	\$ 5,105	\$ 263,320	(\$ 3,858)	\$ -	\$ 348	\$ 2,310,665
Restrospective application and effect of restrospective restatement		-	-	-	-	-	-	348	(348)	-
Balance at 1 January after adjustments		<u>1,173,408</u>	<u>730,121</u>	<u>142,221</u>	<u>5,105</u>	<u>263,320</u>	<u>(3,858)</u>	<u>348</u>	<u>-</u>	<u>2,310,665</u>
Profit for the year		-	-	-	-	276,376	-	-	-	276,376
Other comprehensive loss for the year	6(3)(17)	-	-	-	-	-	(2,208)	(1,806)	-	(4,014)
Total comprehensive income		-	-	-	-	276,376	(2,208)	(1,806)	-	272,362
Distribution of retained earnings of 2017:(Note 2)										
Legal reserve	6(16)	-	-	8,733	-	(8,733)	-	-	-	-
Special reserve	6(16)	-	-	-	(1,595)	1,595	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(58,671)	-	-	-	(58,671)
Balance at December 31, 2018		<u>\$ 1,173,408</u>	<u>\$ 730,121</u>	<u>\$ 150,954</u>	<u>\$ 3,510</u>	<u>\$ 473,887</u>	<u>(\$ 6,066)</u>	<u>(\$ 1,458)</u>	<u>\$ -</u>	<u>\$ 2,524,356</u>

VIKING TECH CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 323,671	\$ 99,710
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for expected credit loss	12(2)	1,172	-
Reversal for bad debt expense	12(4)	-	(1,262)
Depreciation	6(8)(22)	182,132	171,807
Amortisation of intangible assets	6(22)	2,976	3,166
Interest income	6(3)(19)	(3,483)	(6,049)
Interest expense	6(21)	3,641	4,169
Share of profit of associates and joint ventures accounted for under equity method	6(7)		
		(81,410)	(15,430)
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(20)	4,372	(3,109)
Loss on disposal of property, plant and equipment	6(8)(20)	34,335	1,474
Impairment loss	6(8)(9)(20)	135,374	4,637
Value loss on available-for-sale financial assets	12(4)	-	4,901
Gain on foreign exchange remeasurement of financial assets at fair value through other comprehensive income	6(3)		
		(1,872)	-
Unrealized profit on sales		14,888	10,492
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	6(2)		
		(13,172)	54,624
Notes receivable		(4,105)	289
Accounts receivable	6(5)	(134,436)	31,284
Accounts receivable - related parties	6(5) and 7	(77,725)	(42,317)
Other receivables		(9,895)	(2,920)
Other receivables - related parties		(19,565)	(3)
Inventories		(119,003)	(46,937)
Prepayments		3,319	(5,455)
Other current assets		(163)	411
Changes in operating liabilities			
Notes payable		(2,099)	(1,365)
Accounts payable	7	67,090	19,780
Other payables	6(11)	46,072	6,948
Other current liabilities		2,076	(683)
Cash inflow generated from operations		354,190	288,162
Interest received		3,398	6,244
Interest paid		(3,670)	(4,235)
Income tax paid		(24,730)	(12,530)
Net cash flows from operating activities		<u>329,188</u>	<u>277,641</u>

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VIKING TECH CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 50,000)	\$ -
Increase in other current financial assets	8	-	(800)
Acquisition of property, plant and equipment	6(8)(26)	(299,913)	(174,471)
Proceeds from disposal of property, plant and equipment	6(8)	62,035	1,285
Acquisition of intangible assets		(4,637)	(2,819)
Increase in refundable deposits		-	(83)
Net cash flows used in investing activities		(292,515)	(176,888)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(10)	30,000	150,000
Repayment of short-term borrowings	6(10)	(140,000)	(330,000)
Increase in long-term borrowings	6(12)	57,380	95,000
Repayment of long-term borrowings	6(12)	(26,766)	(16,022)
Increase (decrease) in guarantee deposits received		110	(288)
Cash dividends paid	6(16)	(58,671)	(58,671)
Net cash flows used in financing activities		(137,947)	(159,981)
Net decrease in cash and cash equivalents		(101,274)	(59,228)
Cash and cash equivalents at beginning of year	6(1)	603,083	662,311
Cash and cash equivalents at end of year	6(1)	\$ 501,809	\$ 603,083

Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2018 financial statements of the Company that have been reviewed by the independent auditors, Lin Yukuan and Zheng Yahui of KPMG Taiwan, together with the business report and the earnings distribution proposal reviewed by the Audit Committee. The Committee is considered that there is no discrepancy and such reports are prepared in accordance with the provisions of Article 14-4 of Securities and Exchange Act and Article 219 of Company Act.
Submitted for review and approval

To
Viking Tech Corporation 2019 Shareholders' Meeting

The convener of the Audit Committee. Shen Bo-Ting

March 13, 2019

Viking Tech Corporation

Earnings Distribution Table

2018

Unit: In One Dollar of New Taiwan Dollar

Beginning undistributed earnings balance	197,511,511
Add: Net Income After Tax	276,375,813
Minus: Appropriated as 10% legal reserve	(27,637,581)
Appropriated as special reserve	(4,014,459)
Earnings available for distribution	442,235,284
Distribution Items:	
shareholders extra dividend	140,809,010
Ending undistributed Earnings balance	301,426,274

Note 1. The proposed earnings distribution is NTD140,809,010 and each common share holder will be titled to receive a cash dividend of NTD1.2 per share.

Note 2. The record date of dividend payout is set by Broad of Directors.

Note 3. The dividend for individual shareholders will be distributed fdown to dollar, while the decimals will be rounded down to dollar.

Responsible person:
Tsai Kao-Ming

Managerial Personnel:
Zhang Yuan-Sheng

Accountant in charge of the
Company: Li Shun-He

Audit Committee's Review Report

Position Title	Name	Academic Background	Work Experience	Shareholdings
Director	Guangdong Fenghua Semiconductor Technology Co., Ltd. (China) Representative: Hu Chuang-Bin	Xiamen University Bachelor of Business Administration Professional Management	Staff, Deputy department head, Department head, Director of Strategic Development Department; Deputy director of Marketing Center, Guangdong Fenghua Semiconductor Technology Co., Ltd. General Manager of Viking Tech Corporation	46,936,337 shares
Director	Guangdong Fenghua Semiconductor Technology Co., Ltd. (China) Representative: Liang Yao-Ming	Tianjin University of Commerce Bachelor of Accounting and Professional Economics	Financial Manager of Guangdong Fenghua Semiconductor Technology Co., Ltd. Senior Manager of Guangdong Fenghua Semiconductor Technology Co., Ltd. Vice general manager of Viking Tech Corporation	46,936,337 shares
Director	Guangdong Fenghua Semiconductor Technology Co., Ltd. (China) Representative: Liao Wei-Qiang	Southwest Jiaotong University Master of Business Administration	Director of Operations Management, Guangdong Fenghua Semiconductor Technology Co., Ltd. Supervisor of Guangdong Fenghua Semiconductor Technology Co., Ltd. Director of Guangdong Fenghua Semiconductor Technology Co., Ltd. Executive Director of Guangdong Micro-Electronics Co., Ltd. (Legal Entity) Director of Netron Soft-Tech (Zhuai) Co., Ltd. Director of Siping City Jihua Gaoxin Tech Co., Ltd.	46,936,337 shares
Director	Hua-Jie Investment Co. Ltd. Representative: Tsai Kao-Ming	National Cheng Kung University Department of Accounting and	General Manager of China Bills Finance Co., Ltd.	200,000 shares

【 Candidates List for Directors (including Independent Directors) 】

Position Title	Name	Academic Background	Work Experience	Shareholdings
		Statistics	President of Eastern Realty Co., Ltd. President of Eastern Enterprise Development Co., Ltd. President of Eastern International Lease-Finance Co., Ltd. Director of Eastern Media International Corporation Director of United Radiant Technology Corp. Director of Opto Tech Corporation	
Director	Representative of Thai Wey Industrial Co., Ltd.: Chen Feng-Ming	Tung-Shih Agriculture School	President of Thye Ming Industrial Co., Ltd. Director of Thai Wey Industrial Co., Ltd.	2,427,000 shares
Director	Representative of Thai Wey Industrial Co., Ltd.: Li Mao-Sheng	Fortune Institute of Technology. Department of Business Administration	Director of Thye Ming Industrial Co., Ltd. President of Thai Wey Industrial Co., Ltd.	2,427,000 shares
Independent Director	Shen Bo-Ting	National Chiao Tung University Department of Industrial Engineering and Management National Chung Cheng University Department of Finance National Taiwan University Completion of the Credit Course for Legal Study	Assistant Manager of Capital Market Department, Barits Securities Corporation (Mega Securities Co., Ltd.) Special assistant for Taiwan General Manager, Wal-Mart Ltd. Investment Manager, Taiwan Incubator SME Development Co. Assistant Manager of Cathay Venture Inc. Cathay Financial Holding Co., Ltd. Manager of the President Room, Finance and Accounting Division and Material Division, Tingyi Wei Chuan Special assistant for the President of Robert Bosch Taiwan Co. Ltd.) General Manager of Jiedeng Industrail	0 share

【 Candidates List for Directors (including Independent Directors) 】

Position Title	Name	Academic Background	Work Experience	Shareholdings
			Consulting Partnership accountant/ General Manager of Jianda alliance CPA partnership Vice General Manager of UniVenture Management Consulting Co., Ltd. Certified public accountant of Quanyin Accountant Firm General Manager of C&E Consulting	
Independent Director	Li Yi-Wen	National Cheng-Chi University Department of Law	Managing Attorney of Yuan-Jing Law Firm Legal Head of Eastern Home Shopping & Leisure Co., Ltd. Deputy Head of Diagnostic counseling group, National Association of Small & Medium Enterprises, R.O.C. · NASME Research Consultant of BOT Center, Taiwan Institute of Economic Research Attorney of Cheng-Tai Law Firm Judge Assistant of Supreme Administrative Court	0 share
Independent Director	Huang Shi-Bing	California State University Master	Director of Public Relation Department, AmTRAN Technology. Business Director, Flexible Print Circuit Business Unit, Zhen Ding Technology Holding Limited (ZDT) Vice General Manager of Sales Department, Bowin Communication Associate Manager of Headquarter, Delta Electronics Group	0 share

Viking Tech Corporation
Rules of procedure for meetings of its Shareholders' meeting
Comparison Table for the Amended Provisions

Revision Provision	Original Provision	Explanatory Notes
<p>Article 10</p> <p>The voting on matters, except as otherwise provided for in the Company Act and the Articles of Incorporation herein, is resolved by at least one-half of the voting rights present at the most recent shareholders meeting attended by shareholders. When a proposal comes to a vote, the chairperson or his/her designee shall announce the total number of voting rights of the shareholders of every case processed. The shareholders votes for every case processed and, on the date after the shareholders' meeting, the results of the shareholders' consent, opposition and waiver shall be entered into the Market Observation Post System.</p> <p>A shareholder shall have one voting power in respect of each share in his/her/its possession.</p> <p>A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two (included) or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.</p>	<p>Article 10</p> <p>The voting on matters, except as otherwise provided for in the Company Act and the Articles of Incorporation herein, is resolved by at least one-half of the voting rights present at the most recent shareholders meeting attended by shareholders. When a proposal comes to a vote, if the chairperson puts the matter before all shareholders present at the meeting, the matter is deemed approved, with equivalent force as a resolution by vote.</p> <p>A shareholder shall have one voting power in respect of each share in his/her/its possession.</p> <p>A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two (included) or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted.</p>	<p>The text is amended in response to the voting rights that are exercised by means of electronic transmission,</p>
<p>Article 25 :</p> <p>The implementation is on June 17, 2008.</p> <p>The 1st amendment dated on March 12, 2002.</p> <p>The 2nd amendment dated on November 30, 2006.</p> <p>The 3rd amendment dated on May 18, 2007.</p> <p>The 4th amendment dated on June 23, 2013.</p> <p><u>The 5th amendment dated on June 24, 2019.</u></p>	<p>Article 25 :</p> <p>The implementation is on June 17, 2008.</p> <p>The 1st amendment dated on March 12, 2002.</p> <p>The 2nd amendment dated on November 30, 2006.</p> <p>The 3rd amendment dated on May 18, 2007.</p> <p>The 4th amendment dated on June 23, 2013.</p>	<p>The date of the amendment will be updated after such amendment is passed by the shareholders' meeting.</p>

Viking Tech Corporation
Regulations Governing Acquisition or Disposal of Assets
Comparison Table for the Amended Provisions

Revision Provision	Original Provision	Explanatory Notes
<p>Article 2: The term "assets" as used in this Regulations includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. (hereinafter referred to as Securities) 2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Right-of-use assets. 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law. (hereinafter referred to as M&T Assets) 9 Other major assets. 	<p>Article 2: The term "assets" as used in this Regulations includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. (hereinafter referred to as Securities) 2. Real property (including land, houses and buildings, investment property, land-use-rights, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, spin-offs, acquisitions, or transfer of shares in accordance with law. (hereinafter referred to as M&T Assets) 8. Other major assets. 	<p>In response to the provisions of the International Financial Reporting Standard No. 16 Leases, the paragraph 5 is added to expand the scope of the usage right over assets, and the right of land under paragraph 2 is moved to the paragraph 5.</p>
<p>Article 3: Terms used in this Regulations are defined as follows:</p>	<p>Article 3: Terms used in this Regulations are defined as follows:</p>	<p>1. In response to the definition under International</p>

Viking Tech Corporation
Regulations Governing Acquisition or Disposal of Assets
Comparison Table for the Amended Provisions

Revision Provision	Original Provision	Explanatory Notes
<p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, <u>hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the</p>	<p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, or hybrid contracts combining the above contracts whose value is derived from assets, interest rate, foreign exchange rate, index, or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "Transferee of Shares") under Article 156 Paragraph 8 of the</p>	<p>Financial Reporting Standard No. 9 Financial Instruments, the text is amended.</p> <p>2. In response to the amendments to the Companies Act issued on August 1, 2018, the reference is amended from Article 156 Paragraph 8 to Article 156-3.</p>

Viking Tech Corporation
Regulations Governing Acquisition or Disposal of Assets
Comparison Table for the Amended Provisions

Revision Provision	Original Provision	Explanatory Notes
<p>consideration therefor (hereinafter "Transferee of Shares") under Article 156-3 of the Company Act.</p> <p>3. Interested party or subsidiary: Shall be in line with the definition under Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the</p>	<p>Company Act.</p> <p>3. Interested party or subsidiary: Shall be in line with the definition under Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in</p>	

Viking Tech Corporation
Regulations Governing Acquisition or Disposal of Assets
Comparison Table for the Amended Provisions

Revision Provision	Original Provision	Explanatory Notes
<p>Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. The "latest financial statement" means that the financial statements of the Company reviewed and verified by Independent auditors have been disclosed publicly in accordance with laws before the acquisition or disposal of assets.</p>	<p>accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. The "latest financial statement" means that the financial statements of the Company reviewed and verified by Independent auditors have been disclosed publicly in accordance with laws before the acquisition or disposal of assets.</p>	
<p>Article 8: In acquiring or disposing of real property, <u>equipment, or right-of-use assets</u> thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NTD300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets</u> thereof held for business purpose, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of</p>	<p>Article 8: In acquiring or disposing of real property, <u>equipment</u> thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NTD300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business purpose, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be</p>	<p>1. In response to the provisions of the International Financial Reporting Standard No. 16 Leases, the amendment to Paragraph 1 is made to include the right-of-use assets into this Article.</p> <p>2. Text is amended in compliance with regulatory operation.</p>

Viking Tech Corporation
Regulations Governing Acquisition or Disposal of Assets
Comparison Table for the Amended Provisions

Revision Provision	Original Provision	Explanatory Notes
<p>directors; the same procedure shall also be <u>followed whenever</u> there is any subsequent change to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NTD1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p style="padding-left: 40px;">(1). The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p style="padding-left: 40px;">(2). The discrepancy between the appraisal results of</p>	<p>submitted for approval in advance by the board of directors; the same procedure shall also be followed in the event that there is any future change to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NTD1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p style="padding-left: 40px;">(1). The discrepancy between the appraisal result</p>	

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<p style="text-align: center;">two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p style="text-align: center;">and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(2). The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article10:Where the Company acquires or disposes of intangible assets or <u>right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NTD300 million or more, <u>except in transactions with a domestic government agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA</p>	<p>Article10:Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NTD300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>1.In response to the provisions of the International Financial Reporting Standard No. 16 Leases, the amendment to Paragraph 1 is made to include the right-of-use assets into this Article.</p> <p>2.Text is amended in compliance with regulatory operation.</p>

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shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.		
<u>Article 11:</u> The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 46 Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public account's opinion has been obtained need not be counted toward the transaction amount.	Article 10-1: The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 45 Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a certified public account's opinion has been obtained need not be counted toward the transaction amount.	Adjustment to the serial number of the Article and to the Article referred herein.
<u>Article 12: (Omitted)</u>	Article 11: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 13:</u> Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a</u>	Article 12: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be interested parties.	1. Adjustment to the serial number of the Article. 2. The text is amended in response to the Financial-Supervisory-Securities-Securities-Corporate-10703 41072

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<p><u>violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>2. May not be an interested party or de facto interested party of any party to the transaction.</u></p> <p><u>3.If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be interested parties or de facto interested parties of each other.</u></p>		
<p><u>Article 14:</u>When the Company engages in any acquisition or disposal of assets from or to a interested party, in addition to ensuring that the necessary resolutions are adopted in accordance with the Article 8 and regulations related to the transactions of interested</p>	<p><u>Article 13:</u>When the Company engages in any acquisition or disposal of assets from or to a interested party, in addition to ensuring that the necessary resolutions are adopted in accordance with the Article 8 and regulations related to the transactions of interested</p>	<p>Adjustment to the serial number of the Article and to the Article referred under Paragraph 2.</p>

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<p>party and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the total assets of the Company, the Company shall also obtain an appraisal report from a professional appraiser or a certified public account's opinion in accordance with the regulations. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11 herein. When judging whether a transaction counterparty is a interested party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>party and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the total assets of the Company, the Company shall also obtain an appraisal report from a professional appraiser or a certified public account's opinion in accordance with the regulations. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein. When judging whether a transaction counterparty is a interested party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	
<p><u>Article 15:</u>When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a interested party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets</u> thereof from or to a interested party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money</p>	<p><u>Article14:</u>When the Company intends to acquire or dispose of real property from or to a interested party, or when it intends to acquire or dispose of assets other than real property from or to a interested party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust</p>	<p>1.Adjustment to the serial number of the Article and to the Article referred herein. 2.In response to the provisions of the International Financial Reporting Standard No. 16 Leases, the text is amended.</p>

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<p>market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the interested party as a transaction counterparty. 3. With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from an interested party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article <u>16</u> and Article <u>17</u>. 4. The date and price at which the interested party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the interested party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, 	<p>enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the interested party as a transaction counterparty. 3. With respect to the acquisition of real property from an interested party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 15. 4. The date and price at which the interested party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the interested party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the 	

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<p>and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. Obtaining an appraisal report from a professional appraiser or a certified public account's opinion in compliance with the provisions of the preceding Article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the provisions of Article 46, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>when to be conducted between the Company, its subsidiaries, or <u>between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the board of directors of the Company may pursuant to Article 5 Paragraph 1 delegate the President to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p>	<p>contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. Obtaining an appraisal report from a professional appraiser or a certified public account's opinion in compliance with the provisions of the preceding Article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the provisions of Article 45, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of equipment held for business purpose, when to be conducted between the Company and its subsidiaries, the board of directors of the Company may pursuant to Article 5 Paragraph 1 delegate the President to decide such matters when the transaction is within a</p>	

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<p><u>1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p><u>2 Acquisition or disposal of real property right-of-use assets held for business use.</u> Where the position of independent director has been created by <u>the Company</u> in accordance with laws, when the matters are submitted for discussion to the board of directors pursuant to Paragraph 1 herein, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. When the position of independent director has been created in accordance with laws, the matters are submitted for discussion to the board of directors pursuant to Paragraph 1 herein, and the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	
<p><u>Article 16:</u> The Company that acquires real property <u>or right-of-use assets</u> thereof from an interested party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the interestd party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided,</p>	<p>Article 15: The company that acquires real property from an interested party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the interested party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the</p>	<p>1. Adjustment to the serial number of the Article and to the Article referred under Paragraph 2.</p> <p>2. In response to the provisions of the International Financial Reporting Standard No. 16 Leases, the text is amended.</p>

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<p>it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the interested party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is an interested party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The Company that acquires real property or <u>right-of-use assets</u> thereof from a interested party and appraises the cost of the real property or <u>right-of-use assets</u> thereof in accordance with the preceding two paragraphs</p>	<p>property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the interested party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is an interested party of one of the transaction counterparties.</p> <p>Where land and</p>	

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<p>shall also engage a certified public account's to check the appraisal and render a specific opinion. Where the Company acquires real property <u>or right-of-use assets thereof</u> from an interested party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the <u>preceding</u> article, and the preceding three paragraphs do not apply:</p> <p>(1). The interested party acquired the real property _____ <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>(2). More than 5 years will have elapsed from the time the interested party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>(3). The real property is acquired through signing of a joint development contract with the interested party, or through engaging an interested party to build real property, either on the Company's own land or on rented land.</p> <p>(4). <u>The real property right-of-use assets for business purpose are acquired by the Company, its subsidiaries, or between its</u></p>	<p>structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The Company that acquires real property from a interested party and appraises the cost of the real property in accordance with the preceding two paragraphs shall also engage a certified public account's to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property from an interested party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14, and the preceding three paragraphs do not apply:</p> <p>(1). The interested party acquired the real property through inheritance or as a gift.</p> <p>(2). More than 5 years will have elapsed from the time the interested party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(3). The real property is acquired through</p>	

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<p><u>subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>	<p>signing of a joint development contract with the interested party, or through engaging an interested party to build real property, either on the Company's own land or on rented land.</p>	
<p><u>Article 17:</u> When the results of the appraisal of the Company conducted in accordance with Paragraph 1 and Paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public account have been obtained, this restriction shall not apply:</p> <p>1. Where the interested party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1). Where undeveloped land is appraised in accordance with the means in the preceding paragraph, and structures in accordance to the</p>	<p>Article 16: When the results of the appraisal of the Company conducted in accordance with Paragraph 1 and Paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a certified public account have been obtained, this restriction shall not apply:</p> <p>1. Where the interested party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1). Where undeveloped land is</p>	<p>1.Adjustment to the serial number of the Article and to the Article referred herein. 2.The text is amended in response to the practical operation of real property leasing such as factory buildings, etc.</p>

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<p>interested party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the interested party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2). Completed <u>transactions</u> cases by non-interested parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in</p>	<p>appraised in accordance with the means in the preceding paragraph, and structures in accordance to the interested party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the interested party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2). Completed cases by non-interested parties within the preceding year involving other floors of</p>	

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<p>accordance with standard property market sale or <u>leasing</u> practices.</p> <p>2. Where the Company acquiring real property, or <u>obtaining real property right-of-use assets through leasing</u>, from an interested party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by non-interested parties within the preceding year.</p> <p>Completed <u>transactions</u> cases involving neighboring or closely valued parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; <u>transactions</u> cases involving similarly sized parcels in principle refer to transactions completed by non-interested parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or obtainment of the right-of-use assets thereof</u>.</p>	<p>the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sales practices.</p> <p>(3). Completed leasing cases by other interested parties within the preceding year involving other floors of the same property shall be estimated by reasonable marginal spreads based on the real property lease practices.</p> <p>2. Where the Company acquiring real property from an interested party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a</p>	

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	<p style="text-align: center;">similar size by non-interested parties within the preceding year.</p> <p>Completed cases involving neighboring or closely valued parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; cases involving similarly sized parcels in principle refer to transactions completed by non-interested parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p>	
<p><u>Article 18</u>:Where the Company acquires real property or <u>right-of-use</u> assets <u>thereof</u> from an interested party and the results of appraisals conducted in accordance with <u>the preceding two articles</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act against</p>	<p>Article 17:Where the Company acquires real property from an interested party and the results of appraisals conducted in accordance with Articles 15 and 16 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act against the</p>	<p>1.Adjustment to the serial number of the Article. 2.In line International Financial Reporting Standard No. 16 Leases 3.Amendment to the text.</p>

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<p>the difference between the real property <u>or its right-to-use</u> assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41 Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to the <u>preceding</u> subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or</p>	<p>difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41 Paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to the Paragraph Subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph</p>	

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<p>they have been disposed of, <u>or the leasing contract has been terminated</u>, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property <u>or right-of-use assets thereof</u> from an interested party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the transaction is contrary to normal business practice.</p>	<p>may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property from an interested party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the transaction is contrary to normal business practice.</p>	
<u>Article 19:</u> (Omitted)	Article 18: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 20:</u> (Omitted)	Article 19: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 21:</u> (Omitted)	Article 20: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 22:</u> (Omitted)	Article 21: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 23:</u> (Omitted)	Article 22: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 24:</u> (Omitted)	Article 23: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 25:</u> (Omitted)	Article 24: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 26:</u> (Omitted)	Article 25: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 27:</u> The Company engaging in derivatives trading shall establish a log book in	Article 26: The Company engaging in derivatives trading shall establish a log	1. Adjustment to the serial number of the Article.

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<p>which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under Article 32 and Article 33 Paragraph 1 Subparagraph 2 and Paragraph 2 Subparagraph 1 shall be recorded in detail in the log book.</p>	<p>book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under Article 31 and Article 32 Paragraph 1 Subparagraph 2 and Paragraph 2 Subparagraph 1 shall be recorded in detail in the log book.</p>	<p>2.Adjustment to the serial number of the referred Article.</p>
<p><u>Article 28:</u> (Omitted)</p>	<p>Article 27: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 29:</u> (Omitted)</p>	<p>Article 28: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 30:</u> (Omitted)</p>	<p>Article 29: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 31:</u> (Omitted)</p>	<p>Article 30: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 32:</u> Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be delivered to senior management personnel authorized by the board of directors.</p>	<p>Article 31: Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be <u>submitted</u> to senior management personnel authorized by the board of directors.</p>	<p>1.Adjustment to the serial number of the Article. 2.Text is amended.</p>
<p><u>Article 33:</u>Regular evaluation methods and handling regulations over exception circumstances are as follows. 1. The Company is engaged in the derivative trading,</p>	<p>Article32:Regular evaluation methods and handling regulations over exception circumstances are as follows. 1. The Company is engaged in the derivative trading,</p>	<p>1.Adjustment to the serial number of the Article. 2.Text is amended in compliance with regulatory operation.</p>

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<p>and the board of directors shall strictly perform the supervision management in accordance with the following principles:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>2. The senior executives authorized by the board of directors shall manage the derivative trading in accordance with the following principles:</p> <p>(1). Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in</p>	<p>and the board of directors shall strictly perform the supervision management in accordance with the following principles:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>2. The senior executives authorized by the board of directors shall manage the derivative trading in accordance with the following principles:</p> <p>(1). Periodically evaluate the risk management measures currently employed are</p>	

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<p>accordance with the procedures for engaging in derivatives trading <u>established</u> by the Company based on this Regulations.</p> <p>(2). When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p>	<p>appropriate and are faithfully conducted in accordance with the procedures for engaging in derivatives trading formulated by the Company based on this Regulations..</p> <p>(2). When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p>	
<p><u>Article 34</u>: (Omitted)</p>	<p>Article 33: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 35</u>: (Omitted)</p>	<p>Article 34: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 36</u>: (Omitted)</p>	<p>Article 35: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 37</u>: (Omitted)</p>	<p>Article 36: (Omitted)</p>	<p>Adjustment to the serial number of the</p>

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		Article.
<u>Article 38:</u> (Omitted)	Article 37: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 39:</u> (Omitted)	Article 38: (Omitted)	Adjustment to the serial number of the Article.
<p><u>Article 40:</u> When the Company participates in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ol style="list-style-type: none"> 1. Basic personnel information: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off, acquisition, or transfer of another company's shares prior to disclosure of the information. 2. Dates for the important items: Includes the date of signing a letter of intent or memorandum, entrusting financial or legal counsel, signing a contract and holding the board of directors. 3. Important documents and minutes: Includes the documents, such as mergers, divisions, acquisitions or transfer of shares plans, letters 	<p>Article 39: When the Company participates in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ol style="list-style-type: none"> 1. Basic personnel information: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or execution of any merger, spin-off, acquisition, or transfer of another company's shares prior to disclosure of the information. 2. Dates for the important items: Includes the date of signing a letter of intent or memorandum, entrusting financial or legal counsel, 	<ol style="list-style-type: none"> 1. Adjustment to the serial number of the Article. 2. The text is amended.

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<p style="text-align: center;">of intent or memorandum, important contracts and minutes of directors' meetings, etc.</p> <p>The Company shall, within two days from the date of the resolution of the board of directors, report the materials under Subparagraphs 1 and 2 of the preceding Paragraph to the FSC for reference in the prescribed format through the internet.</p> <p>Where any of the companies participating in a merger, spin-off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company and shall handle the matters in compliance with this Article.</p>	<p style="text-align: center;">signing a contract and holding the board of directors.</p> <p>3. Important documents and minutes: Includes mergers, spin-offs, acquisitions or transfer of shares plans, letters of intent or memorandum, important contracts and minutes of directors' meetings.</p> <p>The Company shall, within two days from the date of the resolution of the board of directors, report the materials under Subparagraphs 1 and 2 of the preceding Paragraph to the FSC for reference in the prescribed format through the internet.</p> <p>Where any of the companies participating in a merger, spin-off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company and shall handle the matters <u>under the same conditions as provided</u> in this Article.</p>	
<u>Article 41:</u> (Omitted)	Article 40: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 42:</u> (Omitted)	Article 41: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 43:</u> (Omitted)	Article 42: (Omitted)	Adjustment to the serial number of the Article.

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<u>Article 44:</u> (Omitted)	Article 43: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 45:</u> Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the said non-public company and shall handle the matters in compliance with relevant provisions of <u>Articles 38, 39, 40 and 41 and the preceding Article.</u>	Article 44: Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the said non-public company and shall handle the matters in compliance with relevant provisions of Articles 37, 38, 39, 40 and 43.	1.Adjustment to the serial number of the Article. 2.Adjustment to the serial number of the referred Article.
<u>Article 46:</u> Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property or <u>right-of-use assets thereof</u> from or to an interested party, or acquisition or disposal of assets other than real property or <u>right-of-use assets thereof</u> from or to an interested party where the transaction amount reaches 20 percent or more of paid-in	Article 45: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to an interested party, or acquisition or disposal of assets other than real property from or to an interested party where the transaction	1.Adjustment to the serial number of the Article. 2.Adjustment to the serial number of the referred Article. 3.In response to the provisions of the International Financial Reporting Standard No. 16 Leases, the text is amended. 4.Text is amended in compliance with regulatory operation.

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Revision Provision	Original Provision	Explanatory Notes
<p>capital, 10 percent or more of the company's total assets, or NTD300 million or more. However, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Merger, spin-off, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Regulations.</p> <p>4. The transaction amount of an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of debts by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NTD300 million. However, this shall not apply to the following circumstances:</p> <p>(1). Purchase and sell</p>	<p>amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NTD300 million or more. However, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. Merger, spin-off, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Regulations.</p> <p>4. The transaction amount of an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of debts by a financial institution, or an investment in the mainland China</p>	

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Revision Provision	Original Provision	Explanatory Notes
<p>the <u>domestic</u> government bonds.</p> <p>(2). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(3). Where equipment or <u>right-of-use assets thereof</u> for business purpose are acquired or disposed of, and furthermore the transaction counterparty is not an interested party, and the transaction amount does not reach NTD500 million or more.</p> <p>(4). Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not</u></p>	<p>area reaches 20 percent or more of paid-in capital or NTD300 million. However, this shall not apply to the following circumstances:</p> <p>(1). Trading of government bonds.</p> <p>(2). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(3). Where equipment for business purpose are acquired or disposed of, and furthermore the transaction counterparty is not an interested party, and the transaction amount does not reach NTD500 million or more.</p> <p>(4). Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and</p>	

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Revision Provision	Original Provision	Explanatory Notes
<p>an interested party, the transaction amount the Company does not reach NTD500 million or more. (Based on the amount the Company expects to invest in)</p> <p>The amount of aforesaid transactions shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the 	<p>allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the transaction amount the Company does not reach NTD500 million or more. (Based on the amount the Company expects to invest in)</p> <p>The amount of aforesaid transactions shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property 	

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<p style="text-align: center;">same security within the preceding year. "Within the preceding year" means the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with this Regulations need not be counted toward the transaction amount.</p>	<p style="text-align: center;">within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" means the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with this Regulations need not be counted toward the transaction amount.</p>	
<p><u>Article 47:</u> (Omitted)</p>	<p>Article 46: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 48:</u> (Omitted)</p>	<p>Article 47: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 49:</u> For the calculation of 10 percent of total assets under this Regulations, the total assets stated in the most recent non-consolidated financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p>	<p>Article 48: For the calculation of 10 percent of total assets under this Regulations, the total assets stated in the most recent non-consolidated financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. <u>In the case of a</u></p>	<p>1. Adjustment to the serial number of the Article. 2. The text is amended in accordance with with the actual status of the company.</p>

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	<p style="text-align: center;"><u>company whose shares have no par value or a par value other than NTD10-for the calculation of transaction amounts of 20 percent of paid-in capital under the Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</u></p>	
<p><u>Article 50:</u> In accordance with the provisions of this Regulations, the Company shall declare and submit an report the acquisition or disposal of the assets within 2 days of dates of boards of directors resolutions or the date of occurrence of the fact in accordance with the provisions of Article 46 of this Regulations governing public announce matter, and the financial department shall prepare a draft announcement, and submit it to the general manager for approval, and submit a report to all relevant units for report with relevant materials.</p>	<p>Article 49: In accordance with the provisions of this Regulations, the Company shall declare and submit an report the acquisition or disposal of the assets within 2 days of dates of boards of directors resolutions or the date of occurrence of the fact in accordance with the provisions of Article 45 of this Regulations governing public announce matter, and the financial department shall prepare a draft announcement, and submit it to the general manager for approval, and submit a report to all relevant units for report with relevant materials.</p>	<p>1.Adjustment to the serial number of the Article. 2.Adjustment to the serial number of the referred Article.</p>
<p><u>Article 51:</u> (Omitted)</p>	<p>Article 50: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 52:</u> (Omitted)</p>	<p>Article 51: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 53:</u> (Omitted)</p>	<p>Article 52: (Omitted)</p>	<p>Adjustment to the serial number of the Article.</p>
<p><u>Article 54:</u> (Omitted)</p>	<p>Article 53: (Omitted)</p>	<p>Adjustment to the serial number of the</p>

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Revision Provision	Original Provision	Explanatory Notes
		Article.
<u>Article 55:</u> (Omitted)	Article 54: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 56:</u> (Omitted)	Article 55: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 57:</u> (Omitted)	Article 56: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 58:</u> (Omitted)	Article 57: (Omitted)	Adjustment to the serial number of the Article.
<u>Article 59:</u> This Regulations shall be approved by its audit committee with the consent of one-half or more of all audit committee members and submitted to its board of directors for a resolution, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. In addition, where the position of independent director has been created in accordance with laws, when the Regulations are submitted for discussion to the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	Article 58: This Regulations shall be approved by its audit committee with the consent of one-half or more of all audit committee members and submitted to its board of directors for a resolution, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. In addition, <u>when</u> the position of independent director has been created in accordance with laws, the Regulations are submitted for discussion to the board of directors pursuant to the preceding paragraph, and the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	Adjustment to the serial number of the Article and the amendment to the text.

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<p><u>Article 60:</u> The implementation is on November 30, 2006. The 1st amendment dated on May 18, 2007. The 2nd amendment dated on June 14, 2010. The 3rd amendment dated on June 27, 2011. The 4th amendment dated on June 15, 2012. The 5th amendment dated on June 23, 2014. The 6th amendment dated on June 25, 2015. The 7th amendment dated on June 14, 2017. <u>The 8th amendment dated on June 24, 2019.</u></p>	<p>Article 59: The implementation is on November 30, 2006. The 1st amendment dated on May 18, 2007. The 2nd amendment dated on June 14, 2010. The 3rd amendment dated on June 27, 2011. The 4th amendment dated on June 15, 2012. The 5th amendment dated on June 23, 2014. The 6th amendment dated on June 25, 2015. The 7th amendment dated on June 25, 2017.</p>	<p>The date of the amendment will be updated after such amendment is passed by the shareholders' meeting.</p>

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Regulations Governing Loaning of Funds to Others
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Revision Provision	Original Provision	Explanatory Notes
<p><u>Article 1:</u> <u>This Regulation is established in accordance with Article 36-1 of the Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</u> If the Company need to loan the funds to other companies (hereinafter referred as to “Borrower”) due to the business needs of the Company, it shall comply with this Regulation <u>provided that where otherwise specified by financial relevant laws and regulations.</u></p>	<p><u>Article 1:</u> If the Company need to loan the funds to other companies (hereinafter referred as to “Borrower”) due to the business needs of the Company, it shall comply with this Regulation. Matters not specified in this Articles shall be handled in accordance with relevant laws and regulations.</p>	<p>The text is discretionarily amended because the Public offerings shall be given precedence in application of the relevant provisions of the industrial laws and regulations.</p>
<p><u>Article 2</u> Restriction on the Borrowers in general, total amount, and individual Borrower</p> <p>1. Under the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>(1). (Omitted)</p> <p>(2). (Omitted)</p> <p>(3). The restriction in Paragraph 1 Subparagraph 2 shall not apply to <u>inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the provisions of Article 4, Paragraphs 3 concerning the setting of the amount limits and the durations of loans shall still apply. When a responsible person of a company violates Paragraph 1, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.</u></p>	<p><u>Article 2</u> Restriction on the Borrowers in general, total amount, and individual Borrower</p> <p>1. Under the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>(1). (Omitted)</p> <p>(2). (Omitted)</p> <p>(3). The restriction in Paragraph 1 Subparagraph 2 shall not apply to loans of funds from the Company to the foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, it shall still be in accordance with the provisions of Article 4 Paragraph 3.</p>	<p>Increase the flexibility of the use of internal funds among the enterprises of the Group, and relax the restrictions on engaging in loaning the funds.</p>

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Revision Provision	Original Provision	Explanatory Notes
<p>Article 10</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>The announce and report means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the <u>loaning funds to others</u>, whichever date is earlier. (Omitted)</p>	<p>Article 10</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>The announce and report means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the <u>transaction</u> whichever date is earlier. (Omitted)</p>	<p>The text is discretionarily amended in consideration of the loaning funds that are not a transactional nature.</p>
<p>Article 12:</p> <p>This Regulations shall be approved by its audit committee and submitted to its board of directors for a resolution, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. In addition, when the position of independent director has been created, the Regulations are submitted for discussion to the board of directors pursuant to the preceding paragraph, and the board of directors shall take into full consideration each independent director's opinions. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p>	<p>Article 12:</p> <p>This Regulations shall be approved by its audit committee and submitted to its board of directors for a resolution, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. In addition, when the position of independent director has been created, the Regulations are submitted for discussion to the board of directors pursuant to the preceding paragraph, and the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>The amendment to the Regulations and the establishment to the Procedure is in response to Article 14-3 of Securities and Exchange Act.</p>
<p>Article 13:</p> <p>The implementation is on November 30, 2006. The 1st amendment dated on May 18, 2007. The 2nd amendment dated on June 19, 2009. The 3rd amendment dated on June</p>	<p>Article 13:</p> <p>The implementation is on November 30, 2006. The 1st amendment dated on May 18, 2007. The 2nd amendment dated on June 19, 2009. The 3rd amendment dated on</p>	<p>The date of the amendment will be updated after such amendment is passed by the shareholders'</p>

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Revision Provision	Original Provision	Explanatory Notes
14, 2010. The 4th amendment dated on June 23, 2013. The 5th amendment dated on June 25, 2015. <u>The 6th amendment dated on June 24, 2019.</u>	June 14, 2010. The 4th amendment dated on June 23, 2013. The 5th amendment dated on June 25, 2015.	meeting.

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Regulations Governing Making of Endorsements/Guarantees
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Revision Provision	Original Provision	Explanatory Notes
<p><u>Article 1:</u> <u>This Regulation is established in accordance with Article 36-1 of the Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”. All matters relating to the endorsements/guarantees of the Company shall be handled in accordance with the provisions of this Regulation. However, the financial related laws and regulations that are otherwise provided shall prevail.</u></p>	<p><u>Article 1:</u> This Regulation is established in order for the Company to comply for the matter relating to the endorsements/guarantees externally. Matters not specified in this Articles shall be handled in accordance with Article 36-1 of the Securities and Exchange Act and relevant regulations.</p>	<p>The text is discretionarily amended because the Public offerings shall be given precedence in application of the relevant provisions of the industrial laws and regulations.</p>
<p>Article 9</p> <ol style="list-style-type: none"> 1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. 2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: <ol style="list-style-type: none"> (1). The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement. (2). The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement. (3). The balance of 	<p>Article 9</p> <ol style="list-style-type: none"> 1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. 2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: <ol style="list-style-type: none"> (1). The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement. (2). The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement. (3). The balance of 	<ol style="list-style-type: none"> (1) To define the definition of long-term investment. (2) The text is discretionarily amended in consideration of the loaning funds that are not a transactional nature.

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Comparison Table for the Amended Provisions

Revision Provision	Original Provision	Explanatory Notes
<p>endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in <u>that is accounted for carrying amount and evaluated by the equity method</u>, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.</p> <p>(4). The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The announce and report means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the <u>endorsements/guarantees</u>, whichever date is earlier</p>	<p>endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NTD10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.</p> <p>(4). The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The announce and report means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, dates of boards of directors resolutions <u>for the transaction</u>, or other date that can confirm the counterpart and monetary amount of the <u>transaction</u>, whichever date is earlier</p>	
<p>Article 12: This Regulations shall be approved by its audit committee and submitted to its board of directors for a resolution, and then to a shareholders' meeting for approval; the same applies when the procedures are</p>	<p>Article 12: This Regulations shall be approved by its audit committee and submitted to its board of directors for a resolution, and then to a shareholders' meeting for approval; the same applies when the procedures are</p>	<p>The amendment to the Regulations and the establishment to the Procedure is in response to</p>

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Regulations Governing Making of Endorsements/Guarantees
Comparison Table for the Amended Provisions

Revision Provision	Original Provision	Explanatory Notes
<p>amended. In addition, where the position of independent director has been created, when the Procedures are submitted for discussion to the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p>	<p>amended. In addition, <u>when</u> the position of independent director has been created, the Procedures are submitted for discussion to the board of directors pursuant to the preceding paragraph, and the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>Article 14-3 of Securities and Exchange Act.</p>
<p>Article 13: The implementation is on November 30, 2006. The 1st amendment dated on May 18, 2007. The 2nd amendment dated on June 19, 2009. The 3rd amendment dated on June 14, 2010. The 4th amendment dated on June 23, 2013. The 5th amendment dated on June 25, 2015. <u>The 6th amendment dated on June 24, 2019.</u></p>	<p>Article 13: The implementation is on November 30, 2006. The 1st amendment dated on May 18, 2007. The 2nd amendment dated on June 19, 2009. The 3rd amendment dated on June 14, 2010. The 4th amendment dated on June 13, 2013. The 5th amendment dated on June 25, 2015.</p>	<p>The date of the amendment will be updated after such amendment is passed by the shareholders' meeting.</p>

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The election act of the directors of the board of directors

1. The election of the directors of the of the boards of the company shall be carried out in accordance with these Measures, except as otherwise provided for in the Company Law, the Securities Exchange Law and the Articles of Association of the Company.
2. Cumulative Voting System 2. The election of directors of the of the board of the company adopts cumulative voting method
The name of the elector can be replaced by the attendance number (or shareholder number) printed on the ballot paper.
In the election of the directors of the board of the company, each share has the same voting rights as the number of people to be elected. It is possible to elect one person in a centralized manner or to allocate a number of people.
3. The nomination system for candidates for the election of directors of the board of the company shall be elected in accordance with the quotas stipulated in the articles of association of the company. At the time of the election, the independent directors and the non-independent directors are elected together, but the independent directors and the general directors are separately counted. If there are more than two equal rights and exceed the specified number, the same number of people with the same number of rights will be drawn by lot, and those who are not present will be drawn by the chairman.
4. The selection of directors of the board of the Company shall take into account the overall configuration of the Board of Directors, the composition of the board of directors should be considered in a diversified manner and appropriate diversification guidelines should be developed for its own operations, operational style and development needs, including but not limited to the following two standards:
 1. Basic conditions and values: gender, age, nationality and culture.
 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.Board members should generally have the knowledge, skills and literacy necessary to perform their duties. The overall abilities of the board should be as follows:
 1. Operational judgment ability.
 2. Accounting and financial analysis capabilities.
 3. Management capabilities.
 4. Ability to deal with crisis.
 5. Industrial knowledge.
 6. International market outlook.
 7. Leadership.
 8. Decision-making ability.There shall be more than half of the seats between directors and no relatives within the scope of spouse or second degree of kinship.
5. The qualifications and selection of the independent directors of the board of directors of the Company shall be governed by the provisions of the “Public Issuance of Independent Directors of the Company and the Compliance Measures” and the “Code of Practice for Corporate Governance on the Listed Companies”.

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The election act of the directors of the board of directors

6. The election of independent directors of the Company shall be in accordance with the procedures for the nomination system for candidates as stipulated in the first rule of Article 192 of the Company Law. The qualifications for the examination of candidates for independent directors, the background of academic experience and the existence of company law, the documents listed in Article 30 shall not be arbitrarily added with other documents of qualifications, and the results of the review shall be provided to the shareholders for reference and the independent directors shall be elected.
7. Before the election begins, the chairman shall designate a number of scrutinizers and counters with shareholder status to perform various duties. The ballot box was prepared by the company and was opened to the public by the scrutinizer before the vote.
8. The company prepares and elects the election votes of the same number of directors, and adds its weights to distribute the shareholders attending the shareholders' meeting.
9. If the elector is a shareholder, the elector must indicate the name of the elector and the shareholder number in the electoral column of the election. If the elector is not a shareholder, the name and identity document of the elector should be filled out. However, when the government or legal person shareholder is the elector, the name of the government or legal person should be included in the name of the elected person. The name of the government or legal person and the name of his representative must also be included. When there are several representatives, the name of the representative should be added separately
10. The election ticket is invalid with one of the following circumstances:
 1. Do not use the ballot paper prepared by the company.
 2. Those who put in the ballot box with blank votes.
 3. Handwriting is blurred and cannot be identified or altered.
 4. If the selected elector is a shareholder, the account name and shareholder number do not match the shareholder's book. If the selected elector is not a shareholder, the name and identity document number are checked for discrepancies.
 5. In addition to the name or shareholder number (identification document number) of the elector and the number of voting rights, the other characters are written.
 6. The name of the selected elector is the same as that of other shareholders and the shareholder number or identity certificate is not filled in, the document number cannot be identified.
 7. The election ticket has not been put into the ticket cabinet (box).
 8. The total number of voting rights cast by the electors exceeds the total of the voting rights held by the electors.
 9. The number of selected electors exceeds the number of places to be elected.
11. After the voting is completed, the ticket will be invoiced on the spot and the result of the billing will be announced by the chairman.
12. The elected directors are issued a notice of election by the board of directors of the company.
13. The matters not specified in these Measures shall be handled in accordance with the provisions of the Company Law and relevant laws and regulations.
14. These measures shall be implemented after the approval of the shareholders'

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The election act of the directors of the board of directors

meeting, and the same shall apply to the amendments.

15. Passed and adopted on June 29, 2000.

The first amendment was made on March 12, 2002.

The second amendment was made on May 18, 2007.

The third amendment was made on June 26, 2018.