



Stock Code: 2373

Aurora Corporation

2020 Annual Report (Translation)

April 19, 2021

The Annual Report is available at: [http:// mops.twse.com.tw/](http://mops.twse.com.tw/)
<http://www.aurora.com.tw/>

1. Spokesperson

Name: Ma Chih-Hsien

Title: Spokesperson

Tel: (02)2345-8088

Email: ernestm@aurora.com.tw

Deputy Spokesperson:

Name: Wang Yu-Chih

Title: Director

Tel: (02)2345-8088

Email: jessicaw@aurora.com.tw

2. Contact Information of Headquarters, Branches and Plants

Item	Address	Telephone
Headquarters	15F, No. 2, Section 5, Xinyi Road, Taipei City	(02)2345-8088
Branches		
Office Equipment Division	15F, No. 2, Section 5, Xinyi Road, Taipei City	(02)2345-8008
Furniture Division	10F, No. 156, Jiankang Road, Taipei City	(02)5581-8588
Furniture Factory	No. 13, Youqi Road, Dajia District, Taichung City	(04)2681-5990
Cloud Service Division	15F, No. 2, Section 5, Xinyi Road, Taipei City	(02)2345-8066

3. Contact Information of Stock Transfer Agency

Name: Yuanta Securities Co., Ltd.

Address: B1, No. 210, Section 3, Chengde Road, Taipei City 103432

Website: <http://www.yuanta.com.tw>

Tel: (02)2586-5859

4. Contact Information of the CPAs for the Latest Financial Statements

Name: Chih Rui-Chuan and Hsieh Chien-Hsin

Accounting Firm: Deloitte & Touche

20F, No. 100, Songren Road, Xinyi District, Taipei City 11016

Website: <http://www.deloitte.com.tw>

Tel: (02)2725-9988

5. Overseas Securities Exchange Where Securities Are Listed and Method of Inquiry: None

6. Company Website: <http://www.aurora.com.tw>

Notice to readers

The reader is advised that this annual report has been prepared originally in Chinese. In the event of a conflict between this annual report and the original Chinese version or difference in interpretation between the two versions, the Chinese language annual report shall prevail.

Contents

1. Letter to Shareholders	1
2. Company Profile	3
a. Date of Incorporation	3
b. Company History	3
3. Corporate Governance Report	7
a. Organizational System	7
b. Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units	8
c. Remuneration Paid to the Directors, President, and Vice Presidents	15
d. Implementation of Corporate Governance	19
e. Information on CPA Professional Fees	53
f. Information on Replacement of CPAs	54
g. The Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm	54
h. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10%	54
i. Relationship among the 10 Largest Shareholders	56
j. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by Aurora, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by Aurora	59
4. Capital Overview	60
a. Capital and Shares	60
b. Corporate Bonds	65
c. Preferred Shares	65
d. Global Depository Receipts	65
e. Employee Stock Options	65
f. New Restricted Employee Shares	65
g. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies	65
h. Implementation of Capital Allocation Plans	65
5. Operational Highlights	66
a. Business Activities	66
b. Analysis of Market and Production and Marketing Situation	71
c. Information on Employees for the Two Most Recent Fiscal Years and during the Current Fiscal Year Up to the Date of Publication of the Annual Report	75
d. Disbursements for Environmental Protection	75
e. Labor Relations	76
f. Important Contracts	78
6. Financial Information	80
a. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years	80
b. Financial Analyses for the Past Five Fiscal Years	84

c.	Audit Committee's Review Report on Financial Statements for the Most Recent Fiscal Year	87
d.	Financial Statements for the Most Recent Fiscal Year	88
e.	Parent Company Only Financial Statements for the Most Recent Fiscal Year, Audited by CPAs	179
f.	Effect on the Financial Position of Any Financial Difficulties Experienced by Aurora and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report	260
7.	Review and Analysis of Financial Position and Operating Performance, and Listing of Risks	261
a.	Financial Position	261
b.	Financial Performance	262
c.	Cash Flows	263
d.	Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year	263
e.	Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year	264
f.	Risk Analysis and Assessment for the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report	264
g.	Other Important Matters	266
8.	Special Disclosure	267
a.	Information on Affiliates	267
b.	Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report	272
c.	Holding or Disposal of Shares in Aurora by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report	272
d.	Other Supplementary Information	272
e.	Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report	272

1. Letter to Shareholders

Dear shareholders,

Looking back to 2020, due to the impact of the COVID-19 pandemic, the overall economic environment shows a trend of "squat lower first, and then jump higher." With the stable development of the cross-strait business operation, the overall profitability of Aurora has also shown growth. We hereby present the 2020 Business Results and the 2021 Business Plan:

a. 2020 Business Results

1) Business Results

For the fiscal year of 2020, the consolidated net revenue was NT\$12,950,974 thousand and the net profit after tax was NT\$1,438,309 thousand. The earnings per share after tax was NT\$6.40. The comparison of profit or loss for the two fiscal years is as follows:

(In Thousands of New Taiwan Dollars)

Item/Year		2020	2019	Increase (Decrease)	Growth Rate
Operating Revenue	Consolidated	12,950,974	13,605,113	(654,139)	-5%
	Parent company only	3,174,613	3,146,934	27,679	1%
Net Profit after Tax (Attributable to Owners of the Parent)		1,438,309	1,374,792	63,517	5%
Earnings per Share after Tax (NT\$)		6.40	6.12	0.28	-

Note: In terms of the consolidated financial structure, the current ratio was 165% and the liability ratio (as a proportion of assets) was 51%. Both ratios were financially sound.

2) Review of Operating Performance

Aurora's main operation performance in 2020 included:

- The Aurora i Space Intelligent Application Center was established in Taiwan to provide a variety of intelligent office operation solutions, bringing technology applications into office space planning and creating a new smart business and teaching environment.
- The Aurora Cloud in Taiwan launched an industry-academia cooperation with the Graduate Institute of Human Resource Management of National Central University to nurture future digital human resource (HR) professionals through teaching and introducing HR cloud systems.
- The OA company in mainland China succeeded in expanding the A4 device market and successfully grasped the trend of working from home. The number of A4 device sold soared in 2020.
- In mainland China, the furniture company launched "Activa Solution," covering the office space solutions and intelligent experience in five office operation modes, namely, collaboration, focus, social interaction, relaxing, and learning.
- The construction of the Aurora Jiangsu Intelligent Park is expected to drive green production and smart manufacturing, as well as improve overall production efficiency and fulfill Aurora's environmental and social responsibility.

b. Overview of the 2021 Business Plan and Future Development Strategies

1) Prediction of Impact from External Competition and Overall Business Environment and Countermeasures

As countries around the world begin to immunize the general public against COVID-19, the

pandemic will gradually become less severe; major international forecasting institutions believe that the growth of global economic and trade will be significantly better in 2021 than that in 2020. The COVID-19 pandemic is a significant turnaround to the overall economic environment and a rare opportunity for Aurora. To this end, we focus on our core strategies. Our business in Taiwan focuses on intensive and detailed operation, while our business in mainland China focuses on development and expansion of operation scale. In addition, the intelligent transformation of various industries is also an inevitable trend. Aurora has also carried out digital transformation and gradually established digital core platforms and resources systems to continuously strengthen the overall competitiveness.

2) Development Strategies for Each Segment

a) OA:

- i. Consolidate the operation and develop new resources of businesses, and continue to accumulate the number of operating machines and income from supply of services to enhance the production value of our employees.
- ii. Combine solutions with printing equipment (A3/A4/PP machines, etc.) to provide customers with an efficient, innovative and intelligent office environment.
- iii. Integrate Internet of Things (IoT), cloud, and remote service platforms to consolidate innovate service capabilities and improve the level of customer satisfaction.

b) Furniture:

- i. Strengthen brand management, improve the concept of Activa and the development of trending products, and provide intelligent space solutions and exceptional office operation experience based on customer needs.
- ii. Speed up the upgrading of main products, and continue to cooperate with international master designers to develop new products, so as to create differentiation, optimize product strength, and widen the gap with competitors.
- iii. Deepen the research on the digital office model of big data, artificial intelligence (AI), and the IoT, and cooperate with quality suppliers to generate synergies and create an ecological chain based on industrial innovation.

c) 3D:

- i. Analyze the scenarios and processes of 3D printing used by customers, integrate hardware and software products, form total solutions based on industry sectors, create differentiation, and enhance competitiveness.
- ii. Increase the promotion of desktop-level products, improve the product portfolio, and fully meet the needs of customers.

c. Conclusion

Despite the impact of the COVID-19 pandemic in 2020, we have still seen profitable growth and accumulated an even more solid operating foundation, thanks to the support of our shareholders and the efforts of our colleagues. In 2021, Aurora will keep making forward-looking plans, pressing ahead with correct strategies and action plans, and implementing innovation and talent cultivation. With teamwork, Aurora will do its best to expand the scale of operations, deliver better performance to share with shareholders, give back to society, and fulfill the corporate social responsibility.

2. Company Profile

a. Date of Incorporation

Founded in October 1965, Aurora mainly engages in the sales of office equipment and furniture. In addition to various well-known brands, Aurora sells its own brand to meet customers' needs, increases opportunities for repurchase, establishes brand loyalty and lays the foundation for corporate sustainability.

b. Company History

- | | |
|------|--|
| 1965 | Founded |
| 1970 | <ul style="list-style-type: none">• Introduced electronic photocopiers• Launched the Corporate Identity System (CIS) |
| 1971 | Issued the Aurora Monthly |
| 1975 | Implemented the Profit Center System branch-wide |
| 1985 | Introduced a new CIS that symbolizes corporate sustainability in celebration of the 20th anniversary |
| 1990 | Established the Furniture Division; "Aurora" won the Brand of the Year Award |
| 1991 | Went listed |
| 1995 | Established the "Aurora Office Parks" in Jiading, Shanghai |
| 1997 | Established Aurora Telecom Chain Stores to expand distribution channels |
| 1999 | Changed the classification of securities trading from department stores to electronics |
| 2000 | Demerged Aurora Office Furniture Co., Ltd. Shanghai (Aurora Furniture) from Aurora Office Equipment Co., Ltd. Shanghai |
| 2003 | Reinvested in Aurora Office Automation Sales Co., Ltd. Shanghai (Aurora OA) |
| 2006 | <ul style="list-style-type: none">• Reinvested in Aurora Telecom Co., Ltd.• "Aurora" won the "China Famous Trade Mark" in October |
| 2009 | Merged Aurora System Co., Ltd. and Heng Rong Industry Co., Ltd. |
| 2010 | Was the first Taiwanese company to attend the Expo Shanghai China in 160 years |
| 2011 | Was the first furniture brand to be entitled the "High-tech Enterprises" in China |
| 2012 | <ul style="list-style-type: none">• Previewed the Aurora Museum and "BVLGARI - 125 Years of Italian Magnificence" in Shanghai• Established Aurora Home Furniture Co., Ltd. as a joint venture with FURSIS Group, South Korea |
| 2013 | <ul style="list-style-type: none">• Launched "Aurora 3D Printer" in Taiwan with the Industrial Technology Research Institute, becoming the industry's only company marketing 2D and 3D printers; became the sole agent of Stratasys, the global leader in 3D printing, for Idea Series in mainland China• Won 3 awards in the "8th Asia Brand Ceremony" (Top 10 Most Valuable Chinese Brands, Top 10 Chinese Brand Innovator Award, and Asian Brand Management Excellent Personality Award) |

- Aurora OA won 3 awards in the "8th China's Excellence in Customer Service Awards" (China's Best Customer Service Awards, China's Best Service Management Awards, China's Best Call Centre and Customer Service Awards)
- 2014
- Established the Cloud Service Division and launched "Aurora Cloud Service" to create a new market
 - Invested in General Integration Technology Co., Ltd. in October to develop the 3D printing market in Taiwan and mainland China
 - Aurora 3D Printer F1, Superb Jade Series - Supervisor Table, and PLANE won the 23rd Taiwan Excellence Awards
 - Aurora 3D Printer F1 won the IT Month's "Top 100 Innovative Product Awards"
 - Received 3 awards from Jiading New City, Shanghai (Best Contribution Award, Best Charity Award, and Best Innovation Award)
 - Aurora Furniture won the 7th Shanghai Technology Innovation Awards
 - Won 4 awards in the 9th China's Excellence in Customer Service Awards (China's Best Customer Service Provider Awards, China's Best Service Management Awards, China's Best Customer Service Awards, and China's Best Call Centre and Customer Service Awards)
 - Won the 2013 Shanghai Top 30 Best Employers Awards
 - Aurora Multi-Functional Photocopier won the China Famous Trade Mark, making Aurora a company to win this title in furniture and office automation
 - Aurora Furniture once again was entitled the "High-tech Enterprises"
- 2015
- Aurora Group set up "Y.T. Chen Charitable Trust" to commend outstanding social welfare organizations and provide them long-term, stable resources
 - Exhibited Aurora 3D Printer F1 in the Taiwan Excellence Center, HSR stations, and airports
 - Aurora Group won the "1st Cross-Strait Outstanding Contribution Enterprise Awards"
- 2016
- Aurora Group teamed up with Taiwan University of Chinese Medical and Shanghai Jiao Tong University to establish a 3D printing healthcare platform
 - Established Aurora Cloud Print in Shanghai to provide printing services for businesses
 - Aurora Group won the "2016 Cross-Strait Outstanding Performance Awards"
 - Established Ever Young Biodimension Corporation (Ever Young Biodimension) with Taiwan University of Chinese Medical to provide 3D digital medical service
 - Established KM Developing Solutions Co., Ltd. (KM Developing) with Konica Minolta Inc., Japan targeting the high-end printing market
 - Aurora OA won the "2016 Service Design Awards," "Product of the Year Awards," and "The Maker's Choice Awards in Annual Technology Ceremony"
- 2017
- Established the Aurora (Shanghai) Cloud Technology Co., Ltd. (Aurora Cloud Technology) to sell "Aurora Cloud on-line Mall"
 - Aurora OA won the "National Industrial Brand Cultivation Enterprises," "Five-star Customer Service Certification," "China's Top 10 Office Furniture

Brand," and "Recognized By china-cbn — The Best Company for Career Growth"

- Aurora OA won the "Certificate of Enterprise Credit Grade AAA"
- Worked with Foxconn Technology Group to build "O2O Complex Channels"
- Aurora Office Automation Corporation and Aurora Corporation won the "Business Entity Issuing Electronic Invoicing Award"
- Ever Young Biodimension signed a contract with Materialise to introduce Mimics, a medical 3D solution and module, creating Taiwan's only 3-in-1 service model of course training, professional certification, and software and hardware

2018

- Opened the AURORA x ESTEL flagship showroom
- Formed strategic partnerships with Nano Dimension & Mcor to develop the 3D printing market
- Aurora OA won the "2018 Five-star Customer Service Certification"
- Aurora Furniture's "Up! Series - Lift Table" won the Outstanding Work Award; "Inpower" won the Red Star Design Award
- Aurora Furniture got Greenguard certification, the world's authoritative test for indoor air quality

2019

- Aurora Furniture rolled out "AURORA Health Care" to create a comfortable healthcare environment
- Opened the "Aurora Office Flagship Showroom" to provide efficient, people-oriented, smart, and eco-friendly office solutions for customers
- Aurora Furniture was given the title of "the Leading Company in China's Furniture Industry" by China Furniture Association
- Aurora Furniture was invited to the "2019 World Industrial Design Conference" and received "TIA -Top 10 Innovation Awards" and "Top 10 Innovation Design Awards"
- Aurora Group won 3 awards in the "9th China Customer Service Award" (China's Top 10 Companies for Customer Service, China's Top 10 Companies for Customer Service, and China's Top 10 Brands For Customer Satisfaction)
- Aurora Furniture's "Up! Series - Lift Table" won the 28th Taiwan Excellence Awards
- Aurora 3D partnered with Nano Dimension to establish the "Aurora 3D Experience Center" in the Wisdom Bay Science and Innovation Park
- Aurora OA launched the "Mobile Customer Service" App to provide smart, efficient service and create value for customers

2020

- Issued the 13th "Aurora Business Philosophy," emphasizing the "customer first" philosophy to create value for customers to their satisfaction.
- Aurora Cloud Service introduced human resources cloud service to students from the Graduate Institute of Human Resource Management, National Central University, allowing the students to be the first to experience this digital technology and apply it in future HR practices.
- Aurora Jiangsu Smart Park began construction, advancing on a smart manufacturer that offers smart office space and workplace solutions.

- Aurora children's furniture won the "2019 Outstanding Ergonomics Contribution Awards."
- Aurora Furniture was awarded the title of "the 8th China Hospital Construction Top 10 Hospital Furniture Supplier."
- Aurora Furniture's "CoLink Series" won the Honorable Mention in the Design Intelligence Award.
- Aurora Furniture was consecutively awarded the "2019-2020 Top 10 Office Furniture Manufacturers in China," "Top 10 Green Furniture Manufacturers in China," and "Top 100 Furniture Manufacturers in China."

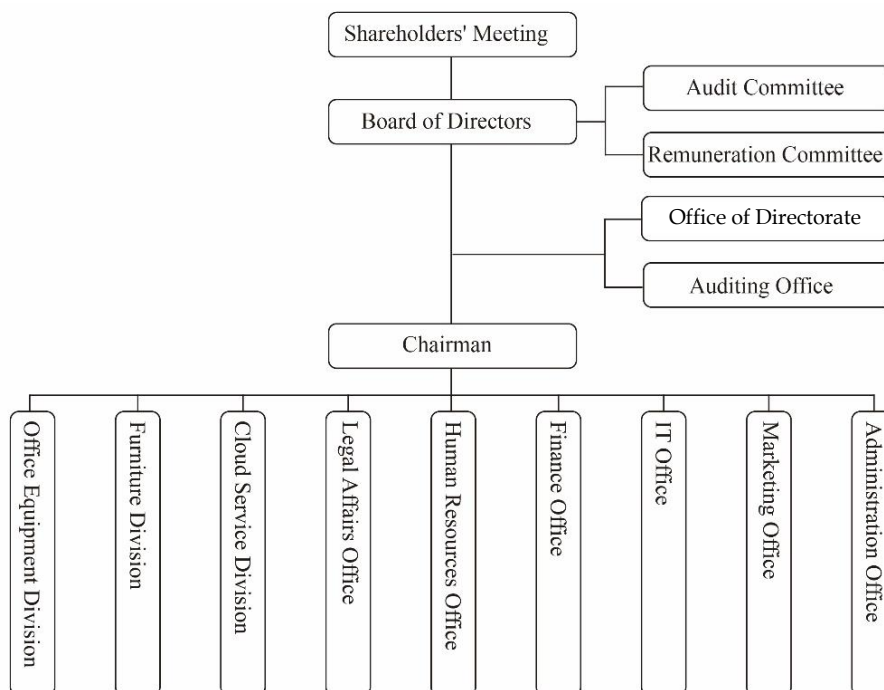
3. Corporate Governance Report

a. Organizational System

Organizational System of Aurora Corporation

1) Organization Chart

Effective date: January 1, 2021



2) Department Functions

Divisions	Functions
Office of Directorate	Responsible for arranging meetings, handling important matters, and receiving guests.
Auditing Office	Responsible for implementing the internal audit system.
Office Equipment Division	Responsible for selling, leasing, and maintaining office equipment. Responsible for offering integrated software and hardware solutions and 3D solutions.
Furniture Division	Responsible for researching and developing and selling office furniture and offering integrated planning and service.
Cloud Service Division	Responsible for selling cloud systems and offering consulting service.
Legal Affairs Office	Responsible for preventing and managing corporate governance risks and maintaining company interests.
Human Resources Office	Responsible for establishing and implementing human resources development policies and employee development plans.
Finance Office	Responsible for establishing and managing financial systems, handling accounting and tax treatment, conducting operations analysis, managing funds and shareholder service, and maintaining investor relationships.
IT Office	Responsible for drawing up information policies, maintaining information systems, and ensuring information security.
Marketing Office	Responsible for making and executing plans for the brand image, company website, and digital marketing strategies and organizing philanthropic activities.
Administration Office	Responsible for managing general affairs such as procurement, property, and logistics.

b. Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

1) Directors

Information on Directors (I)

April 19, 2021

Title	Nationality/Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)			Title	Name	Relationship	
Chairman	R.O.C.	Yuan Hui-Hua	Female	2019.6.12	3 years	2010.06.25	1,169,000	0.49	1,169,000	0.49	21,269,000	9.00	0	0.00	Director, Aurora Corporation	Director, Aurora Telecom Co., Ltd. Director, KM Developing Solutions Co., Ltd. Director, Ever Young Biodimension Corporation Director, General Integration Technology Co., Ltd. Director, Aurora Holdings Incorporated Chairman, Aurora (Bermuda) Investment Ltd. Chairman, Aurora (China) Investment Co., Ltd. Chairman, Aurora (China) Co., Ltd. Chairman, Aurora Office Equipment Co., Ltd. Shanghai Chairman, Aurora Office Automation Sales Co., Ltd. Shanghai Director, Aurora Holdings (Shanghai) Inc. Chairman, Aurora Building Management (Shanghai) Co., Ltd. Chairman, Aurora Museum (Shanghai) Ltd. Director, Huxen (China) Co., Ltd. Director, Aurora Machinery Equipment (Shanghai) Co., Ltd.	Director	Chen Yung-Tai	Spouse	-

Title	Nationality/Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)			Title	Name	Relationship	
																Chairman, Aurora (Shanghai) Electronic Commerce Co., Ltd. Chairman, Aurora (Shanghai) Intelligent Equipment Co., Ltd. Director, Aurora (Shanghai) Cloud Technology Co., Ltd. Director, Aurora Home Furniture Co., Ltd. Chairman, Aurora (Jiang Su) Enterprise Development Co., Ltd.				
Director	R.O.C.	Chen Yung-Tai	Male	2019.6.12	3 years	1989.12.15	21,134,000	8.95	21,269,000	9.00	1,169,000	0.49	0	0.00	Chairman, Aurora Corporation	Chairman, Aurora Holdings Incorporated Director, Aurora (Bermuda) Investment Ltd. Director, Aurora (China) Investment Co., Ltd. Director, Aurora (China) Co., Ltd. Director, Aurora Office Automation Sales Co., Ltd. Shanghai Director, Aurora Office Equipment Co., Ltd. Shanghai Chairman, Aurora Holdings (Shanghai) Inc. Director, Aurora Building Management (Shanghai) Co., Ltd. Director, Aurora Museum (Shanghai) Ltd.	Director	Yuan Hui-Hua	Spouse	-
Director	R.O.C.	Aurora Holdings Incorporated	-	2019.6.12	3 years	1989.12.15	103,154,312	43.67	101,856,312	43.12	0	0.00	0	0.00	-	-	-	-	-	-
	R.O.C.	Representative: Rai Hau-Min	Male	2019.6.12	3 years	1989.12.15	0	0.07	185,816	0.08	182,921	0.08	0	0.00	Director, Aurora Corporation	-	-	-	-	-
Director	R.O.C.	Ma Chih-Hsien	Male	2019.6.12	3 years	2014.8.6	0	0.00	3,000	0.00	0	0.00	0	0.00	Chairman, KM	Corporate Governance Officer.	-	-	-	-

Title	Nationality/Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)			Title	Name	Relationship	
														Developing Solutions Co., Ltd.	Aurora Corporation Chairman, KM Developing Solutions Co., Ltd.					
Independent Director	R.O.C.	Liao Kuo-Jung	Male	2019.6.12	3 years	2010.10.12	0	0.00	0	0.00	0	0.00	0	0.00	Chairman, Tsec Corporation	Chairman, Tsec Corporation Chairman, H.G Corporation	-	-	-	-
Independent Director	R.O.C.	Hwa Yueh-Jiuan	Female	2019.6.12	3 years	2016.6.8	0	0.00	0	0.00	0	0.00	0	0.00	President, Waters Consulting Inc.	-	-	-	-	-
Independent Director	R.O.C.	Hsu Wen-Chung	Male	2019.6.12	3 years	2018.6.12	0	0.00	0	0.00	0	0.00	0	0.00	Chairman, Huxen Corporation	-	-	-	-	-

Note: 1. Director Chen Yung-Tai discontinued service during November 28, 2000 and June 19, 2002.

2. Director Rai Hau-Min discontinued service during November 9, 2009 and December 31, 2016.

3. The Audit Committee was established on July 7, 2017 in place of supervisors.

4. Director Ma Chih-Hsien discontinued service during October 7, 2016 and June 1, 2019 and was newly appointed as Corporate Governance Officer on November 10, 2020.

Table 1: Major Shareholders of Institutional Shareholders

April 19, 2021

Name of Institutional Shareholder	Major Shareholder	Percentage of Ownership
Aurora Holdings Incorporated	Chen Yung-Tai	25%
	Y.T.Chen Sustainable Management Foundation	1.8%
	Y.T.Chen Foundation	5.2%
	Y.T.Chen Charitable Trust	38%
	Yuan Hui-Hua	10%
	Ni Sheng Investment Co., Ltd.	20%

Table 2: Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

April 19, 2021

Name of Institutional Shareholder	Major Shareholder	Percentage of Ownership
Y.T.Chen Foundation	N/A	N/A
Y.T.Chen Sustainable Management Foundation	N/A	N/A
Y.T.Chen Charitable Trust	N/A	N/A
Ni Sheng Investment Co., Ltd.	Yuan Hui-Hua	99.87%
	Yuan Tzu-Pin	0.13%

Information on Directors (II)

April 19, 2021

Qualifications	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Independence Criteria (Note)												Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8	9	10	11	12	
Name																
Yuan Hui-Hua			✓	✓					✓	✓		✓		✓	✓	0
Chen Yung-Tai			✓	✓					✓	✓		✓		✓	✓	0
Aurora Holdings Incorporated Representative: Rai Hau-Min		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ma Chih-Hsien			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Liao Kuo-Jung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hwa Yueh-Jiuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hsu Wen-Chung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please check “✓” the corresponding boxes if the directors meet the following conditions during the two years prior to the nomination and during the term of office. ✓

- (1) Not an employee of Aurora or any of its affiliates.
- (2) Not a director or supervisor of Aurora or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of Aurora or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of Aurora, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of Aurora under Paragraph 1 or 2, Article 27 of the

Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

- (6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Aurora's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of Aurora (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with Aurora (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of Aurora and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for Aurora or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or a relative within the second degree of kinship to any other director of Aurora.
- (11) Not under any of the categories stated in Article 30 of the Company Act.
- (12) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.

2) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

April 19, 2021

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)			Title	Name	Relationship	
President, Office Equipment Division	R.O.C.	Chou Ming-Chung	Male	2017.8.10	10,484	0.00	0	0.00	0	0.00	President of Division, Aurora Corporation	None	-	-	-	-
Vice President of Furniture Division	R.O.C.	You Yan-Lin	Male	2017.8.10	19,000	0.01	1,000	0.00	0	0.00	Vice President of Division, Aurora Corporation	None	-	-	-	-
President of Cloud Service Division	R.O.C.	Lin Chin-Pao	Male	2019.9.3	0	0.00	0	0.00	0	0.00	President of Division, Aurora Corporation	None	-	-	-	-
Senior Manager of Finance Office	R.O.C.	Lin Ya-Ling	Female	2018.3.6	3,500	0.00	12,076	0.01	0	0.00	Senior Manager, Aurora Corporation	None	-	-	-	-

c. Remuneration Paid to the Directors, President, and Vice Presidents

1) Directors

Remuneration Paid to Directors (Including Independent Directors) for 2020

Unit: NT\$1,000

Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors who Are Also Employees						Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company		
		Base Compensation (A)		Severance Pay and Pension (B)		Directors (C)		Business Execution Expenses (D)		Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)				Aurora	All Companies in Consolidated Financial Statements			
		Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora		All Companies in Consolidated Financial Statements						
Chairman	Yuan Hui-Hua																					
Director	Chen Yung-Tai																					
Director	Aurora Holdings Incorporated Representative: Rai Hau-Min	4,217	4,217	0	0	0	0	2,400	2,400	0.46	0.46	644	4,231	0	0	0	0	2,845	0	0.50	0.95	None
Director	Ma Chih-Hsien																					
Independent Director	Liao Kuo-Jung																					
Independent Director	Hwa Yueh-Jiuan	0	0	0	0	0	0	3,600	3,600	0.25	0.25	0	0	0	0	0	0	0	0	0.25	0.25	None
Independent Director	Hsu Wen-Chung																					

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time: According to the Articles of Incorporation, remuneration paid to the Chairman and directors shall be determined by the Board of Directors based on the degree of their participation in and contributions to the business operations of Aurora, as well as industry standards at home and abroad.

2. Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.

Note: Employee compensation for 2020 is a proposed amount to be distributed upon approval of the Board of Directors.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	Chen Yung-Tai, Ma Chih-Hsien, and Aurora Holdings Incorporated	Chen Yung-Tai, Ma Chih-Hsien, and Aurora Holdings Incorporated	Chen Yung-Tai, Ma Chih-Hsien, and Aurora Holdings Incorporated	Chen Yung-Tai and Aurora Holdings Incorporated
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Rai Hau-Min, Liao Kuo-Jung, Hwa Yueh-Jiuan, and Hsu Wen-Chung	Rai Hau-Min, Liao Kuo-Jung, Hwa Yueh-Jiuan, and Hsu Wen-Chung	Rai Hau-Min, Liao Kuo-Jung, Hwa Yueh-Jiuan, and Hsu Wen-Chung	Rai Hau-Min, Liao Kuo-Jung, Hwa Yueh-Jiuan, and Hsu Wen-Chung
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	-	-	Ma Chih-Hsien
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Yuan Hui-Hua	Yuan Hui-Hua	Yuan Hui-Hua	Yuan Hui-Hua
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	8 persons	8 persons	8 persons	8 persons

2) President and Vice Presidents

Remuneration Paid to President and Vice Presidents for 2020

Unit: NT\$1,000

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora		All Companies in Consolidated Financial Statements		Aurora	All Companies in Consolidated Financial Statements	
								Cash (Note)	Stock	Cash (Note)	Stock			
President	Chou Ming-Chung													
Vice President	You Yan-Lin	5,922	5,922	0	0	0	0	3,962	0	3,962	0	0.69	0.69	None
President	Lin Chin-Pao													

Note: Employee compensation for 2020 is a proposed amount to be distributed upon approval of the Board of Directors.

Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents	Name of President and Vice President	
	Aurora	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	You Yan-Lin and Lin Chin-Pao	You Yan-Lin and Lin Chin-Pao
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Chou Ming-Chung	Chou Ming-Chung
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	3 persons	3 persons

3) Employee Compensation Paid to Managerial Officers

December 31, 2020

Unit: NT\$1,000

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	President	Chou Ming-Chung	0	4,252	4,252	0.29
	Vice President	You Yan-Lin				
	President	Lin Chin-Pao				
	Senior Manager	Lin Ya-Ling				

Note: Employee compensation for 2020 is a proposed amount to be distributed upon approval of the Board of Directors.

4) Analysis of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company Only Financial Statements, Paid by Aurora and All Companies in Consolidated Financial Statements during the Past 2 Fiscal Years to the Directors, President, and Vice Presidents, Along with Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure

- a) Analysis of total remuneration, as a percentage of net income stated in the parent company only financial statements, paid to the directors, president, and vice presidents during the past 2 fiscal years

Year	Ratio of Total Remuneration Paid to Directors to Net Income		Ratio of Total Remuneration Paid to President and Vice Presidents to Net Income	
	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements
2019	0.73	1.13	0.59	0.59
2020	0.75	1.20	0.69	0.69

- b) Remuneration policies

Remuneration is paid to directors in accordance with the Articles of Incorporation. Remuneration paid to the President and Vice Presidents is ratified in a fair and impartial manner and based on individual performances.

- c) Remuneration standards and packages

Remuneration paid to the directors, President and Vice Presidents is divided into fixed and variable remuneration. Fixed remuneration is ratified based on the responsibility of the position and company-wide operational goals while variable remuneration is paid based on the achieved operating performance and contribution.

- d) Procedure for determining remuneration

At Aurora, remuneration is paid appropriately based on the overall operating performance and individual performances and upon approval according to the internal approval rules.

- e) Linkage thereof to operating performance and future risk exposure

Variable remuneration is paid to the directors and President based on the achieved operating performance to align individual performances with the overall operating performance.

d. Implementation of Corporate Governance

1) Board of Directors

A total of 5 meetings of the Board of Directors were held in 2020. The attendance of the directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Chairman	Yuan Hui-Hua	5	0	100%	
Director	Chen Yung-Tai	5	0	100%	
Corporate Director	Representative of Aurora Holdings Incorporated: Rai Hau-Min	5	0	100%	
Director	Ma Chih-Hsien	5	0	100%	
Independent Director	Liao Kuo-Jung	4	1	80%	
Independent Director	Hwa Yueh-Jiuan	5	0	100%	
Independent Director	Hsu Wen-Chung	5	0	100%	

Other matters to be recorded:

1. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and Aurora's handling of such opinions shall be specified:
 - a. Matters referred to in Article 14-3 of the Securities and Exchange Act: The Audit Committee was established on July 7, 2017. For more information on the operation of the Audit Committee after July 7, 2017, refer to matters specified in Article 14-5 of the Securities and Exchange Act.
 - b. Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.
2. Recusal of directors from voting due to conflicts of interest: None.
3. Self (or peer) evaluation of the Board of Directors: The "Regulations Governing the Self-Evaluation or Peer Evaluation of the Board of Directors" was formulated on November 8, 2019. The internal evaluation of the Board is carried out once a year; the external evaluation of the Board is carried out at least once every three years by an independent professional agency or a team of experts and scholars. Aurora carried out the evaluation of the Board at the end of 2020. For more information, please refer to Page 16.
4. Measures taken to strengthen the functionality of the Board (e.g., establishing the Audit Committee and improving the disclosure of information) and results thereof: To establish sound corporate governance and strengthen the operation of the Board of Directors in supervision and management, the Audit Committee was established on July 7, 2017 and the Remuneration Committee on December 29, 2011; Director Ma Chih-Hsien was also appointed as Corporate Governance Officer on November 10, 2020 to be in charge of corporate governance-related matters.

2) Evaluation of the Board

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)	Result
Once a year	2020/1/1 ~ 2020/12/ 31	Board of Directors	Self-evaluation by the Board	Including participation in the operation of the company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.	The Board of Directors as a whole was in good operation, and external experts were engaged to provide continuing education for the directors on a regular basis, all of which were in compliance with the relevant rules and regulations of corporate governance.
		Board members	Self-evaluation by the directors	Including alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.	The performance of all Board members was up to standard, and the directors fully expressed their opinions on the proposals. The Board as a whole was in fair operation.
		Functional Committees	Self-evaluation by the Board	Including participation in the operation of the company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.	The Remuneration Committee has been in place to perform its duties independently. The Remuneration Committee as a whole was in good operation.

Note 1. Specify the implementation cycle of the Board of Directors evaluation, for example, once a year.

Note 2. Specify the period of the Board of Directors evaluation, for example, 2019/01/01~2019/12/31.

Note 3. The scope of the evaluation covers the respective performances of the Board, individual directors, and functional committees.

Note 4. The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Board members, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5. The evaluation contents include at least the following items according to the scope of evaluation:

- (1) The evaluation of the Board performance includes at least participation in the operation of the company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.
- (2) The evaluation of the Board member performance includes at least alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the

company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

- (3) The evaluation of the functional committee performance includes at least participation in the operation of the company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.

Note 6. The evaluation result of the Board of Directors have been reported to the Board of Directors on March 16, 2021.

3) Audit Committee

A total of 4 meetings of the Audit Committee were held in 2020. The attendance of independent directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Convener	Liao Kuo-Jung	3	1	75%	
Committee Member	Hwa Yueh-Jiuan	4	0	100%	
Committee Member	Hsu Wen-Chung	4	0	100%	

Note: The Audit Committee was established on July 7, 2017 in place of supervisors.

Other matters to be recorded:

1. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and Aurora's handling of such resolutions shall be specified:

- a. Matters referred to in Article 14-5 of the Securities and Exchange Act

Audit Committee	Content of Motion and Follow-up	Matter Listed in Article 14-5 of the Securities and Exchange Act	Objections or Reservations by Independent Directors
The 3rd meeting of the 2nd term 2020.03.23	1. Business report and consolidated financial statements for 2019.	✓	None
	2. Distribution of earnings for 2019.	✓	None
	3. Distribution of cash dividends from capital surplus.	✓	None
	4. Internal audit reports.	✓	None
	5. Self-assessment report on the internal control system and the "Statement on Internal Control" for 2019.	✓	None
	6. Assessment of the appointment and independence of the CPAs for 2020.	✓	None
	Resolution: Approved by all members present at the meeting.		
Handling of the resolution: None.			
The 4th meeting of the 2nd term 2020.05.12	1. Consolidated financial statements for the first quarter of 2020.	✓	None
	2. Internal audit reports.	✓	None
	Resolution: Approved by all members present at the meeting.		
Handling of the resolution: None.			
The 5th meeting of the 2nd term 2020.08.11	1. Consolidated financial statements for the second quarter of 2020.		
	2. Internal audit reports.	✓	None
	Resolution: Approved by all members present at the meeting.		
Handling of the resolution: None.			
The 6th meeting of the 2nd term 2020.11.10	1. Consolidated financial statements for the third quarter of 2020.	✓	None
	2. Internal audit reports.	✓	None
	3. Audit plan for 2021.	✓	None
	Resolution: Approved by all members present at the meeting.		

	Handling of the resolution: None.		
The 7th meeting of the 2nd term 2021.03.11	1. Business report and consolidated financial statements for 2020.	✓	None
	2. Distribution of earnings for 2020.	✓	None
	3. Distribution of cash dividends from capital surplus.	✓	None
	4. Internal audit reports.	✓	None
	5. Self-assessment report on the internal control system and the "Statement on Internal Control" for 2020.	✓	None
	6. Assessment of the appointment and independence of the CPAs for 2021.	✓	None
	Resolution: Approved by all members present at the meeting.		
	Handling of the resolution: None.		
b. Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors: None.			
2. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified: None.			
3. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations)			
a. Communication between the independent directors and the chief internal auditor: Independent directors convene meetings of the Audit Committee every quarter, prepare meeting minutes, and report key discussions and resolutions to the Board of Directors and management. A total of 5 meetings were held in 2020 and the current fiscal year, where the chief internal auditor reported audit operations and key internal audit matters, including matters executed, reported, and tracked according to the independent directors' instructions.			
b. Communication between the independent directors and the CPAs: A total of 5 meetings (3rd, 4th, 5th, 6th, and 7th of the 2nd term) were held in 2020 and the current fiscal year, where the CPAs reported the audit results to the independent directors.			

4) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		Aurora has established the "Corporate Governance Best-practice Principles" according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed the principles on the Market Observation Post System (MOPS) and the company website.	None.
2. Shareholding structure & shareholders' rights				
a. Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	✓		a. Aurora has appointed a spokesperson and persons in charge of stock affairs and legal affairs to deal with shareholders' suggestions, doubts, disputes, and litigations.	a. None.
b. Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		b. Aurora reports monthly changes in insider shareholding and obtains a list of shareholders in a period when share transfer registration is suspended in order to establish a complete list of major shareholders and their ultimate owners.	b. None. c. None.
c. Does the company establish and execute a risk management and firewall system within its affiliates?	✓		c. Aurora has established the internal control system, rules for the implementation of internal audit, and regulations governing the supervision of subsidiaries to effectively control risks. The "Procedures for Loaning of Funds to Others" and "Procedures for Making of Endorsements/Guarantees" are also in place to properly control risks of business and financial dealings with affiliates.	d. None.
d. Does the company establish internal rules against	✓		d. Aurora has formulated the "Procedures for Handling	

insiders using undisclosed information to trade in securities?		Material Inside Information and Preventing Insider Trading," which defines insiders and counterparties, to prevent insider trading.	
3. Composition and responsibilities of the Board of Directors			
a. Does the board develop and implement a diversity guideline for the composition of its members?	✓	<p>a. 1) Aurora has formulated the "Corporate Governance Best Practice Principles" on December 24, 2014, where a diversity policy is stated in Chapter 3 "Enhancing the Functions of the Board of Directors." The nomination and election of members of the Board of Directors is conducted in accordance with the Articles of Incorporation, wherein a candidate nomination system is adopted. In addition to the evaluation of the education background and work experience of candidates, stakeholders' opinions are also taken into consideration in accordance with the "Regulations Governing Election of Directors and Supervisors" and the "Corporate Governance Best Practice Principles" in order to ensure the diversity and independence of members of the Board of Directors.</p> <p>2) The Board members have different expertise in various fields that is conducive to the business development and operation of Aurora. For more information, please refer to "Board Diversity" below (Table 1, Page 31).</p> <p>3) Aurora attaches great importance to gender equality in the composition of the Board. Currently, the Board comprises 7 directors, including 4 directors and 3 independent directors, with female directors and independent directors accounting for approximately 29% and 43% of all directors, respectively. Independent directors serve a term ranging from 4 to 6 years. In terms of age composition, 2 directors are under 60 years old, 3 between 61 and 80 years old, and 2 over 80 years old.</p>	a. None.

<p>b. Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?</p> <p>c. Does the company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?</p>	<p>✓</p> <p>✓</p>	<p>4) Further information concerning the Board diversity policy can be found on the company website and the MOPS.</p> <p>b. In addition to the Audit Committee and Remuneration Committee, other corporate governance operations are assigned to departments based on their responsibilities. No additional functional committees have been set up as of today.</p> <p>c. 1) On November 8, 2019, Aurora formulated the "Regulations Governing the Evaluation of the Board of Directors" and evaluation methods. The self-evaluation of the Board performance in 5 aspects was carried out in 2020. According to the result of the evaluation, the Board performance was up to standard, and the Board as a whole was in good operation. The result has been reported to the Board on March 16, 2021. For more information, please refer to Page 16.</p> <p>2) Established on December 29, 2011, the Remuneration Committee is responsible for establishing and periodically reviewing the performance goals of the directors and managerial officers and the policies, systems, standards, and structure for their remuneration, periodically assessing the degree to which performance goals for the directors and managerial officers have been achieved, and setting their remuneration.</p>	<p>b. An exclusively dedicated unit will be set up according to the business needs.</p> <p>c. None.</p>
<p>d. Does the company regularly evaluate the independence of the CPAs?</p>	<p>✓</p>	<p>d. According to the No. 10 of the Code of Ethics for Certified Public Accountants of the Republic of China (Integrity, Impartiality, and Independence), Aurora has created a CPA independence evaluation form, based on which, along with a statement of independence issued by the accounting firm, the Board of Directors evaluates the independence of the CPAs every year. The independence of the CPAs for 2021 has been evaluated by the Board of Directors and ratified in March 2021.</p>	<p>d. None.</p>

		Evaluation Item		Result	Independence of the CPAs
		1	No direct or indirect material financial interests with Aurora	No	Yes
		2	No financing or guarantee activities with Aurora or its directors	No	Yes
		3	No close business relationship or potential employment relationship with Aurora	No	Yes
		4	The CPAs and members of the audit team serving as directors or managerial officers or holding positions with significant influence on the audit work of Aurora at present or in the past 2 years	No	Yes
		5	No provision of non-audit services that may directly affect the audit work	No	Yes
		6	Not an intermediary of the shares or other securities issued by Aurora	No	Yes
		7	Not serving as a defense counsel of Aurora or representing Aurora in mediating conflicts with third parties	No	Yes
		8	Not a family member or relative of a director or managerial officer or person holding a position that has a significant impact on the audit work of Aurora	No	Yes
4. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	✓	<p>On November 10, 2020, the Board passed the resolution to appoint Director Ma Chih-Hsien as Corporate Governance Officer. With more than 3 years of experience in the capacity as financial officers of public companies, Director Ma completed 6 hours of continuing training in 2020 and will meet the statutory requirements for continuing training one year before the expiration of the term of office in 2021. The Corporate Governance Office is responsible for handling the following corporate governance matters:</p> <ul style="list-style-type: none"> a. Provide directors required information for business execution and assist directors in following laws and regulations. b. Handle matters in relation to the Board meetings (including Audit Committee and Remuneration Committee meetings) and shareholders' meetings, keep minutes at the meetings, and assist with legal compliance of resolutions. c. Assist directors in assuming office and pursuing continuing education. 			None.
5. Does the company establish communication	✓	a. In addition to a stakeholder section on the company			None.

<p>channels and a dedicated section on the company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?</p>		<p>website, Aurora has a spokesperson and each department's contact information set up to maintain unimpeded communication with shareholders, employees, customers, suppliers, and other stakeholders and respond to material corporate social responsibility issues in a proper manner.</p> <p>b. A stakeholder section has been set up on the company website: https://www.aurora.com.tw/stakeholder</p>	
<p>6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?</p>	<p>✓</p>	<p>Aurora has appointed Yuanta Securities Co., Ltd. to deal with shareholder affairs.</p>	<p>None.</p>
<p>7. Information disclosure</p> <p>a. Does the company have a website to disclose the financial operations and corporate governance status?</p> <p>b. Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?</p> <p>c. Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>a. An investor relations section has been set up on the company website to disclose the financial operations and corporate governance status in accordance with relevant laws and regulations. For more information, visit https://www.aurora.com.tw.</p> <p>b. In addition to setting up Chinese and English websites, Aurora discloses investor presentations on the company website. Designated people are appointed to handle information collection and disclosure. A spokesperson system is also in place to answer inquiries about the business and financial operations of Aurora. For more information, visit https://www.aurora.com.tw/aurora_en.</p> <p>c. In accordance with relevant laws and regulations, Aurora announces and reports the annual financial statements and the first, second and third quarter financial statements and monthly operations within the prescribed period. For more information, visit the MOPS.</p>	<p>a. None.</p> <p>b. None.</p> <p>c. Except for annual financial statements, the quarterly financial statements and monthly operations are announced and reported within the prescribed period.</p>

<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?</p>	<p>✓</p>	<p>a. Employee rights and employee wellness Aurora has always protected the rights and interests of employees required by law, as well as providing good benefits and various channels for interaction and grievances.</p> <ol style="list-style-type: none"> 1) Insurance: group insurance. 2) Remuneration: team bonus, performance bonus, year-end bonus, domestic and overseas travel incentive. 3) Benefits: subsidies for weddings and funerals, scholarships for children, travel allowances, hospitalization consolation money, medical subsidies, year-end party, and uniforms. 4) Health examinations: Allowances for regular health examinations at quality medical institutions. 5) Activities: Domestic and overseas travel allowances and occasional outdoor events and gatherings. 6) Education and training: a comprehensive education and training system (group training, division training, professional certification training), E-learning platform, internal training, external training allowances, and on-the-job training. <p>b. Investor relations Information on finances and business operations is fully disclosed on the MOPS and the company website in accordance with the relevant laws and regulations. A spokesperson and contacts of business departments are also in place to maintain the rights of investors.</p> <p>c. Supplier relations Requisition and procurement are carried out in accordance with the "Procurement Management Rules" to establish equal and reciprocal partnership with suppliers.</p> <p>d. Rights of stakeholders</p> <ol style="list-style-type: none"> 1) Rights of customers Aurora attaches great importance to customers' 	<p>a. None.</p> <p>b. None.</p> <p>c. None.</p> <p>d. None.</p>
---	----------	--	---

		<p>feedback and after-sales services. To meet customer needs, immediate measures are taken to address customer complaints.</p> <p>2) Rights of shareholders Aurora aims to maintain the rights and interests of shareholders.</p> <p>3) A Stakeholder section and contact information are maintained to protect the rights of stakeholders.</p> <p>e. Directors' training records Please refer to "Directors' Training Records in 2020" below (Table 2, page 31).</p> <p>f. Implementation of risk management policies and risk evaluation measures Risk management policies and risk evaluation measures have been formulated and implemented. For more information, refer to "VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report" in Chapter VII.</p> <p>g. Implementation of customer relations policies 1) Aurora strictly abides by the contracts and relevant agreements signed with customers to maintain customers' interests. 2) In addition to the branches across Taiwan, Aurora has a customer service center and hotline (0809) in place to protect consumer rights.</p> <p>h. Purchase of liability insurance for directors and supervisors Aurora has purchased liability insurance for directors, supervisors, and managerial officers from Fubon Insurance Co., Ltd. at an amount of US\$1 million.</p>	<p>e. None.</p> <p>f. None.</p> <p>g. None.</p> <p>h. None.</p>
<p>9. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. Based on the results of the 7th Corporate Governance Evaluation, Aurora expects to set up a cross-departmental task force and continuously follow up the improvements made by relevant business departments in order to improve corporate governance practices.</p>			

Table 1: Board Diversity

Diversified Core Competences Name of Director	Nationality	Gender	A Concurrent Employee of the Company	Age			Seniority of Independent Director	Business Administration	Decision-Making	Industrial Knowledge	Finance and Accounting	Law
				Below 60	61~80	Over 81	4~6 Years					
Yuan Hui-Hua	R.O.C.	Female	✓	✓				✓	✓	✓	✓	
Chen Yung-Tai	R.O.C.	Male				✓		✓	✓	✓	✓	
Rai Hau-Min	R.O.C.	Male				✓			✓	✓		✓
Ma Chih-Hsien	R.O.C.	Male	✓	✓				✓	✓	✓	✓	
Liao Kuo-Jung	R.O.C.	Male			✓		✓	✓	✓	✓	✓	
Hwa Yueh-Jiuan	R.O.C.	Female			✓		✓	✓	✓	✓		
Hsu Wen-Chung	R.O.C.	Male			✓		✓	✓	✓	✓		

Table 2: Directors' Training Records in 2020

Title	Name	Date	Training Institution	Course Name	Training Hours
Chairman	Yuan Hui-Hua	05/21	Taiwan Corporate Governance Association	Changes in the 5G Era: Industry Upgrade, Future Business Applications, and Contactless Economy	3
		11/20	Taiwan Corporate Governance Association	ESG Risk Management from the Aspect of Corporate Governance	3
Director	Chen Yung-Tai	05/21	Taiwan Corporate Governance Association	Changes in the 5G Era: Industry Upgrade, Future Business Applications, and Contactless Economy	3
		11/20	Taiwan Corporate Governance Association	ESG Risk Management from the Aspect of Corporate Governance	3
Director	Rai Hau-Min	05/21	Taiwan Corporate Governance Association	Changes in the 5G Era: Industry Upgrade, Future Business Applications, and Contactless Economy	3
		11/20	Taiwan Corporate Governance Association	ESG Risk Management from the Aspect of Corporate Governance	3
Director	Ma Chih-Hsien	05/21	Taiwan Corporate Governance Association	Changes in the 5G Era: Industry Upgrade, Future Business Applications, and Contactless Economy	3

Title	Name	Date	Training Institution	Course Name	Training Hours
		11/20	Taiwan Corporate Governance Association	ESG Risk Management from the Aspect of Corporate Governance	3
Director	Liao Kuo-Jung	05/21	Taiwan Corporate Governance Association	Changes in the 5G Era: Industry Upgrade, Future Business Applications, and Contactless Economy	3
		11/20	Taiwan Corporate Governance Association	ESG Risk Management from the Aspect of Corporate Governance	3
Independent Director	Hwa Yueh-Jiuan	05/21	Taiwan Corporate Governance Association	Changes in the 5G Era: Industry Upgrade, Future Business Applications, and Contactless Economy	3
		11/20	Taiwan Corporate Governance Association	ESG Risk Management from the Aspect of Corporate Governance	3
Independent Director	Hsu Wen-Chung	05/21	Taiwan Corporate Governance Association	Changes in the 5G Era: Industry Upgrade, Future Business Applications, and Contactless Economy	3
		11/20	Taiwan Corporate Governance Association	ESG Risk Management from the Aspect of Corporate Governance	3

5) Remuneration Committee

a) Professional qualifications and independence analysis of the Remuneration Committee members

April 19, 2021

Title (Note 1)	Name	Qualifications	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience	Independence Criteria (Note 2)										Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee Member	Remark	
			An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8			9
Independent Director	Hwa Yueh-Jiuan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Liao Kuo-Jung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Hsu Wen-Chung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1. For the title, please fill in director, independent director, or others.

Note 2. Please check “✓” the corresponding boxes if the members meet the following conditions during the two years prior to the nomination and during the term of office. ✓

- (1) Not an employee of Aurora or any of its affiliates.
- (2) Not a director or supervisor of Aurora or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of Aurora or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of Aurora, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of Aurora under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Aurora's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of Aurora (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with Aurora (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of Aurora and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at Aurora and its parent or subsidiary or a subsidiary of the

same parent).

- (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for Aurora or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not under any of the categories stated in Article 30 of the Company Act.

b) Operational status of the Remuneration Committee

- i. There are a total of 3 members in the Remuneration Committee.
- ii. The term of office of the current Remuneration Committee is from June 12, 2019 to June 11, 2022. A total of 2 meetings of the Remuneration Committee (A) were held in 2020, with the qualifications of members and attendance records as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (B/A) (Note)	Remark
Convener	Hwa Yueh-Jiuan	2	0	100%	
Committee Member	Liao Kuo-Jung	2	0	100%	
Committee Member	Hsu Wen-Chung	2	0	100%	

Other matters to be recorded:

1. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.

Remuneration Committee	Content of Motion and Follow-up	Objections or Reservations by Remuneration Committee
The 2nd meeting of the 5th term 2020.05.08	Evaluation of the remuneration for managerial officers.	None
	Resolution: Passed by the agreement of all committee members.	
	The company's response to the Remuneration Committee's opinion: Passed by the agreement of all directors present.	
The 3rd meeting of the 5th term 2020.11.06	Review of the performance evaluation and remuneration system for managerial officers.	None
	Resolution: Passed by the agreement of all committee members.	
	The company's response to the Remuneration Committee's opinion: Passed by the agreement of all directors present.	

2. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

Note 1. The resignation date for any members of the Remuneration Committee resigning

before the end of the fiscal year shall be specified in the Remark column. The attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the number of attendance during the member's tenure.

Note 2. If members of the Remuneration Committee are re-elected before the end of the fiscal year, the succeeding and preceding members shall be listed and indicated as "succeeding", "preceding" or "re-elected" in the Remark column, as well as the date of re-election. The attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the number of attendance during the member's tenure.

6) Implementation Status of Corporate Social Responsibility and Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle?	✓		1. The Board of Directors approved the "Corporate Governance Best-practice Principles" and "Corporate Social Responsibility Best-practice Principles" on December 24, 2014 and April 27, 2017 respectively for the management and all employees to follow. Aurora manages economic, environmental, and social risks and impacts according to these two principles.	1. None.
2. Does the company establish an exclusively (or concurrently) dedicated unit to implement corporate social responsibility and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?		✓	2. The Marketing Department serves as a concurrently dedicated unit in charge of corporate social responsibility-related operations and reports the implementation status to the Board of Directors from time to time.	2. An exclusively dedicated unit will be set up according to the business needs.
3. Environmental issues a. Does the company establish an environmental management system proper to its industry's characteristics?	✓		a. 1) The Furniture Factory obtained the ISO 50001 Energy Management System certification in 2013. It implements the energy management policy every year, and once again obtained the ISO 50001:2018 Energy Management System certification in 2020. 2) With an energy performance indicator (EnPI) set up, the Furniture Factory set the energy saving rate (compared to the energy baseline) to decrease by 3% in 2020.	a. None.

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>b. Does the company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?</p> <p>c. Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?</p> <p>d. Does the company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumption, carbon and greenhouse gas emissions, and waste production?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>b. In 2020, the Furniture Factory continued to improve the work environment and productivity and reduce exceptions and waste of resources in the process. It also increased equipment utilization and effectively used various resources.</p> <p>c. Aurora has assessed the impact of climate-related risks on the business model and assets, and has taken appropriate measures such as customer decentralization and property insurance to mitigate risks.</p> <p>d. 1) Compared to the energy baseline, the Furniture Factory reduced electricity consumption by 6.1% in 2020, saving 102,000 kWh of electricity. With an increase in energy efficiency, natural gas consumption decreased by 3.9%, saving 9,530 m³. A total of 71 metric tons of carbon emissions were reduced. 2) In 2020, mechanical punch presses were upgraded to improve productivity by approximately 3 times. This saved 27,000 kWh of electricity and reduced 14 metric tons of carbon emissions on average. 3) Compared to 1,315 metric tons of carbon dioxide emissions in 2019, carbon dioxide emissions were 1,240 metric tons in 2020, a decrease of 75 metric tons.</p>	<p>b. None.</p> <p>c. None.</p> <p>d. None.</p>
4. Social issues				

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
a. Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		a. To fulfill corporate social responsibility and protect the human rights of all employees, customers and stakeholders, Aurora endorses the United Nations' "Universal Declaration of Human Rights," "Global Compact," and "Guiding Principles on Business & Human Rights," as well as the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work." Valuing these internationally recognized human rights standards, Aurora treats all employees, contractors and temporary workers, and interns with respect and ensures that their fundamental human rights are fully protected. Aurora strictly abides by the local labor laws and regulations. The "Work Rules", which stipulates labor rights and obligations in compliance with labor laws and regulations, has been approved by the labor bureau to protect the legal rights and interests of employees and further labor-management relations.	a. None.
b. Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	✓		b. 1) Aurora has drawn up regulations specifying standards for remuneration, attendance and leave, performance evaluation, rewards and punishments, and employee benefits. A "Profit Center System" and an "Operating Results Sharing System" are also in place to share the operating profits with all employees. 2) Aurora thinks highly of employees' value and performance. A performance evaluation is carried	b. None.

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
c. Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		<p>out twice every year to give praise/guidance to high-performing/low-performing employees. Pay adjustments, bonuses, and dividends are also provided according to the individual performances to boost employees' motivation to develop and grow.</p> <p>3) According to Article 29 of the Articles of Incorporation, if Aurora makes a profit (i.e., net profit before tax after deduction of the portion set aside for employee remuneration) within a fiscal year, 1~10% of the profit shall be reserved as the employee remuneration; in case of accumulated loss, however, a portion of the profit shall first be reserved to cover the loss.</p> <p>The counterparties to whom remuneration shall be distributed in cash or stock as stated in the preceding paragraph includes the employees of Aurora's subordinate companies that meet certain criteria.</p>	c. None.
d. Does the company establish effective career development and training plans for its	✓		<p>c. Aurora is committed to providing a safe and healthy work environment for employees. According to the Fire Services Act, a sound fire system has been set up to carry out and report inspections on a regular basis; in addition to regular fire training, emergency response drills are organized every year. Employees are provided with a health examination every two years.</p> <p>d. 1) Aurora organizes training courses on leadership, general skills, functions, and expertise. Job</p>	d. None.

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
employees?			rotations, project assignments, work substitutions, and external training courses are also arranged to train employees in every aspect so that employees can be more confident of their ability to deliver. 2) All employees are kept well informed of the operating policies through business meetings held monthly or from time to time, intranet announcements, and "Aurora Monthly."	
e. Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	✓		e. 1) Aurora has formulated the "Complaints Handling Standards" and "Customer Feedback Handling Procedures." A customer-oriented quality system is used to comprehensively and objectively evaluate customers' satisfaction with Aurora's products or services, so as to understand the gap between customer needs and expectations as the basis for quality improvement, further achieving the goal of business sustainability. 2) Aurora's products and services are marketed and labeled in compliance with relevant laws and regulations to protect the rights and interests of consumers.	e. None.
f. Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	✓		f. Aurora attaches great importance to environmental and social protection. Only suppliers that operate with integrity are selected. Aurora also evaluates the competence of suppliers on a regular basis. All suppliers are required to comply with Aurora's ethical	f. None.

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			corporate management policy. Any type of gift money or kickbacks and conflicts of interest should be avoided. If suppliers fail to comply, Aurora will terminate the business dealings with the suppliers immediately to maintain the quotations, quality, and service to the utmost. Aurora is committed to working hand in hand with suppliers to fulfill corporate social responsibilities by asking suppliers to evaluate the impact on the environment and society of their sources of supply. Such impact of significance may lead to the immediate termination or rescission of contracts.	
5. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as CSR reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?		✓	5. The "Corporate Social Responsibility Best-practice Principles" was approved by the Board of Directors on April 27, 2017 and has been disclosed on the company website.	Third-party certification or assurance will be arranged upon evaluation.
6. If the company has established corporate social responsibility best-practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: Aurora has drawn up the "Corporate Social Responsibility Best-practice Principles." The Marketing Department is responsible for promoting the implementation of the principles. No deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" has been found.				
7. Other important information to facilitate a better understanding of corporate social responsibility practices: Every business is a member of society. It is incumbent on businesses to give back to society as good corporate citizens while staying competitive and profitable. "Giving back to society" has always been Aurora's business philosophy. Aurora achieves this by creating jobs and cultivating talents; providing eco-friendly, quality products and services that improve living standards; increasing shareholders' value and willingness to invest to drive economic development; paying taxes according to law to improve the country's finances and well-being; and participating in philanthropic activities				

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>to exert positive influence on society.</p> <p>Philanthropic activities in which Aurora participated in 2020 are as follows:</p> <p>a. Aurora Monthly: Established in 1971, Aurora Monthly has been released for 49 consecutive years. Featuring business administration, arts, and culture, Aurora Monthly is available for free subscription by the public to promote communication between the business and society. About 70,000 copies are issued monthly in Taiwan and mainland China. A digital version is also available to reduce paper consumption.</p> <p>b. Through the "Office Supply Donation Project," Aurora has long been donating office supplies directly to disadvantaged groups and social welfare institutions to help make the best use of their office space and improve their work efficiency.</p> <ul style="list-style-type: none"> • In 2020, office supplies were donated to 14 social welfare institutions, with a total of 50 volunteers spending 100 hours delivering arranging 336 articles such as tables, cabinets, chairs, screens, workstations, sofas, and coffee tables. <p>c. At Aurora, employees are encouraged to take part in philanthropic activities. A social welfare platform has been set up for employees to participate in local communities. Since 2015, Aurora has organized "Love and Accompany," where employees volunteer to help local social welfare institutions spread warmth and love to those in need. In a total of 250 philanthropic activities, 4,088 employees have volunteered for 16,549 hours to attend on 75,939 beneficiaries.</p> <ul style="list-style-type: none"> • In 2020 alone, 193 volunteers spent 88 hours visiting 22 social welfare institutions and 11,570 disadvantaged people. 	

7) Implementation Status of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>a. Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?</p>	✓		<p>a. Aurora has formulated the "Ethical Corporate Management Best-practice Principles" and "Regulations for Rewards and Disciplinary Actions" to build a sound ethical corporate management culture. Employees who are found to have been involved in "falsification, fraud, or accepting gifts from suppliers without reporting" or "embezzlement of public funds, misappropriation of company funding, or forgery of documents," depending on the severity of the case, are subject to disciplinary actions or dismissal. The said regulations are also announced on the intranet for all employees to follow and implement ethical corporate management.</p>	a. None.
<p>b. Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	✓		<p>b. When entering into contracts with other parties, Aurora will fully review the business operations of the parties and include the ethical corporate management policies in the contracts. If counterparties are found to be unethical, Aurora will cease the business dealings or transactions immediately and blacklist the counterparties.</p>	<p>b. None.</p> <p>c. None.</p>

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
c. Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	✓		c. Aurora has formulated the "Guidelines for Preventing Unethical Conduct," which is a basis for directors, managerial officers, and employees to implement ethical corporate management through internal controls and regulations. An exclusively dedicated unit is also in place to carry out the audit work and report to the Board of Directors.	
2. Fulfillment of ethical corporate management a. Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		a. 1) For potential suppliers, Aurora will evaluate their legality and ethical management policies and ascertain whether they have a record of involvement in unethical conduct in order to ensure that they conduct business in a fair and transparent manner and do not request, offer, or take bribes. 2) To go in line with Aurora's ethical corporate management and anti-bribery and corruption policies, suppliers are required to sign a written statement declaring that they will not have an improper relationship with the employees of Aurora (including their family members). At Aurora, the purchase contract with a third party also specifies the "integrity clause." To implement the ethical corporate management policies to the full, suppliers violating the integrity clause are subject to a large amount of punitive	a. None.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
b. Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?		✓	liquidated damages and will be blacklisted by Aurora. b. Ethical corporate management is carried out by each department under mutual supervision. For instance, requisition and procurement are handled by separate departments. Aurora has also drawn up the "Procurement Guidelines" for each department to follow strictly. Based on the principle of division of powers and responsibilities, the audit department is responsible for auditing the control points every year and from time to time and reporting the audit results to the Board of Directors on a regular basis. No material defects have been identified in the audit reports.	b. An exclusively dedicated unit will be set up according to the business needs.
c. Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		c. At Aurora, all business activities are conducted according to law to prevent any conflicts of interest. Designated people are responsible for compiling regular reports on conflicts of interest lodged through a variety of communication channels.	c. None.
d. Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified	✓		d. Aurora has established the accounting system in accordance with the relevant laws and regulations. With an audit plan prepared each year, the finance department and internal auditors are responsible for carrying out internal controls and reporting the audit results to the Board of Directors.	d. None.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
<p>public accountant to carry out the audit?</p> <p>e. Does the company regularly hold internal and external training on ethical corporate management?</p>	✓		e. At Aurora, employees are required to follow "integrity, ethical conduct, and compliance" in course of performing duties and managing business activities. Through regular on-the-job training, E-learning platform courses, and external training, employees are imbued with an idea that "integrity" is the fundamental cause of success in interpersonal relationships and business operations.	e. None.
<p>3. Operation of the whistle-blowing system</p> <p>a. Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?</p> <p>b. Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p> <p>c. Does the company provide protection for whistle-blowers against receiving improper treatment?</p>	✓		<p>a. The "Regulations for Handling Reported Illegal, Unethical or Dishonest Conduct" was approved by the Board of Directors in April 2016. Illegal, unethical or dishonest conduct can be reported by phone, e-mail or mail and will be handled by the spokesperson and the Auditing Office.</p> <p>b. When receiving reported illegal, unethical or dishonest conduct, the spokesperson and the Auditing Office will first clarify the intention and concrete evidence with whistle-blowers and then launch an independent investigation to keep the identities of the whistle-blowers confidential.</p> <p>c. The "Regulations for Handling Reported Illegal, Unethical or Dishonest Conduct" clearly stipulates that reported illegal, unethical or</p>	<p>a. None.</p> <p>b. None.</p> <p>c. None.</p>

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			dishonest conduct should be handled in a non-disclosure manner, with the identities of the whistle-blowers kept absolutely confidential. If whistle-blowers are employees, it is incumbent on Aurora to protect whistle-blowers against any improper treatment.	
4. Enhanced disclosure of ethical corporate management information a. Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	✓		Aurora has set up a Chinese website to disclose the company profile and business-related information. Please visit the company website at http://www.aurora.com.tw .	None.
5. If the company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from the Principles: Aurora has established the "Ethical Corporate Management Best-practice Principles." No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies has been found.				
6. Is there any other important information to facilitate a better understanding of the company's ethical corporate management practices? a. The amendment to the "Ethical Corporate Management Best-practice Principles" has been made in response to the establishment of the Audit Committee on July 7, 2017. b. Aurora has set up the business philosophy to share the idea of integrity in pursuit of sustainable development.				

8) Method for Inquiring into the "Corporate Governance Best-practice Principles" and Relevant Regulations

The "Corporate Governance Best-practice Principles" and relevant regulations are available in the investor relations section on the company website at <http://www.aurora.com.tw/internal-policies>.

9) Other Important Information on Corporate Governance

To strengthen corporate governance practices, the following regulations have been formulated for directors, managerial officers, and employees to follow: "Corporate Governance Best-practice Principles," "Rules of Procedure for Shareholders' Meetings," "Regulations Governing Procedure for Board of Directors Meetings," "Regulations Governing the Election of Directors," "Codes of Ethical Conduct," "Audit Committee Charter," "Ethical Corporate Management Best-practice Principles," "Remuneration Committee Charter," "Corporate Social Responsibility Best-practice Principles," "Guidelines for Preventing Unethical Conduct," "Standard Operating Procedures for Handling Requests from Directors," "Regulations Governing the Evaluation of the Board of Directors," "Rules Governing the Scope of Powers of Independent Directors," "Procedures for Handling Material Inside Information and Preventing Insider Trading," and "Regulations for Handling Reported Illegal, Unethical or Dishonest Conduct."

In addition, Aurora has made amendments to the "Ethical Corporate Management Best-practice Principles," "Rules of Procedure for Shareholders' Meetings," "Regulations Governing the Election of Directors," "Rules Governing the Scope of Powers of Independent Directors," "Audit Committee Charter," "Remuneration Committee Charter," and "Regulations Governing the Evaluation of the Board of Directors" in line with the enactment of or amendment to the relevant laws and regulations of the competent authorities. The said regulations are available on the company website.

10) Status of Internal Control System

a) Statement on Internal Control

**Aurora Corporation
Statement on Internal Control**

Date: March 16, 2021

Aurora makes the following statement according to the self-evaluation conducted of the internal control system in 2020:

- 1. Aurora acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.**
- 2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and Aurora takes immediate remedial actions in response to any identified deficiencies.**
- 3. Aurora evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.**
- 4. Aurora has evaluated the design and operating effectiveness of the internal control system according to the Regulations.**
- 5. In accordance with the aforementioned evaluation, Aurora has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2020, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.**
- 6. This statement is an integral part of Aurora's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.**
- 7. This statement has been approved on March 16, 2021, by the Board of Directors, and out of the 7 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.**

Aurora Corporation

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

- b) If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.**

11) Penalties Imposed upon Aurora and Aurora's Employees According to Law, Penalties Imposed by Aurora upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

12) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report:

Shareholders' meetings:

Major resolutions on June 10, 2020:

- a) Acknowledgement of the business report and financial statements for 2019.
- b) Acknowledgement of distribution of earnings for 2019.
Implementation: On the basis of the ex-dividend date as of July 14, 2020, cash dividends (NT\$5.8 per share) will be distributed on July 24, 2020.
- c) Adoption of the distribution of cash dividends from capital surplus.
Implementation: On the basis of the ex-dividend date as of July 14, 2020, cash dividends (NT\$0.2 per share) will be distributed on July 24, 2020.
- d) Adoption of the amendments to the Articles of Incorporation.
Implementation: The amended articles have been implemented.
- e) Adoption of the amendments to the "Rules of Procedure for Shareholders' Meetings."
Implementation: The amended rules have been implemented.
- f) Adoption of the amendments to the "Regulations Governing the Election of Directors."
Implementation: The amended regulations have been implemented.

Board meetings:

- a) Resolutions of the 4th meeting of the 11th term on March 23, 2020:
 - (1) Passed the distribution of employee compensation for 2019.
 - (2) Passed the business report and financial statements for 2019.
 - (3) Passed the distribution of earnings for 2019.
 - (4) Passed the distribution of cash dividends from capital surplus.
 - (5) Passed the amendments to the "Article of Incorporation" and "Regulations Governing the Election of Directors."
 - (6) Passed the amendment to the "Rules of Procedure for Shareholders' Meetings."
 - (7) Passed the amendments to the "Ethical Corporate Management Best-practice Principles" and other 3 regulations.
 - (8) Passed the convention of the 2020 shareholders' meeting.
 - (9) Passed the matters in relation to the acceptance of proposals from shareholders in

the 2020 shareholders' meeting, including the period, place, review criteria, and operating procedures.

- (10) Passed the self-assessment report on the internal control system and the "Statement on Internal Control" for 2019.
- (11) Passed the assessment of the appointment and independence of the CPAs for 2020.
- (12) Passed the proposal to authorize the Chairman to make the application, change, or extension of credit facilities with 20 banks, including Mega Bills Finance Co., Ltd. within the respective lines of credit in 2020.

b) Resolutions of the 5th meeting of the 11th term on May 12, 2020:

- (1) Passed the consolidated financial statements for the first quarter of 2020.
- (2) Passed the Remuneration Committee's evaluation of management's remuneration.

c) Resolutions of the 6th meeting of the 11th term on June 18, 2020:

- (1) Passed the ex-dividend dates (including earnings and capital surplus) and payment date of cash dividends for 2019.
- (2) Passed the cancellation of Furniture Division Taipei 37 Branch.

d) Resolutions of the 7th meeting of the 11th term on August 11, 2020:

- (1) Passed the consolidated financial statements for the second quarter of 2020.
- (2) Passed the relocation of the OA Division branch.

e) Resolutions of the 8th meeting of the 11th term on November 10, 2020:

- (1) Passed the consolidated financial statements for the third quarter of 2020.
- (2) Passed the audit plan for 2021.
- (3) Passed the Remuneration Committee's evaluation of the "management performance evaluation and remuneration system."
- (4) Passed the appointment of the "Corporate Governance Officer."
- (5) Passed the relocation of the OA Division branch.

f) Resolutions of the 9th meeting of the 11th term on March 16, 2021:

- (1) Passed the distribution of employee compensation for 2020.
- (2) Passed the business report and financial statements for 2020.
- (3) Passed the distribution of earnings for 2020.
- (4) Passed the distribution of cash dividends from capital surplus.
- (5) Passed the amendment to the "Rules of Procedure for Shareholders' Meetings."
- (6) Passed the amendment to the "Regulations Governing the Election of Directors."
- (7) Passed the re-establishment of the "Regulations Governing Procedure for Board of Directors Meetings" and the revocation of the original regulations.

- (8) Passed the enactment of the "Rules Governing the Scope of Powers of Independent Directors."
- (9) Passed the amendments to the "Codes of Ethical Conduct" and other 3 regulations.
- (10) Passed the convention of the 2021 shareholders' meeting.
- (11) Passed the matters in relation to the acceptance of proposals from shareholders in the 2021 shareholders' meeting, including the period, place, review criteria, and operating procedures.
- (12) Passed the self-assessment report on the internal control system and the "Statement on Internal Control" for 2020.
- (13) Passed the assessment of the appointment and independence of the CPAs for 2021.
- (14) Passed the change in the custodian of the company seal for endorsements/guarantees to Mr. Chien Chia-Hsin from the legal department.
- (15) Passed the proposal to authorize the Chairman to make the application, change, or extension of credit facilities with 19 banks, including Mega Bills Finance Co., Ltd. within the respective lines of credit in 2021.
- (16) Passed the relocation of the OA Division branch.

13) Any Dissenting Opinions Expressed by Directors with Respect to Major Resolutions Passed by the Board of Directors during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report, where Said Dissenting Opinions Have Been Recorded or Prepared as a Written Declaration: None.

14) A Summary of Resignations and Dismissals of the Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer or Research and Development Officer during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

e. Information on CPA Professional Fees

Range of CPA Professional Fees

Name of CPA Firm	Name of CPA		Audit Period	Remark
Deloitte & Touche	Chih Jui-Chuan	Hsieh Chien-Hsin	2020	

Unit: NT\$1,000

Range	Category of Fees	Audit Fees	Non-audit Fees	Total
1	Less than NT\$2,000,000	-	✓	-
2	NT\$2,000,000 (inclusive)~NT\$4,000,000	✓	-	-
3	NT\$4,000,000 (inclusive)~NT\$6,000,000	-	-	✓
4	NT\$6,000,000 (inclusive)~NT\$8,000,000	-	-	-
5	NT\$8,000,000 (inclusive)~NT\$10,000,000	-	-	-
6	More than NT\$10,000,000 (inclusive)	-	-	-

Name of CPA Firm	Name of CPA	Audit Fees	Non-audit Fees					Audit Period	Remark
			System Design	Company Registration	Human Resources	Others (Note)	Subtotal		
Deloitte & Touche	Chih Jui-Chuan	3,825					3,825	Year of 2020	
	Hsieh Chien-Hsin								
Deloitte & Touche	Syu Siao-Ting				180	180		Transfer pricing	

- 1) **When Non-audit Fees Paid to the CPAs, to the CPA Firm, and/or to Any Affiliate of the CPA Firm Are One Quarter or More of the Audit Fees Paid Thereto, the Amounts of Both Audit and Non-audit Fees and Details of Non-audit Services Shall Be Disclosed: None.**
- 2) **When the CPA Firm Is Changed and the Audit Fees Paid for the Fiscal Year of Such Fees Are Lower than Those for the Previous Fiscal Year, the Amounts of Audit Fees before and after the Change and the Reasons Thereof Shall Be Disclosed: None.**
- 3) **Audit Fees Paid for the Year Are at Least 10% Less than Those Paid for the Previous Year: None.**

f. Information on Replacement of CPAs

1) Former CPAs

Date of Replacement	2020/3/12		
Replacement Reasons and Explanations	Internal adjustment of the CPA firm		
Termination by Aurora or the CPAs	Condition \ Party	CPA	Client
	Termination by Aurora	N/A	N/A
	Termination by the CPAs	N/A	N/A
Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons	None		
Deviation form the Issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	<input checked="" type="checkbox"/>	
	Description		
Additional Disclosures (under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)	None		

2) Successive CPAs

Name of CPA Firm	Deloitte & Touche
Name of CPA	Chih Rui-Chuan and Hsieh Chien-Hsin
Date of Appointment	2020/3/23
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

3) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: N/A.

g. Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Holding a Position at the CPA Firm or at an Affiliate of Such Firm in the Most Recent Fiscal Year: None.

h. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10%

1) Change in Equity Interests by Directors, Managerial Officers, and Major Shareholders

Unit: Share

Title	Name	2020		As of April 19, 2021	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman	Yuan Hui-Hua	0	(540,000)	0	0
Director	Chen Yung-Tai	135,000	200,000	0	(100,000)
Director	Aurora Holdings Incorporated	(769,000)	2,750,000	0	0
	Representative: Rai Hau-Min	100,000	0	0	0
Director	Ma Chih-Hsien	0	0	0	0
Independent Director	Liao Kuo-Jung	0	0	0	0
Independent Director	Hwa Yueh-Juan	0	0	0	0
Independent Director	Hsu Wen-Chung	0	0	0	0
Managerial Officer	Chou Ming-Chung	0	0	0	0
Managerial Officer	You Yan-Lin	0	0	0	0
Managerial Officer	Lin Chin-Pao	0	0	0	0
Major Shareholder	Aurora Holdings Incorporated	(769,000)	2,750,000	0	0
Financial and Accounting Manager	Lin Ya-Ling	0	0	0	0

2) Transfer of Equity Interests: No equity interests were transferred to/from related parties.

3) Pledge of Equity Interests: No equity interests were pledged to/from related parties.

i. Relationship among the 10 Largest Shareholders

Relationship among the 10 Largest Shareholders

April 19, 2021

Unit: Share; %

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among 10 Largest Shareholders, Name and Relationship with Anyone who Is a Related Party under No. 6 of the Financial and Accounting Standards or a Relative within the Second Degree of Kinship		Remark
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Name	Relationship	
Aurora Holdings Incorporated	101,856,312	43.12	-	-	0	0.00	Chen Yung-Tai	Chairman	
							Huxen Corporation	Investee accounted for using the equity method	
							Aurora Office Automation Corporation	Investee accounted for using the equity method	
							Aurora Development Corp.	Investee accounted for using the equity method	
Representative: Chen Yung-Tai	21,269,000	9.00	0	0.00	0	0.00	Y.T.Chen Sustainable Management Foundation	Same person as the company's chairman	
							Hundred River International Investment Corp.	Relative within the second degree of kinship of the company's chairman	
							Ni Sheng Investment Co., Ltd.	Relative within the second degree of kinship of the company's chairman	
Chen Yung-Tai	21,269,000	9.00	1,169,000	0.49	0	0.00	Aurora Holdings Incorporated	The company's chairman	
							Y.T.Chen Sustainable Management Foundation	The company's chairman	
							Hundred River International Investment Corp.	Relative within the second degree of kinship of the company's chairman	
							Ni Sheng Investment Co., Ltd.	Relative within the second degree of kinship of the company's chairman	
Aurora Leasing Corporation	20,791,276	8.80	-	-	0	0.00	Huxen Corporation	Investor accounting for the investee using the equity method	

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among 10 Largest Shareholders, Name and Relationship with Anyone who Is a Related Party under No. 6 of the Financial and Accounting Standards or a Relative within the Second Degree of Kinship		Remark
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Name	Relationship	
Representative: Liao Ching-Chang	109	0	0	0.00	0	0.00	Huxen Corporation	Same person as the company's chairman	
Aurora Office Automation Corporation	12,496,797	5.29	-	-	0	0.00	Aurora Holdings Incorporated	Investor accounting for the investee using the equity method	
Representative: Chen Cheng-Sen	32	0	0	0.00	0	0.00	-	-	
Ni Sheng Investment Co., Ltd.	11,866,000	5.02	-	-	0	0.00	-	-	
Representative: Yuan Hui-Hua	1,169,000	0.49	0	0.00	0	0.00	Aurora Holdings Incorporated	Relative within the second degree of kinship of the company's chairman	
							Y.T.Chen Sustainable Management Foundation	Relative within the second degree of kinship of the company's chairman	
							Hundred River International Investment Corp.	Relative within the second degree of kinship of the company's chairman	
							Chen Yung-Tai	Relative within the second degree of kinship of the company's chairman	
Huxen Corporation	9,435,182	3.99	-	-	0	0.00	Aurora Holdings Incorporated	Director Investor accounting for the investee using the equity method	
							Aurora Development Corp.	Investor accounting for the investee using the equity method	
							Aurora Leasing Corporation	Investee accounted for using the equity method	
Representative: Liao Ching-Chang	109	0	0	0.00	0	0.00	Aurora Leasing Corporation	Same person as the company's chairman	
Y.T.Chen Sustainable Management Foundation	7,000,000	2.96	-	-	0	0.00	Chen Yung-Tai	Chairman	
Representative: Chen Yung-Tai	21,269,000	9.00	0	0.00	0	0.00	Aurora Holdings Incorporated	Same person as the company's chairman	

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among 10 Largest Shareholders, Name and Relationship with Anyone who Is a Related Party under No. 6 of the Financial and Accounting Standards or a Relative within the Second Degree of Kinship		Remark
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	Name	Relationship	
							Hundred River International Investment Corp.	Relative within the second degree of kinship of the company's chairman	
							Ni Sheng Investment Co., Ltd.	Relative within the second degree of kinship of the company's chairman	
Aurora Development Corp.	5,308,766	2.25	-	-	0	0.00	Aurora Holdings Incorporated	Director Investor accounting for the investee using the equity method	
Representative: Chen Li-Chen	2,000	0	0	0.00	0	0.00	Aurora Office Automation Corporation	Director	
Shin Kong Life Insurance Co., Ltd.	4,429,000	1.88	-	-	0	0.00	-	-	
Hundred River International Investment Corp.	4,250,000	1.80	-	-	0	0.00	-	-	
Representative: Chen Kuan-Pai	0	0	0	0.00	0	0.00	Aurora Holdings Incorporated	Relative within the second degree of kinship of the company's chairman	
							Y.T.Chen Sustainable Management Foundation	Relative within the second degree of kinship of the company's chairman	
							Ni Sheng Investment Co., Ltd.	Relative within the second degree of kinship of the company's chairman	
							Chen Yung-Tai	Relative within the second degree of kinship of the company's chairman	

j. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by Aurora, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by Aurora

April 19, 2021

Unit: Share; %

Investee business	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by Aurora		Total Ownership	
	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)
Aurora (Bermuda) Investment Ltd.	67,350,000	88.04%	9,150,000	11.96%	76,500,000	100.00%
Aurora Office Automation Corporation	82,277,763	91.13%	7,536,672	8.34%	89,814,435	99.47%
Aurora Telecom Co., Ltd.	13,164,970	30.40%	-	-	13,164,970	30.40%
Huxen Corporation	47,010,591	32.53%	50,552,712	34.99%	97,563,303	67.52%
Aurora Development Corp.	32,497,696	46.67%	37,140,224	53.33%	69,637,920	100.00%
General Integration Technology Co., Ltd.	5,465,000	55.00%	-	-	5,465,000	55.00%
KM Developing Solutions Co., Ltd.	7,000,000	70.00%	-	-	7,000,000	70.00%
Ever Young Biodimension Corporation	858,000	26.00%	825,000	25.00%	1,683,000	51.00%
Aurora Machinery Equipment (Shanghai) Co., Ltd.	17,500,000	70.00%	7,500,000	30.00%	25,000,000	100.00%

4. Capital Overview

a. Capital and Shares

1) Sources of Capital

a) Capital formation

April 12, 2020

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1989.12	10	82,350,000	823,500,000	82,350,000	823,500,000	NT\$200,000 at establishment NT\$443,300,000, issuance of shares for cash capital increase NT\$380,000,000, merger-related issuance of shares for capital increase		
1990.10	10	105,000,000	1,050,000,000	105,000,000	1,050,000,000	NT\$15,896,500, capital increase from capital surplus NT\$110,603,500, capital increase from earnings		
1992.01	10	120,750,000	1,207,500,000	120,750,000	1,207,500,000	NT\$157,500,000, capital increase from earnings		
1992.10	10	132,825,000	1,328,250,000	132,825,000	1,328,250,000	NT\$120,750,000, capital increase from earnings		
1993.10	10	152,748,750	1,527,487,500	152,748,750	1,527,487,500	NT\$199,237,500, capital increase from earnings		
1994.09	10	178,716,037	1,787,160,370	178,716,037	1,787,160,370	NT\$43,955,852, capital increase from capital surplus NT\$204,683,320, capital increase from earnings NT\$11,033,698, merger-related issuance of shares for capital increase		
1995.08	10	220,000,000	2,200,000,000	214,459,245	2,144,592,450	NT\$357,432,080, capital increase from earnings		
1996.08	10	500,000,000	5,000,000,000	285,905,169	2,859,051,690	NT\$214,459,240, capital increase from earnings NT\$500,000,000, issuance of shares for cash capital increase		
1997.06	10	500,000,000	5,000,000,000	314,495,687	3,144,956,870	NT\$142,952,590, capital increase from earnings NT\$142,952,590, capital increase from capital surplus		
1998.06	10	500,000,000	5,000,000,000	332,495,687	3,324,956,870	NT\$180,000,000, issuance of shares for cash capital increase		
1998.07	10	500,000,000	5,000,000,000	398,994,825	3,989,948,250	NT\$664,991,380, capital increase from earnings		
1999.06	10	800,000,000	8,000,000,000	504,868,581	5,048,685,810	NT\$558,592,760, capital increase from earnings NT\$239,396,890, issuance of shares for cash capital increase NT\$260,747,910, corporate bonds swap		
2000.01	10	800,000,000	8,000,000,000	518,208,594	5,182,085,940	NT\$133,400,130, corporate bonds swap		
2000.06	10	800,000,000	8,000,000,000	626,796,846	6,267,968,460	NT\$207,283,440, capital increase from capital surplus NT\$829,133,750, capital increase from earnings NT\$49,465,330, corporate bonds swap		
2001.01	10	800,000,000	8,000,000,000	627,177,086	6,271,770,860	NT\$3,802,400, corporate bonds swap		
2001.07	10	800,000,000	8,000,000,000	685,394,795	6,853,947,950	NT\$582,177,090, capital increase from capital surplus		
2002.11	10	800,000,000	8,000,000,000	376,967,137	3,769,671,370	NT\$3,084,276,580, capital reduction		

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2003.09	10	800,000,000	8,000,000,000	352,217,137	3,522,171,370	NT\$247,500,000, capital reduction		
2006.06	10	500,000,000	5,000,000,000	352,217,137	3,522,171,370	NT\$3,000,000,000, capital reduction in the amendment to the Articles of Incorporation		
2007.05	10	500,000,000	5,000,000,000	337,217,137	3,372,171,370	NT\$150,000,000, capital reduction		
2007.07	10	500,000,000	5,000,000,000	327,217,137	3,272,171,370	NT\$100,000,000, capital reduction		
2007.08	10	500,000,000	5,000,000,000	334,486,715	3,344,867,150	NT\$6,344,350, capital increase from earnings NT\$57,099,090, capital increase from capital surplus NT\$9,252,340, capital increase from employee bonus		
2007.09	10	500,000,000	5,000,000,000	324,486,715	3,244,867,150	NT\$100,000,000, capital reduction		
2008.08	10	500,000,000	5,000,000,000	337,432,169	3,374,321,690	NT\$3,244,870, capital increase from earnings NT\$113,570,350, capital increase from capital surplus NT\$12,639,320, capital increase from employee bonus		
2017.07	10	500,000,000	5,000,000,000	236,202,518	2,362,025,180	NT\$1,012,386,510, capital reduction		

b) Type of capital

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common stock	236,202,518	263,797,482	500,000,000	Listed stocks

c) Information on the shelf registration system: None.

2) Shareholder Structure

April 19, 2021

Structure Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	1	3	55	15,550	97	15,706
Shares Held	14	6,540,000	181,029,895	44,346,320	4,286,289	236,202,518
Shareholding Ratio (%)	0.00	2.77	76.64	18.77	1.82	100.00

3) Shareholding Distribution Status

a) Common stock: NT\$10 per share.

April 19, 2021

Range of Shares	Number of	Shares Held	Shareholding Ratio
1~999	11,648	3,017,564	1.28
1,000~5,000	3,474	6,588,764	2.79
5,001~10,000	287	2,048,861	0.87
10,001~15,000	105	1,294,709	0.55
15,001~20,000	44	788,201	0.33
20,001~30,000	36	905,864	0.38
30,001~40,000	18	631,270	0.27

Range of Shares	Number of	Shares Held	Shareholding Ratio
40,001~50,000	12	523,502	0.22
50,001~100,000	30	2,238,697	0.95
100,001~200,000	15	2,221,467	0.94
200,001~400,000	17	4,816,371	2.04
400,001~600,000	2	855,300	0.36
600,001~800,000	1	692,600	0.29
800,001~1,000,000	1	927,345	0.39
Over 1,000,001	16	208,652,003	88.34
Total	15,706	236,202,518	100

b) Preferred stock: None.

4) List of Major Shareholders

April 19, 2021

Name of Major Shareholders	Shareholding	Shares Held	Shareholding Ratio (%)
Aurora Holdings Incorporated		101,856,312	43.12%
Chen Yung-Tai		21,269,000	9.00%
Aurora Leasing Corporation		20,791,276	8.80%
Aurora Office Automation Corporation		12,496,797	5.29%
Ni Sheng Investment Co., Ltd.		11,866,000	5.02%
Huxen Corporation		9,435,182	3.99%
Y.T.Chen Sustainable Management Foundation		7,000,000	2.96%
Aurora Development Corp.		5,308,766	2.25%
Shin Kong Life Insurance Co., Ltd.		4,429,000	1.88%
Hundred River International Investment Corp.		4,250,000	1.80%

5) Share Price for the Past 2 Fiscal Years, with Net Worth per Share, Earnings per Share, Dividends per Share, and Related Information

Unit: NT\$1,000

Item	Year		2019	2020	As of April 19, 2021
Market Price Per Share	Highest		99.30	94.80	94.70
	Lowest		89.50	77.70	85.30
	Average		93.63	87.49	89.99
Net Worth per Share	Before distribution		32.08	33.93	—
	After distribution		25.98	(Note 1)	—
Earnings per Share	Weighted average number of shares (in thousands)		224,814	224,814	—
	Earnings per Share (Note 2)		6.12	6.40	—
Dividends Per Share	Cash		6.00	6.00 (Note 1)	—
	Stock dividends	Stock dividends appropriated from earnings	0	0	—
		Stock dividends appropriated from	0	0	—

Item	Year		2019	2020	As of April 19, 2021
		capital surplus			
		Accumulated unpaid dividends	0	0	—
Return on Investment		Price-to-earnings ratio (Note 3)	15.30	13.67	—
		Price-to-dividend ratio (Note 4)	15.61	14.58	—
		Cash dividend yield (Note 5)	6.41%	6.86%	—

Note 1. The distribution of earnings is to be resolved in the shareholders' meeting in the following year.

Note 2. Calculated based on the weighted average number of shares for the year.

Note 3. Price-to-earnings ratio = Average closing price per share for the year/Earnings per share.

Note 4. Price-to-dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 5. Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 6. The net worth per share and earnings per share up to the quarter nearest to the date of publication of the Annual Report that has been audited by the CPAs shall be filled in; the remaining fields shall be filled with the annual data up to the date of publication of the Annual Report.

6) Dividend Policy and Its Implementation

a) Dividend policy

The dividend policy is drawn up by the Board of Directors based on operating performance, capital needs, changes in the internal and external environments, and the interests of shareholders. As the industry which Aurora falls into is currently under stable growth, demand for funds has slowed down. Without consideration of special circumstances, Aurora will share the operating performance with shareholders at more than 50% of the earnings per share for the year.

In consideration of business development, finances, capital expansion, and shareholders' equity, Aurora distributes dividends in the combination of cash and stock, where cash dividends distributed are more than 10% of the dividends distributed for the year.

b) Distribution of dividends proposed in the shareholders' meeting

The earnings to be distributed to shareholders for 2020 amounted to NT\$1,346,354,353, all of which were proposed to be paid in cash of NT\$5.7 per share, along with the capital surplus of NT\$70,860,755 arising from the issuance of shares in excess of the par value to be distributed to shareholders in cash of NT\$0.3 per share. Upon approval in the 2021 shareholders' meeting, the ex-dividend date and payment date of cash dividends will be determined separately.

7) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting: N/A.

8) Remuneration of Employees and Directors

- a) Percentage or range of the remuneration of employees and directors as set forth in the Articles of Incorporation

If Aurora makes a profit (i.e., net profit before tax after deduction of the portion set aside for employee remuneration) within a fiscal year, 1~10% of the profit shall be reserved as the employee remuneration; in case of accumulated loss, however, a portion of the profit shall first be reserved to cover the loss.

The counterparties to whom remuneration shall be distributed in cash or stock as stated in the preceding paragraph includes the employees of Aurora's subordinate companies that meet certain criteria.

A resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors for the preceding two paragraphs shall be reported to the shareholders' meeting.

- b) The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
- Aurora has not paid any remuneration to directors and supervisors for the past years.
 - The employee remuneration is calculated at 1% of the profit. If there is any change in the amount, the change shall be handled as a change in accounting estimates and recognized in the financial statements for 2021.
- c) Distribution of remuneration approved by the Board of Directors
- The Board of Directors resolved on March 16, 2021 to distribute the following remuneration:
Employee remuneration: NT\$16,750,000
Director remuneration: NT\$0
There is no difference with the estimated amount of the recognized expenses in the year.
 - The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and the total employee remuneration: N/A.
- d) Actual distribution of employee and director remunerations for the previous fiscal year
The Board of Directors and the shareholders' meeting resolved on March 23, 2020 and June 18, 2020, respectively, to distribute the earnings for 2019 as follows:

Item	Actual Amount of Distribution (NT\$1,000)	Amount of Distribution Approved by the Board of Directors (NT\$1,000)	Difference
Employee Remuneration	16,350	16,350	0
Director Remuneration	0	0	0

9) Share Repurchases: None.

- b. Corporate Bonds: None.**
- c. Preferred Shares: None.**
- d. Global Depository Receipts: None.**
- e. Employee Stock Options: None.**
- f. New Restricted Employee Shares: None.**
- g. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.**
- h. Implementation of Capital Allocation Plans**

1) Description of Plans

For the period as of the quarter preceding the date of publication of the Annual Report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

2) Implementation Status: None.

5. Operational Highlights

a. Business Activities

1) Scope of Business

a) Major lines of business

- i. Office equipment: agency and maintenance of printers (including photocopiers, fax machines, printers, and clock-ins) and accessories and consumables; sale of Aurora office electronics such as computers, shredders, and laminators.
- ii. Office furniture: production, design and development, sale, relocation, and installation, and maintenance of Aurora desks, chairs, file cabinets, screens, and wood products.
- iii. Office document integration: customized software and hardware installation and turnkey-based enterprise document management and information security.
- iv. 3D printing: sale of 3D printing design/scanning/printing software and hardware and research and development of specific industrial solutions.

b) Weight of lines of business

Unit: NT\$1,000

Type of Product	Amount in 2020	Percentage (%)
Office Equipment	8,345,118	64.4
Office Furniture	4,529,672	35.0
Others	76,184	0.6
Total	12,950,974	100.0

c) Current products (services) and new products (services) planned for development

- i. Office equipment: sale and lease of multi-functional photocopiers, fax machines, clock-ins, printers, projectors, video equipment, smart devices such as interactive whiteboards and digital signage, and office solutions (e.g., HR cloud systems and smart space applications) and office electronics such as computers, air purifiers, and shredders, as well as the best after-sales service that improves customers' work efficiency.
- ii. Office furniture: sale and lease of desks, chairs, file cabinets, screens, wood products, sofas, coffee tables, and partitions, as well as integrated service such as planning, design, and relocation of office space.
- iii. 3D printing: agency of 3D software and hardware, along with a full range of technical services for 3D digital design, development, and manufacturing that shorten the development cycle. Aurora also has a professional R&D team in charge of developing customized 3D software that can be fully integrated with hardware through an industry-specific process.

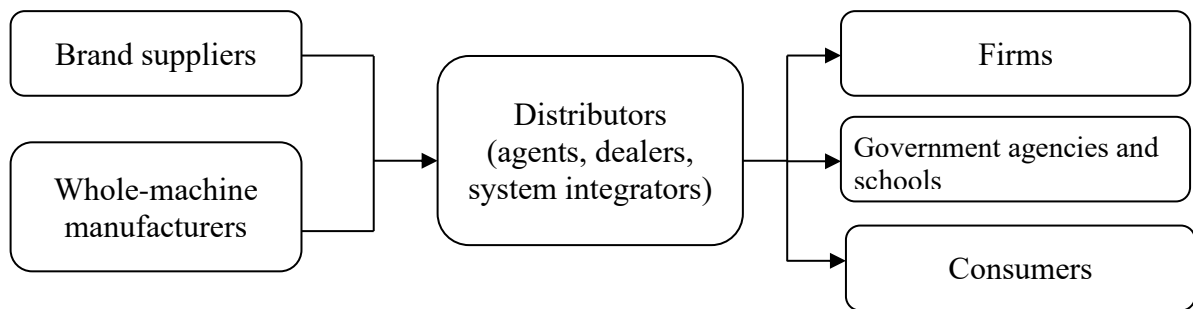
- iv. Office cloud service: cloud-based human resources system, face recognition system, customer management system, electronic approval, and other cloud services that can save businesses' costs and time on digitization, enabling quick digital transformation into smart businesses.

2) Overview of the Industry

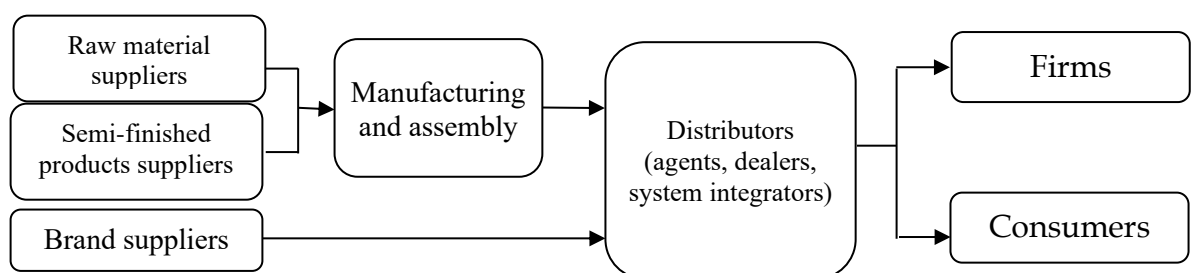
Industry	Current Status and Development	Industrial Link	Development Trends	Competition
Office Equipment	<ol style="list-style-type: none"> 1. As a result of direct competition with Japanese manufacturers and IT companies and the transparency of online information, the competition is intensifying. 2. Demand for multi-functional photocopiers (MFPs) has declined due to the COVID-19 pandemic. 3. Shredder, clock-in, computer, and laminator markets have become saturated. 	High	Colorization Digitization	Aurora is the leading distributor in Taiwan.
Office Furniture	<ol style="list-style-type: none"> 1. The price war in the single-item market is intensifying. In recent years, most of the players in the industry have served customers on a turnkey basis. 2. Research has shown that the rapid growth of businesses comes with quick organizational adjustments and changes. More and more companies are embracing open office space to reflect the corporate culture of innovation, transparency, and flexibility. While teamwork and innovation are encouraged, businesses also place importance on employees' work efficiency and health. 	High	Technology People-centric Eco-friendly Artificial intelligence Systematization Health-oriented	<ol style="list-style-type: none"> 1. As a leading office furniture brand in Taiwan, Aurora has cross-strait research and development centers, factories and assembly plants, and logistics teams to provide a full range of office planning services. 2. In addition to office space for the employees/management and public space, Aurora has rolled out smart furniture and solutions for health-oriented office since 2019 to promote the idea of a productive, healthy office.
3D Printing	<ol style="list-style-type: none"> 1. Different 3D scanning technology is suitable for different industrial applications. Suitable 3D tools are introduced to shorten the development 	High	Industrial application	<ol style="list-style-type: none"> 1. Competition is intensifying in the 3D scanning market. In recent years, the automotive industry has been characterized by

Industry	Current Status and Development	Industrial Link	Development Trends	Competition
	<p>cycle, ensure quality, and enhance competitiveness. In the wake of the COVID-19 pandemic around the world, demand for 3D printing/3D scanning outsourcing has increased, giving rise to a printing outsourcing/selling model.</p> <p>2. With outdated patent technology, market transparency, and launches of new brands, prices and applications go hand in hand, which is a challenge facing the vintage 3D printing brand.</p> <p>3. The rise of color 3D printing has boomed the B2C market. Supported by the government's forward-looking plan in recent years, handheld 3D color scanners have been successfully applied to museum collections, enabling consumers to experience the charm of 3D printing; in addition, gradually affordable full-color 3D printers have opened up infinite opportunities for custom 3D printing products.</p>			<p>high-mix low-volume (HMLV) and flexible manufacturing and quick ordering. As usability is quickly demonstrated, the features of 3D scanning products and customer feedback will be the most important factors in sales.</p> <p>2. In addition to international manufacturers, companies in Taiwan and mainland China have successfully developed and assembled 3D printers that can almost compete with industrial-grade 3D printers with lower prices and cheaper consumables.</p> <p>3. Custom 3D printing products are imperative. As the B2C market emphasizes sophistication (high cost-performance ratio), efficiency (short lead time), and customization (diversification) more than the industrial sector, it is important for 3D printing companies to possess the capability of software and hardware integration (e.g., automatically generating 2.5D or 3D from 2D), along with the performance of full-color 3D printing (simulation refinement) and a competitive cost of hardware maintenance.</p>

Correlation between Upstream, Midstream, and Downstream of the Office Equipment and 3D Printing Industry:



Correlation between Upstream, Midstream, and Downstream of the Office Furniture Industry:



3) Overview of Technologies and R&D Work

- a) Sale and marketing is Aurora's main business activity. Aurora centers the technologies and R&D work on the information security management system, 3D printing, and office furniture. Research and development expenses totaled NT\$51,349 thousand in 2020.
- b) Office equipment
 - i. Office equipment: Development of document solutions with digital printers in cooperation with the original open system architecture (OSA) and business partners.
 - ii. 3D printing: Focus on commercial markets such as education and design; agency of world-renowned 3D printing brands such as Stratasys, HP, and Mcor (of which Aurora is the exclusive agent); cooperation with Taiwanese 3D printing brands to provide more complete solutions for customers in Taiwan and mainland China based on years of industry experience and knowledge. Such industries include education, healthcare, automotive, footwear, electronics, and aerospace; and delivery of one-stop 3D printing solutions covering 3D printing development and design, scanning, and testing. In recent years, Aurora has extended its service to custom 3D printing products in the B2C market such as 2.5D floating images, 3D studio, and automated generation of 3D from 2D.
- c) Office furniture: Insisting on customer-centric research and development, Aurora keeps abreast of the industry trends and incorporates its DNA into office design, in an attempt to offer quality office space solutions to

customers. In 2020, Aurora began promoting the concept of “Activity-based Working” (ABW) in line with its direction, Activa. Solutions are provided for different scenarios based on the types of activities in the office, along with smart, eco-friendly, and health-oriented furniture, to improve employees' productivity and well-being at work. Having been integrating vantage resources in Taiwan and mainland China, Aurora Innovation Center offers cozy and productive office space solutions, and has extended its successful experience in the office furniture sector to the development of furniture for educational and medical spaces.

4) Long-term and Short-term Business Development Plans

a) Short-term plans

i. Office equipment

- ◆ Carry out in-depth territory and customer relationship management (CRM) to stay competitive and lead in the market.
- ◆ Adopt effective strategies to increase the scale and volume of business in the color printer market.
- ◆ Target large-scale businesses through well-established regular chain stores to rapidly increase market share.

ii. Office furniture

- ◆ Optimize product lines, integrate logistics resources, and provide overall planning and exquisite service to secure the leading position.

iii. 3D printing: Provide professional, integrated solutions and establish offline sales channels to increase sales; introduce new materials and equipment and diversify material options to reduce costs, thereby increasing profits.

iv. Office cloud service: Develop an all-round smart HR platform with cloud architecture and customization; integrate various services such as face recognition and AI-based interviews to increase market share of the customers' products and facilitate digital transformation into smart businesses.

b) Long-term plans

i. Office equipment: Keep abreast of industry trends, focus on increasing profits, and integrate software and hardware solutions to develop extended business.

ii. Office furniture: Keep abreast of industry trends and customer needs to provide one-stop service from furniture design, research and development, and production to marketing; introduce smart factory cloud solutions to improve productivity and quality with smart manufacturing, in an attempt to become a leading brand in overall office space planning.

iii. 3D printing:

- ◆ Identify potential demand with software and hardware solutions through the existing OA distribution channels; target 4 industries (automotive, education, healthcare, and footwear) to provide more precise and high-end processes.
- ◆ Integrate 3D printing software and hardware with emerging products and equipment to develop applications for new industries, creating a new business model that drives the sales of equipment.

b. Analysis of Market and Production and Marketing Situation

1) Market Analysis

Type of Product	Sales Territory	Supply Territory	Market Share	Supply and Demand in the Market and Possible Future Growth
Office Equipment	Taiwan and mainland China	Japan, Taiwan, mainland China, and Thailand	20~25%	<ol style="list-style-type: none"> 1. As the market grows slowly, businesses' purchases will gradually increase. It is expected that the market will brisk up. 2. Increasing demand for customized solutions helps enhance product competitiveness and differentiation. 3. Due to the launch of various brands, the color digital printer market has gradually grown in terms of sales and needs. 4. Demand for air purifiers continues to increase as people are caring more about air pollution and air quality in the office. 5. Demand for shredders is growing as a result of an increasing awareness of personal information protection. 6. As the COVID-19 pandemic continues to rage, demand for contactless and remote office, coupled with equipment such as video systems, interactive electronic whiteboards, and digital signage, is increasing, creating more business opportunities. 7. In particular, demand for digital signage has been growing in enterprises, schools, and retailers due to lower costs of large size screens.
Office Furniture	Taiwan and mainland China	Taiwan and mainland China	14~19%	<ol style="list-style-type: none"> 1. Issues such as environmental protection, health, and smart meetings are drawing much attention. 2. While maintaining quality, Aurora will focus on supply chain integration and cost reduction. 3. Demand for furniture moves from a single product to space planning. Customers are placing more emphasis on the atmosphere and feeling of overall space planning. 4. Demand for professional applications such as medical and school spaces is increasing.
3D Printing	Taiwan and mainland China	Taiwan and mainland China	20~25%	<p>Despite the COVID-19 pandemic, the global market scale of 3D printers accounted for US\$14.7 billion in 2020 and is expected to reach US\$46.4 billion by 2027. Between 2020 and 2027, the compound annual growth rate (CAGR) of 3D printers comes in at 17.9%. With the reduction of 3D printing costs, a wealth of relevant applications and raw materials will emerge in the next decade, further promoting the new market for end-use parts and spare parts. 95~99% of the manufacturing expenditures on functional end-use parts is expected, pushing digital manufacturing forward through 3D printing.</p> <p>The market scale of 3D scanning accounted for US\$1,428 million in 2020 and is expected to reach US\$4,690 million by the end of 2026, representing a 22.21% CAGR over the period of projection (2021~2026). 3D scanning has been successfully applied in industrial applications, including construction, aerospace, healthcare, and automobiles. Although 3D scanning has not yet been truly penetrated into residential and private sectors, it has been widely used in video games and film production in sectors such as entertainment and media. With increasing applications, 3D scanning will gradually innovate in the future.</p>

Type of Product	Competitive Niches	Future Development Positive Factors	Future Development Negative Factors	Response
Office Equipment	<ol style="list-style-type: none"> High brand awareness. Large customer base. High market share. Product differentiation (with original manufacturers' OSA) 	<ol style="list-style-type: none"> 66 branches, the largest number in the industry. Leader in terms of market share. Better brand image than other competitors'. Continuous development of competitive office printing and information security solutions for customers. 	<ol style="list-style-type: none"> Reduction in prices, as well as gross profits, as a result of increased demand for printer rental. Market share erosion by original manufacturers (Japan) through distributors selling at low prices. A wide range of parallel imports and filling consumables in the market. 	<ol style="list-style-type: none"> Carry out in-depth territory and customer relationship management and enhanced product training to keep products competitive and quality at a stable price. Provide exquisite service to secure Aurora's market share. Choose strategic printers to expand market share and provide comprehensive document solutions with the self-developed document management system. Strengthen the differentiation of consumer products and focus on the sale of mid- to high-end products to enhance competitiveness.
Office Furniture	<ol style="list-style-type: none"> Focus on Aurora brand, with integrated services covering design, R&D, manufacturing, and marketing. Strong market development ability Cross-strait customer base, which enables the effective development of products based on its needs. High brand awareness and enhanced customer experience through O2O marketing. 	<ol style="list-style-type: none"> Good brand image. Cross-strait marketing resources. A quality team with integrated marketing, R&D, production, logistics and services to provide comprehensive customer services. 	<ol style="list-style-type: none"> Reduction in the gross profit due to intensifying competition with Chinese products. Relatively low demand and intensifying competition. 	<ol style="list-style-type: none"> Provide exquisite service to strengthen the reputation and brand value. Create a complete product line in response to market demand. Develop furniture lease and office cleaning service. Focus on product differentiation and guarantee safety to customers. Develop integrated services to enhance quality.
3D Printing	<ol style="list-style-type: none"> More than 20 years of industry experience and operating performances, with a high brand awareness in the market/customers. Delivery of professional, integrated solutions. Establishment of offline sales channels. Reduction in the costs of material development and increase in profits. Identification of potential demand through extensive OA distribution channels. 	<ol style="list-style-type: none"> 3D software application, 3D scanning, and customized process software development. Delivery of professional, integrated solutions with the well-established brand awareness, extensive sales channels, and years of practical experience and operating performances. Establishment of offline sales channels in cooperation with world-renowned brands. Identification of potential demand through extensive OA distribution channels. 	<ol style="list-style-type: none"> Inadequate talent cultivation. Still room for improvement in professional and technical training. Time required to integrate professional and technical services with OA channels. 	<ol style="list-style-type: none"> Expand the influence of OA channels based on the 3D Division. Set up a coordinating unit to make strategic plans and guidelines for implementation. Increase market share rapidly to shape leadership in the industry. Expand cooperation with schools to speed up the talent training schedule.

2) Usage and Manufacturing Processes for Main Products

Type of Product	Main Products	Usage and Manufacturing Processes
Office Equipment	<ol style="list-style-type: none"> Office equipment Sale of digital printers, photocopiers, color printers, fax machines, printers, clock-ins, projectors, video equipment, interactive whiteboards, and digital signage, as well as after-sales service. Integration of document systems Provision of a total solution using digital printers and laser printers as output devices, combined with scanning functions, file storage devices, and relevant software. Consumption products Fax machines, clock-ins, shredders, computers, and laminators. 	<ol style="list-style-type: none"> Assist businesses in reducing operating costs and streamlining operating procedures to improve work efficiency. Assist businesses in streamlining documentation processing, reducing costs, and enhancing competitiveness through customized solutions developed in line with the market trends. Provide document printing, attendance management, confidentiality and protection of documents, and calculation aids to improve work efficiency.
Office Furniture	Desks, chairs, screens, file cabinets, partitions, supervisor office products, imports, etc.	Provide space planning and design, product configuration, and comprehensive services from production, logistics, to assembly, creating high-tech, professional, healthy, and eco-friendly office space for businesses.
3D Printing	<ol style="list-style-type: none"> CATIA, Delmia, and Design-X 3D design and manufacturing software Creaform handheld 3D laser scanners, Hexagon 3D scanners, and Artec handheld scanners. Stratasys 3D printers and Mcor color 3D printers. Manipulator automation development and integration. 	<ol style="list-style-type: none"> Provide complete processes and equipment required for the design, development, and production of products in all industries to shorten the product development timeline. Integrate self-developed software into equipment and hardware to meet customized, automation needs. Apply 3D technology, in which there is still huge room for development, to increase marginal demand and industries.

3) Supply Situation for Major Raw Materials

Raw materials of cabinets are mainly steel plates. Aurora cooperates with many domestic suppliers to stabilize the source of raw materials.

4) Suppliers and Clients Accounting for 10% or More of the Total Purchase (Sales) Amount in the Most Recent 2 Years

List of Major Suppliers in the Most Recent 2 Years

Unit: NT\$1,000

Item	2019				2020			
	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer
1	Konica Minolta Business Solutions (China) Co., Ltd.	1,459,996	20	-	Konica Minolta Business Solutions (China) Co., Ltd.	1,248,524	18	-
2	Others	5,712,639	80	-	Others	5,505,895	82	-
	Net purchase	7,172,635	100	-	Net purchase	6,754,419	100	-

Note: Up to the date of publication of the Annual Report, financial information as of March 31, 2021 has not been audited or reviewed by the CPAs.

List of Major Clients in the Most Recent 2 Years

Unit: NT\$1,000

Item	2019				2020			
	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer
1	Huxen (China) Co., Ltd.	1,975,334	15	Other related party	Huxen (China) Co., Ltd.	1,755,455	14	Other related party
2					Aurora Corp. of America	1,419,892	11	-
3	Others	11,629,779	85		Others	9,775,628	75	-
	Net sales	13,605,113	100		Net sales	12,950,974	100	

Note: Up to the date of publication of the Annual Report, financial information as of March 31, 2021 has not been audited or reviewed by the CPAs.

5) Production Volume and Value for the Most Recent 2 Years

Unit: NT\$1,000

Production Volume and Value Main Products	2019			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Cabinet	470,000	391,741	1,758,811	470,000	415,774	1,839,971
Screen	1,200,000	1,329,251	1,148,811	1,200,000	1,021,126	806,879
Supervisor Table	125,000	109,008	641,040	125,000	87,449	454,514
Total	1,795,000	1,830,000	3,548,662	1,795,000	1,524,349	3,101,364

6) Sales Volume and Value for the Most Recent 2 Years

Unit: NT\$1,000

Item	2019				2020				
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales		
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	
OA	Photocopiers	65,214	3,201,829	6	13,031	57,896	2,877,683	—	—
	Other machines	171,981	525,034	2,503	1,436,392	184,510	440,104	3,008	1,569,135
	Peripherals	—	3,409,072	—	67	—	3,587,118	—	—
Office Furniture	—	5,019,688	—	—	—	4,431,502	—	45,432	
Communications Products	—	—	—	—	—	—	—	—	—
Total	—	12,155,623	—	1,449,490	—	11,336,407	—	—	1,614,567

c. Information on Employees for the Two Most Recent Fiscal Years and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Year		2019	2020	As of April 19, 2021
Number of Employees	Marketing	1,986	1,776	1,748
	Technology service	1,157	1,064	1,036
	Staff member	1,796	1,601	1,675
	Total	4,939	4,441	4,459
Average Age		34.5	36.1	36.1
Average Service Year		7.0	8.0	8.0
Academic Background Distribution (%)	PhD	—	—	—
	Master's	2%	2%	2%
	Bachelor's	75%	73%	72%
	High school	11%	11%	11%
	Below high school	13%	14%	15%

d. Disbursements for Environmental Protection

- 1) **Losses and Fines in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report due to Environmental Pollution Incidents: None.**
- 2) **Possible Expenses and Measures Taken in the Future: Aurora's products are replaced or recalled by original suppliers, so there is no risk of damage to the environment.**

e. Labor Relations

1) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests

“Talent” is the most important asset. Aurora is committed to providing employees a workplace that promotes work-life balance. To create a quality work environment, Aurora has designed a generous employee benefit system and a comprehensive training and development system, allowing employees to play to their strengths and realize their full potential.

Aurora also attaches great importance to human rights and gender equality. Aurora ensures that every employee is free from discrimination and harassment in the workplace. All employees are given human rights training to protect their rights and interests. At Aurora, employees are hired regardless of gender, age, religion, and race. People with disabilities are also employed for different types of work.

- Protective measures for the work environment and the personal safety of employees
 - a) Employee benefits
 - i. Insurance

During orientation, traffic safety is disseminated through promotional videos to sales and service representatives who frequently ride motorcycles. In addition to statutory labor and health insurance, accident insurance is also purchased for sales and service representatives.
 - ii. Health examination

Aurora places importance on the health of all employees. Regular allowances are provided for employees to take health examinations at select medical institutions.
 - iii. Travel allowance

At Aurora, work-life balance is much emphasized. A happy mind and a healthy body make a lively and enthusiastic work attitude. Regular travel allowances are provided for employees; in addition, high-performing employees are granted an incentive to travel overseas every year.
 - iv. Leave

Leave is granted to employees in accordance with the Labor Standards Act. Supervisors are regularly informed of the employees' leave records to help them achieve the work-life balance.
 - v. Birthday gift, marriage/funeral allowance, emergency relief, etc.

Departments hold monthly birthday parties from time to time. Consolation money and relief for weddings and funerals, hospitalization, and major disasters are also granted.
 - vi. Employee satisfaction survey

Aurora conducts satisfaction surveys from time to time to understand the employees' identification and satisfaction with the company and their work. Corrective measures are developed and taken based on the

employees' feedback to create a happy workplace for employees.

b) Workplace safety

According to the Fire Services Act, a sound fire system has been set up to carry out and report inspections on a regular basis; in addition to regular fire training, emergency response drills are organized every year.

c) Continuing education and training

Aurora pays much attention to talent development. In addition to providing a full range of training programs, Aurora aligns the employees' career development plans with corporate development.

On-the-job training is organized to assist employees in performing their duties and achieving their work goals. Job rotations, project assignments, work substitutions, and external training courses are also arranged to train employees in every aspect.

Performance improvement and talent cultivation are the cores of training, so training is tied in with promotion and performance.

The main purpose of training programs is to train employees with shared traits and values. Priority is given to high-performing employees who are considered potential executives. Therefore, training programs are divided into the following 4 categories:

(1) Leadership training

Employees are trained to be leaders and associate leaders with abilities such as leadership, interview skills, consensus building, strategic planning, performance management, and the Labor Standards Act. They learn how to lead subordinates to be efficient and productive at work.

(2) General skills training

Training helps improve the employees' general abilities to improve work efficiency such as communication skills, presentation skills, time management, stress management, and creative thinking.

(3) Functional training

Specific work assignments entail such functional training as orientation for new recruits and executive training.

(4) Expertise training

Employees are trained to work professionally with expertise and skills such as sales skills, customer relationship management, and product knowledge, so as to achieve good performances.

In 2020, 380 training sessions were organized for nearly 3,200 trainees.

● Labor-management agreements and implementation

a) Eligibility for retirement

In accordance with the laws and regulations, employees who are eligible for retirement may apply for retirement. Those who are after 10 years of service and over 55 years old or after 20 years of service may retire upon approval of the responsible supervisors.

b) Pension contributions and pension payments

In accordance with the laws and regulations, Aurora sets aside 6% of monthly salaries to the personal pension account at the Bureau of Labor for employees who started after July 1, 2005 as well as employees who have opted to apply the Labor Pension Act. For employees to whom the old pension system applies and existing employees who have opted to stick to the old pension system, their seniority will be retained and calculated in accordance with the former pension rules for the pension reserve fund to be set aside to the account at the designated bank. For employees who are transferred by Aurora to any of the affiliates, their seniority will be renewed to provide more protection for the employees.

- c) Labor-management agreements and measures for preserving employees' rights and interests

Valuing employees' willingness and treating them with respect, Aurora strives to create a happy, vibrant workplace and promote harmonious labor-management relations with a full range of employee benefits and remuneration packages. Backed by a fine reputation, Aurora ensures that every employee is happy and reaches his/her full potential at work. Since the implementation of the Labor Standards Act, the Act of Gender Equality in Employment, and the Labor Pension Act, Aurora has upheld ethical corporate management and compliance in the course of conducting business. Employees are encouraged to fully participate and work as a team, so as to share the profits. Aurora tie up the employees' career development plans with corporate development in hopes of achieving business sustainability.

4) Loss Resulting from Labor-management Relations in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

f. Important Contracts

April 19, 2021

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Distribution Contract	Sharp Corporation	2021.4.1~2022.3.31 (Automatic extension by one year upon expiry)	Sharp photocopiers	1. Exclusive distribution 2. Non-compete
OEM Contract	(1) Konica Minolta , Inc (2) Konica Minolta Business Solutions (China) Co., Ltd. (3) Aurora Office Automation Sales Co., Ltd. Shanghai	2019.1.1~2023.12.31	Production and procurement of multi-functional photocopier and PP printer	None
OEM Contract	(1) Aurora Office Automation Sales Co., Ltd. Shanghai (2) Zhuhai Pantum Electronics Co., Ltd.	2020.1.1~2021.12.31	Production and procurement of A4 printer	None
Distribution Contract	(1) Stratasys AP Limited (2) Aurora Machinery Equipment (Shanghai) Co., Ltd.	2021.1.1~2021.12.31	Stratasys 3D printer	1. Non-compete 2. New contract in progress
Distribution Contract	Konica Minolta, Inc. Aurora Office Automation Corporation	2021.4.1~2022.12.31	KM photocopier and printer	1. Non-compete 2. Sales territory: Taiwan only

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Distribution Contract	Stratasys Ap Ltd. General Integration Technology Co., Ltd.	2021.1.1~2021.12.31	SSYS 3D printer	1.Non-exclusive distribution 2.Non-compete 3.Sales territory: Taiwan only
Distribution Contract	Creaform Inc. General Integration Technology Co., Ltd.	2020.6.21~2021.6.20	3D scanner	1.Non-exclusive distribution 2.Sales territory: Taiwan only
Distribution Contract	Konica Minolta, Inc. KM Developing Solutions Co., Ltd.	2021.4.1~2022.3.31	Large photocopier and multi-functional photocopier	1.Annual sales amount 2.Non-compete 3.Sales territory: Taiwan only

6. Financial Information

a. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

1) Condensed Balance Sheets - Parent Company Only

Unit: NT\$1,000

Item	Year	Financial Information for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2021
		2016	2017	2018	2019	2020	
Current Assets		2,145,483	1,283,058	1,105,283	938,311	1,094,617	N/A (Note 2)
Property, Plant, and Equipment		640,387	896,886	819,253	851,333	803,052	
Intangible Assets		50,303	48,634	53,458	50,273	48,615	
Other Assets		8,075,099	8,885,438	9,540,368	9,782,752	10,925,965	
Total Assets		10,911,272	11,114,016	11,518,362	11,622,669	12,872,249	
Current Liabilities	Before distribution	2,983,036	2,253,865	2,532,715	2,785,415	3,488,028	
	After distribution	4,079,691	3,671,080	3,949,930	4,155,390	(Note 3)	
Non-current Liabilities		929,299	1,402,591	1,400,215	1,625,621	1,755,532	
Total Liabilities	Before distribution	3,912,335	3,656,456	3,932,930	4,411,036	5,243,560	
	After distribution	5,008,990	5,073,691	5,350,145	5,781,011	(Note 3)	
Equity Attributable to Owners of the Parent		7,301,474	6,998,937	7,585,432	7,211,633	7,628,689	
Capital Stock		3,374,322	2,362,025	2,362,025	2,362,025	2,362,025	
Capital Surplus		1,660,476	1,761,702	1,843,004	1,920,710	1,941,799	
Retained Earnings	Before distribution	3,216,352	3,907,515	4,048,436	3,973,659	4,087,994	
	After distribution	2,119,697	2,490,300	2,631,221	2,603,684	(Note 3)	
Other Equity		93,361	246,151	123,793	(252,935)	28,697	
Treasury Stock		(1,345,574)	(819,833)	(791,826)	(791,826)	(791,826)	
Total Equity	Before distribution	6,998,937	7,457,560	7,585,432	7,211,633	7,628,689	
	After distribution	5,902,282	6,040,345	6,168,217	5,841,658	(Note 3)	

Note 1. The above annual financial information has been audited by the CPAs.

Note 2. Parent company only financial statements are prepared annually.

Note 3. The distribution of earnings is to be resolved in the shareholders' meeting in the following year.

2) Condensed Balance Sheets - Consolidated

Unit: NT\$1,000

Item	Year	Financial Information for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2021
		2016	2017	2018	2019	2020	
Current Assets		10,612,669	10,739,029	11,202,362	10,392,354	10,895,709	N/A (Note 2)
Property, Plant, and Equipment		1,723,953	1,894,586	1,868,239	1,939,676	2,315,741	
Intangible Assets		155,609	153,870	156,308	168,654	177,009	
Other Assets		3,484,809	3,703,067	4,053,484	4,609,092	4,674,450	
Total Assets		15,977,040	16,490,552	17,280,393	17,109,776	18,062,909	
Current Liabilities	Before distribution	6,341,423	6,059,240	6,581,582	6,082,773	6,619,633	
	After distribution	7,438,078	7,476,475	7,998,797	7,452,748	(Note 3)	
Non-current Liabilities		1,715,753	1,930,684	1,999,803	2,653,270	2,519,129	
Total Liabilities	Before distribution	8,057,176	7,989,924	8,581,385	8,736,043	9,138,762	
	After distribution	9,153,831	9,407,159	9,998,600	10,106,018	(Note 3)	
Equity Attributable to Owners of the Parent		6,998,937	7,457,560	7,585,432	7,211,633	7,628,689	
Capital Stock		3,374,322	2,362,025	2,362,025	2,362,025	2,362,025	
Capital Surplus		1,660,476	1,761,702	1,843,004	1,920,710	1,941,799	
Retained Earnings	Before distribution	3,216,352	3,907,515	4,048,436	3,973,659	4,087,994	
	After distribution	2,119,697	2,490,280	2,631,221	2,603,684	(Note 3)	
Other Equity		93,361	246,151	123,793	(252,935)	28,697	
Treasury Stock		(1,345,574)	(819,833)	(791,826)	(791,826)	(791,826)	
Non-controlling Interests		920,927	1,043,068	1,113,576	1,162,100	1,295,458	
Total Equity	Before distribution	7,919,864	8,500,628	8,699,008	8,373,733	8,924,147	
	After distribution	6,823,209	7,083,393	7,281,793	7,003,758	(Note 3)	

Note 1. The above annual financial information has been audited by the CPAs.

Note 2. Up to the date of publication of the Annual Report, financial information as of March 31, 2021 has not been audited or reviewed by the CPAs.

Note 3. The distribution of earnings is to be resolved in the shareholders' meeting in the following year.

3) Condensed Statements of Comprehensive Income - Parent Company Only

Unit: NT\$1,000

(except for earnings per share in NT\$)

Item	Year	Financial Information for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2021
		2016	2017	2018	2019	2020	
Operating Revenue		3,077,722	3,013,539	3,110,307	3,146,934	3,174,613	N/A (Note 2)
Gross Profit		1,406,491	1,360,708	1,407,004	1,441,807	1,485,605	
Operating Income		390,928	343,683	388,132	389,146	413,523	
Non-operating Income and Expenses		937,180	1,544,619	1,237,660	1,221,698	1,236,365	
Income before Tax		1,328,108	1,888,302	1,625,792	1,610,844	1,649,888	
Income from Continuing Operations		1,250,613	1,810,866	1,522,999	1,374,792	1,438,309	
Loss from Discontinued Operations		0	0	0	0	0	
Net Income (Loss)		1,250,613	1,810,866	1,522,999	1,374,792	1,438,309	
Other Comprehensive Income (after Tax)		(561,888)	129,742	(87,221)	(409,082)	327,633	
Total Comprehensive Income		688,725	1,940,608	1,435,778	965,710	1,765,942	
Earnings per Share		4.02	6.67	6.78	6.12	6.40	

Note 1. The above annual financial information has been audited by the CPAs.

Note 2. Parent company only financial statements are prepared annually.

4) Condensed Statements of Comprehensive Income - Consolidated

Unit: NT\$1,000

(except for earnings per share in NT\$)

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2021
	2016	2017	2018	2019	2020	
Operating Revenue	14,463,633	14,370,795	14,343,895	13,605,113	12,950,974	N/A (Note 2)
Gross Profit	5,922,176	6,083,895	6,283,558	6,097,714	5,874,627	
Operating Income	1,019,455	1,221,348	1,465,824	1,370,653	1,517,380	
Non-operating Income and Expenses	571,009	999,389	543,934	562,087	508,048	
Income before Tax	1,590,464	2,220,737	2,009,758	1,932,740	2,025,428	
Income from Continuing Operations	1,345,169	1,923,379	1,650,814	1,501,756	1,558,735	
Loss from Discontinued Operations	0	0	0	0	0	
Net Income (Loss)	1,345,169	1,923,379	1,650,814	1,501,756	1,558,735	
Other Comprehensive Income (after Tax)	(627,603)	125,740	(110,121)	(450,153)	366,143	
Total Comprehensive Income	717,566	2,049,119	1,540,693	1,051,603	1,924,878	
Net Income Attributable to Shareholders of the Parent	1,250,613	1,810,866	1,522,999	1,374,792	1,438,309	
Net Income Attributable to Non-controlling Interests	94,556	112,513	127,815	126,964	120,426	
Comprehensive Income Attributable to Owners of the Parent	688,725	1,940,608	1,435,778	965,710	1,765,942	
Comprehensive Income Attributable to Non-controlling Interests	28,841	108,511	104,915	85,893	158,936	
Earnings per Share	4.02	6.67	6.78	6.12	6.40	

Note 1. The above annual financial information has been audited by the CPAs.

Note 2. Up to the date of publication of the Annual Report, financial information as of March 31, 2021 has not been audited or reviewed by the CPAs.

5) Name of CPAs and Audit Opinions for the Last Five Years

Year	CPA	Name	Opinions
2020	Deloitte & Touche	Chih Rui-Chuan and Hsieh Chien-Hsin	Unmodified opinion
2019	Deloitte & Touche	Huang Hai-Yueh and Hsieh Chien-Hsin	Unmodified opinion
2018	Deloitte & Touche	Huang Hai-Yueh and Hsieh Chien-Hsin	Unmodified opinion
2017	Deloitte & Touche	Huang Hai-Yueh and Hsieh Chien-Hsin	Unmodified opinion
2016	Deloitte & Touche	Huang Hai-Yueh and Hsieh Chien-Hsin	Unmodified opinion

b. Financial Analyses for the Past Five Fiscal Years

1) Financial Analysis - Parent Company Only

Analysis Item (Note 3)		Year	Financial Analysis for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2021
		2016	2017	2018	2019	2020		
Financial Structure (%)	Debt ratio	35.86	35.90	34.14	37.95	40.74	N/A (Note 2)	
	Ratio of long-term capital to property, plant, and equipment	1238.04	987.88	1,096.81	1,038.05	1,168.57		
Solvency (%)	Current ratio	71.92	56.93	43.64	33.69	31.38		
	Quick ratio	53.62	36.16	23.82	16.79	15.69		
	Interest coverage ratio	81.47	99.71	85.83	67.95	64.00		
Operating Ability	Accounts receivable turnover rate (times)	7.94	7.69	8.23	9.42	10.05		
	Average days for cash receipts	46	47	44	39	36		
	Inventory turnover rate (times)	3.11	3.26	3.50	3.43	3.20		
	Accounts payable turnover rate (times)	6.04	4.81	4.38	5.04	5.21		
	Average days for sale of goods	117	112	104	106	114		
	Property, plant, and equipment turnover rate (times)	4.91	3.92	3.62	3.77	3.84		
	Total assets turnover rate (times)	0.29	0.27	0.27	0.27	0.26		
Profitability	Return on total assets (%)	12.06	16.59	13.59	12.05	12.47		
	Return on equity (%)	17.49	25.05	20.25	18.58	19.38		
	Ratio of income before tax to paid-in capital (%)	39.36	79.94	68.83	68.20	69.85		
	Net profit margin (%)	40.63	60.09	48.97	43.69	45.31		
	Earnings per share (NT\$)	4.02	6.67	6.78	6.12	6.40		
Cash Flows	Cash flow ratio (%)	15.41	18.97	16.57	11.88	16.85		
	Cash flow adequacy ratio (%)	30.11	31.74	31.69	31.63	30.45		
	Cash reinvestment ratio (%)	-7.37	-7.08	-10.49	-11.78	-8.50		
Leverage	Operating leverage	1.70	1.82	1.82	1.99	1.94		
	Financial leverage	1.04	1.06	1.06	1.07	1.07		

Reasons for any changes in financial ratios up to 20% in the past two years:

1. The increase in the cash flow ratio was mainly due to the decrease in accounts payable and other payables.
2. The increase in the cash reinvestment ratio was mainly due to the decrease in accounts payable and other payables.

Note 1. The above annual financial information has been audited by the CPAs.

Note 2. Parent company only financial statements are prepared annually.

Note 3. Please refer to pages 64~65 for the above calculation formulas.

2) Financial Analysis - Consolidated

Analysis Item		Year	Financial Analysis for the Past Five Fiscal Years (Note 1)					Financial Information as of March 31, 2021
		2016	2017	2018	2019	2020		
Financial Structure (%)	Debt ratio	50.43	48.45	49.66	51.06	50.59	N/A (Note 2)	
	Ratio of long-term capital to property, plant, and equipment	558.93	550.59	572.67	568.50	494.15		
Solvency (%)	Current ratio	167.35	177.23	170.21	170.85	164.60		
	Quick ratio	142.32	149.76	139.36	142.50	138.34		
	Interest coverage ratio	51.37	67.94	54.76	30.68	36.24		
Operating Ability	Accounts receivable turnover rate (times)	8.15	7.80	8.51	9.18	8.61		
	Average days for cash receipts	45	47	43	40	42		
	Inventory turnover rate (times)	5.35	5.23	4.59	4.18	4.26		
	Accounts payable turnover rate (times)	5.77	4.70	4.16	4.73	5.33		
	Average days for sale of goods	68	70	80	87	86		
	Property, plant, and equipment turnover rate (times)	8.32	7.94	7.62	7.15	6.09		
	Total assets turnover rate (times)	0.94	0.89	0.85	0.79	0.74		
Profitability	Return on total assets (%)	8.95	12.02	9.95	9.04	9.12		
	Return on equity (%)	16.70	23.43	19.20	17.59	18.02		
	Ratio of income before tax to paid-in capital (%)	47.13	94.02	85.09	81.83	85.75		
	Net profit margin (%)	9.30	13.38	11.51	11.04	12.04		
	Earnings per share (NT\$)	4.02	6.67	6.78	6.12	6.40		
Cash Flows	Cash flow ratio (%)	20.33	30.06	17.95	18.11	28.33		
	Cash flow adequacy ratio (%)	78.21	80.32	69.73	69.13	77.99		
	Cash reinvestment ratio (%)	2.23	5.97	-1.71	-2.33	3.89		
Leverage	Operating leverage	1.44	1.37	1.28	1.50	1.52		
	Financial leverage	1.03	1.03	1.03	1.05	1.04		

Reasons for any changes in financial ratios up to 20% in the past two years:

1. The increase in the cash flow ratio was mainly due to the decrease in accounts payable and other payables.
2. The increase in the cash reinvestment ratio was mainly due to the decrease in accounts payable and other payables.

Note 1. The above annual financial information has been audited by the CPAs.

Note 2. Up to the date of publication of the Annual Report, financial information as of March 31, 2021 has not been audited or reviewed by the CPAs.

Note 3. The calculation formulas adopted are as follows:

1. Financial structure
 - a. Debt ratio = Total liabilities/Total assets.
 - b. Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
 - a. Current ratio = Current assets/Current liabilities.
 - b. Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
 - c. Interest coverage ratio = Income before tax and interest expenses/Interest expenses.

3. Operating ability

- a. Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = $\text{Net sales} / \text{Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.}$
- b. Average days for cash receipts = $365 / \text{Accounts receivable turnover rate.}$
- c. Inventory turnover rate = $\text{Cost of goods sold} / \text{Average inventories.}$
- d. Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = $\text{Cost of goods sold} / \text{Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.}$
- e. Average days for sale of goods = $365 / \text{Inventory turnover rate.}$
- f. Property, plant, and equipment turnover rate = $\text{Net sales} / \text{Average net property, plant, and equipment.}$
- g. Total assets turnover rate = $\text{Net sales} / \text{Average total assets.}$

4. Profitability

- a. Return on assets = $[\text{Income after tax} + \text{Interest expenses} \times (1 - \text{Tax rate})] / \text{Average total assets.}$
- b. Return on equity = $\text{Income after tax} / \text{Average total equity.}$
- c. Net profit margin = $\text{Income after tax} / \text{Net sales.}$
- d. Earnings per share = $(\text{Income attributable to owners of the parent} - \text{Preferred stock dividends}) / \text{Weighted average number of shares issued.}$

5. Cash flows

- a. Cash flow ratio = $\text{Net cash flows generated from operating activities} / \text{Current liabilities.}$
- b. Cash flow adequacy ratio = $\text{Five-year sum of net cash flows generated from operating activities} / \text{Five-year sum of capital expenditure, inventory additions and cash dividends.}$
- c. Cash reinvestment ratio = $(\text{Net cash flows from operating} - \text{cash dividends}) / (\text{Gross amount of property, plant, and equipment} + \text{Long term investment} + \text{Other non-current assets} + \text{Working capital}).$

6. Leverage

- a. Operating leverage = $(\text{Net operating revenue} - \text{Variable operating costs \& expenses}) / \text{Operating income.}$
- b. Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses}).$

c. Audit Committee's Review Report on Financial Statements for the Most Recent Fiscal Year

Audit Committee's Review Report

The Board of Directors has prepared, and submitted to the shareholders' meeting, the business report, financial statements, and the proposal for distribution of earnings for 2020. The financial statements have been duly audited by Deloitte & Touche appointed by the Board of Directors.

The said business report, financial statements, and the proposal for distribution of earnings have been audited by the Audit Committee and determined to be in compliance with the Company Act and other relevant laws and regulations. The Audit Committee's Report is hereby prepared in accordance with Article 219 of the Company Act.

Please review.

Sincerely,

2021 shareholders' meeting of Aurora Corporation

Convener of the Audit Committee

Liao Kuo-Jung

March 16, 2021

d. Financial Statements for the Most Recent Fiscal Year

Declaration of Consolidated Financial Statements of Affiliates

In 2020 (from January 1, 2020 to December 31, 2020), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Aurora hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Sincerely,

Company: Aurora Corporation

Chairman: Yuan Hui-Hua

March 16, 2021

Independent Auditors' Report

To Aurora Corporation:

Opinions

Aurora Corporation and its subsidiaries' Consolidated Balance Sheets as of December 31, 2020 and 2019, in addition to the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2020 and 2019, have been audited by the CPAs.

In our opinion, the Consolidated Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the consolidated financial conditions of Aurora Corporation and its subsidiaries as of December 31, 2020 and 2019, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2020 and 2019.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Aurora Corporation and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 Aurora Corporation and its subsidiaries for the year ended December 31, 2020. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of Aurora Corporation and its subsidiaries for the year ended December 31, 2020 are stated as follows:

Sales revenue

The main businesses of Aurora Corporation and its subsidiaries include the trade and lease of Multi-Functional Photocopiers (MFPs) and sales of system furniture. In particular, sales revenue from sales of system furniture in Taiwan and exporting office equipment in mainland China increased significantly in 2020 as compared to that in 2019; such increase in the overall impact to the financial statements is material. The main risk lies in whether revenue actually occurs. Accordingly, we identify the risk of revenue recognition arising from fraud as a key audit matter in accordance with the Statements on Auditing Standards in relation to significant risk.

For the accounting policies related to revenue recognition, please refer to Note IV (XV).

We understood and tested the effectiveness of the design and implementation of internal controls in the recognition of sales revenue. We have also selected appropriate samples from the sales details, reviewed the original contracts, documents and customs declaration forms from external forwarders or signed by customers to check whether the recipients are the trading parties, and reviewed whether there is a significant amount of return and allowance subsequent to the balance sheet date to confirm whether there is any material misstatement of sales revenue.

Other Matters

We have also audited the Parent Company Only Financial Statements of Aurora Corporation for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the management is responsible for assessing Aurora Corporation and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Aurora Corporation and its subsidiaries 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 Aurora Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' 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 the auditing standards generally accepted in the Republic of China 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit 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 controls 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 internal controls of Aurora Corporation and its subsidiaries.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 Aurora Corporation and its subsidiaries' ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated 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 auditors' report. However, future events or conditions may cause Aurora Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Aurora Corporation and its subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Consolidated Financial Statements of Aurora Corporation and its subsidiaries.

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 the key audit matters of Aurora Corporation and its subsidiaries' Consolidated Financial Statements for the year ended December 31, 2020. We describe these matters in our auditors' 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.

Deloitte & Touche
Chi Rui-Chuan, CPA

Hsieh Chien-Hsin, CPA

Financial Supervisory Commission
Approval No. Jin-Guan-Zheng-Shen No.
1060023872

Securities and Futures Commission Approval
No. Tai-Cai-Zheng-6 No. 0920123784

March 16, 2021

Notices to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Aurora Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 5,444,125	30	\$ 5,764,661	34
1110	Financial assets at fair value through profit or loss - current (Notes IV and VII)	77,420	-	158,520	1
1120	Financial assets at fair value through other comprehensive income - current (Notes IV and VIII)	-	-	107,823	1
1140	Financial assets at amortized cost - current (Notes IV and IX)	1,873,326	10	1,229,067	7
1150	Notes receivable (Notes IV and XI)	190,720	1	186,716	1
1170	Accounts receivable (Notes IV and XI)	1,303,845	7	1,019,475	6
1180	Accounts receivable - related parties (Notes IV, XI, and XXXIII)	102,688	1	105,127	-
1200	Other receivables (Notes IV, XI, and XXXIII)	109,530	1	117,707	1
1220	Current tax assets (Notes IV and XXVII)	49,332	-	457	-
130X	Inventories (Notes IV and XII)	1,463,649	8	1,524,802	9
1479	Other current assets (Note XIX)	281,074	2	177,999	1
11XX	Total current assets	<u>10,895,709</u>	<u>60</u>	<u>10,392,354</u>	<u>61</u>
	Non-current assets				
1550	Investments accounted for using the equity method (Notes IV and XIV)	3,156,926	17	3,039,586	18
1560	Contract assets - non-current (Note XXV)	19,590	-	-	-
1600	Property, plant, and equipment (Notes IV, XV, XXXIII, and XXXIV)	2,315,741	13	1,939,676	11
1755	Right-of-use assets (Notes III, IV, XVI, and XXXIII)	641,237	4	702,289	4
1760	Investment properties (Notes IV, XVII, and XXXIV)	450,870	3	465,911	3
1805	Goodwill (Notes IV and XVIII)	132,801	1	132,728	1
1821	Other intangible assets (Notes IV and XVIII)	44,208	-	35,926	-
1840	Deferred tax assets (Notes IV and XXVII)	179,114	1	169,676	1
1920	Refundable deposits (Note XXXIII)	150,569	1	167,526	1
1980	Other financial assets - non-current (Notes X and XXXIV)	60,665	-	35,459	-
1990	Other non-current assets (Note XIX)	15,479	-	28,645	-
15XX	Total non-current assets	<u>7,167,200</u>	<u>40</u>	<u>6,717,422</u>	<u>39</u>
1XXX	Total assets	<u>\$ 18,062,909</u>	<u>100</u>	<u>\$ 17,109,776</u>	<u>100</u>
	Liabilities and Equity				
	Current Liabilities				
2100	Short-term loans (Note XX)	\$ 2,621,620	14	\$ 2,814,268	16
2110	Short-term notes and bills payable (Note XX)	319,651	2	99,992	1
2130	Contract liabilities - current (Note XXV)	467,117	3	459,544	3
2170	Accounts payable (Note XXI)	1,391,425	8	1,181,483	7
2180	Accounts payable - related parties (Notes XXI and XXXIII)	1,955	-	12,769	-
2200	Other payables (Notes XXII and XXXIII)	1,221,392	7	1,079,334	6
2230	Current tax liabilities (Notes IV and XXVII)	194,294	1	94,628	1
2280	Lease liabilities - current (Notes IV, XVI, and XXXIII)	310,468	2	272,725	2
2300	Other current liabilities (Note XXII)	91,711	-	68,030	-
21XX	Total current liabilities	<u>6,619,633</u>	<u>37</u>	<u>6,082,773</u>	<u>36</u>
	Non-current liabilities				
2540	Long-term loans (Note XX)	1,340,000	7	1,480,000	9
2570	Deferred income tax liabilities (Notes IV and XXVII)	258,460	1	140,885	1
2580	Lease liabilities - non-current (Notes IV, XVI, and XXXIII)	346,260	2	438,574	2
2640	Net defined benefit liabilities - non-current (Notes IV and XXIII)	481,453	3	485,613	3
2645	Guarantee deposits received (Note XXXIII)	92,956	1	108,198	-
25XX	Total non-current liabilities	<u>2,519,129</u>	<u>14</u>	<u>2,653,270</u>	<u>15</u>
2XXX	Total liabilities	<u>9,138,762</u>	<u>51</u>	<u>8,736,043</u>	<u>51</u>
	Equity attributable to owners of the Company (Note XXIV)				
	Capital stock				
3110	Capital stock - common shares	2,362,025	13	2,362,025	14
3200	Capital surplus	1,941,799	11	1,920,710	11
	Retained earnings				
3310	Legal reserve	1,731,715	10	1,597,471	9
3320	Special reserve	852,220	5	852,220	5
3350	Unappropriated earnings	1,504,059	8	1,523,968	9
3300	Total retained earnings	<u>4,087,994</u>	<u>23</u>	<u>3,973,659</u>	<u>23</u>
3400	Other equity	28,697	-	(252,935)	(1)
3500	Treasury shares	(791,826)	(5)	(791,826)	(5)
31XX	Total equity attributable to owners of the Company	<u>7,628,689</u>	<u>42</u>	<u>7,211,633</u>	<u>42</u>
36XX	Non-controlling Interests	<u>1,295,458</u>	<u>7</u>	<u>1,162,100</u>	<u>7</u>
3XXX	Total equity	<u>8,924,147</u>	<u>49</u>	<u>8,373,733</u>	<u>49</u>
	Total liabilities and equity	<u>\$ 18,062,909</u>	<u>100</u>	<u>\$ 17,109,776</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

Accounting Manager: Lin Ya-Ling

Aurora Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income For the Years Ended December 31, 2020 and 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
	Operating revenue (Notes IV, XXV, and XXXIII)				
4110	Sales revenue	\$ 12,985,917	100	\$ 13,643,478	100
4170	Sales returns	25,470	-	21,711	-
4190	Sales discounts and allowances	9,473	-	16,654	-
4000	Total operating revenue	12,950,974	100	13,605,113	100
5000	Operating costs (Notes IV, XII, XXVI, and XXXIII)	7,152,644	55	7,569,044	56
5900	Gross profit	5,798,330	45	6,036,069	44
5910	Realized gains from sales of associates	76,297	1	61,645	1
5950	Realized gross profit	5,874,627	46	6,097,714	45
	Operating expenses (Notes IV, XI, XXVI, and XXXIII)				
6100	Selling and marketing expenses	2,439,433	19	3,050,347	23
6200	General and administrative expenses	1,853,556	14	1,670,017	12
6300	Research and development expenses	51,649	1	-	-
6450	Expected credit loss	12,609	-	6,697	-
6000	Total operating expenses	4,357,247	34	4,727,061	35
6900	Net operating income	1,517,380	12	1,370,653	10
	Non-operating income and expenses (Notes IV, VII, IX, XIV, XXVI, and XXXIII)				
7100	Interest income	63,933	-	45,579	-
7190	Other income	127,087	1	146,078	1

(Continued on the next page)

(Continued from the previous page)

Code		2020		2019	
		Amount	%	Amount	%
7590	Other gains and losses	\$ 124,854	1	\$ 153,871	1
7050	Finance costs	(57,471)	-	(65,129)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method	<u>249,645</u>	<u>2</u>	<u>281,688</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>508,048</u>	<u>4</u>	<u>562,087</u>	<u>4</u>
7900	Net income before tax	2,025,428	16	1,932,740	14
7950	Income tax expense (Notes IV and XXVII)	<u>466,693</u>	<u>4</u>	<u>430,984</u>	<u>3</u>
8200	Net income	<u>1,558,735</u>	<u>12</u>	<u>1,501,756</u>	<u>11</u>
	Other comprehensive income				
8310	Components that will not be reclassified to profit or loss (Notes IV, XXIV, and XXVII):				
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	232,144	2	(32,214)	-
8311	Gains (losses) on re-measurements of defined benefit plans	(28,086)	-	(36,784)	-
8320	Share of other comprehensive income of associates accounted for using the equity method	(5,194)	-	(71,110)	(1)
8349	Income tax related to components that will not be reclassified to profit or loss	<u>5,617</u>	<u>-</u>	<u>7,357</u>	<u>-</u>
		<u>204,481</u>	<u>2</u>	<u>(132,751)</u>	<u>(1)</u>

(Continued on the next page)

(Continued from the previous page)

Code		2020		2019	
		Amount	%	Amount	%
8360	Components that may be reclassified to profit or loss (Notes IV and XV)				
8361	Exchange differences on translation of financial statements of foreign operations	\$ 151,624	1	(\$ 295,245)	(2)
8370	Share of other comprehensive income of associates accounted for using the equity method	<u>10,038</u>	<u>-</u>	<u>(22,157)</u>	<u>-</u>
		<u>161,662</u>	<u>1</u>	<u>(317,402)</u>	<u>(2)</u>
8300	Other comprehensive income, net	<u>366,143</u>	<u>3</u>	<u>(450,153)</u>	<u>(3)</u>
8500	Total comprehensive income	<u>\$ 1,924,878</u>	<u>15</u>	<u>\$ 1,051,603</u>	<u>8</u>
	Net Income Attributable to:				
8610	Owners of the Company	\$ 1,438,309	11	\$ 1,374,792	10
8620	Non-controlling Interests	<u>120,426</u>	<u>1</u>	<u>126,964</u>	<u>1</u>
8600		<u>\$ 1,558,735</u>	<u>12</u>	<u>\$ 1,501,756</u>	<u>11</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 1,765,942	14	\$ 965,710	7
8720	Non-controlling Interests	<u>158,936</u>	<u>1</u>	<u>85,893</u>	<u>1</u>
8700		<u>\$ 1,924,878</u>	<u>15</u>	<u>\$ 1,051,603</u>	<u>8</u>
	Earnings per share (Note XXVIII)				
9710	Basic	<u>\$ 6.40</u>		<u>\$ 6.12</u>	
9810	Diluted	<u>\$ 6.39</u>		<u>\$ 6.11</u>	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

Accounting Manager: Lin Ya-Ling

Aurora Corporation and Subsidiaries

**Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)**

Code		Retained earnings					Other equity		Treasury shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
		Capital Stock	Capital surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income				
A1	Balance as of January 1, 2019	\$ 2,362,025	\$ 1,843,004	\$ 1,445,171	\$ 852,220	\$ 1,751,045	(\$ 477,204)	\$ 600,997	(\$ 791,826)	\$ 7,585,432	\$ 1,113,576	\$ 8,699,008
	Appropriation and distribution of earnings for 2018:											
B1	Legal reserve	-	-	152,300	-	(152,300)	-	-	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	(1,417,215)	-	-	-	(1,417,215)	-	(1,417,215)
C17	Dividends that are not collected before the designated date	-	7,948	-	-	-	-	-	-	7,948	-	7,948
D1	Net income in 2019	-	-	-	-	1,374,792	-	-	-	1,374,792	126,964	1,501,756
D3	Other comprehensive income after tax in 2019	-	-	-	-	(32,552)	(280,868)	(95,662)	-	(409,082)	(41,071)	(450,153)
D5	Total comprehensive income in 2019	-	-	-	-	1,342,240	(280,868)	(95,662)	-	965,710	85,893	1,051,603
M1	Changes in capital reserve from dividends paid to subsidiaries	-	68,330	-	-	-	-	-	-	68,330	6,651	74,981
M7	Changes in ownership interests in subsidiaries	-	1,428	-	-	-	-	-	-	1,428	-	1,428
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(44,020)	(44,020)
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	198	-	(198)	-	-	-	-
Z1	Balance as of December 31, 2019	2,362,025	1,920,710	1,597,471	852,220	1,523,968	(758,072)	505,137	(791,826)	7,211,633	1,162,100	8,373,733
	Appropriation and distribution of earnings for 2019:											
B1	Legal reserve	-	-	134,244	-	(134,244)	-	-	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	(1,369,975)	-	-	-	(1,369,975)	-	(1,369,975)
C15	Cash dividends appropriated from capital surplus	-	(47,241)	-	-	-	-	-	-	(47,241)	-	(47,241)
D1	Net income in 2020	-	-	-	-	1,438,309	-	-	-	1,438,309	120,426	1,558,735
D3	Other comprehensive income after tax in 2020	-	-	-	-	(23,390)	143,439	207,584	-	327,633	38,510	366,143
D5	Total comprehensive income in 2020	-	-	-	-	1,414,919	143,439	207,584	-	1,765,942	158,936	1,924,878
M1	Changes in capital reserve from dividends paid to subsidiaries	-	68,330	-	-	-	-	-	-	68,330	6,651	74,981
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	6,297	6,297
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(38,526)	(38,526)
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	69,391	-	(69,391)	-	-	-	-
Z1	Balance as of December 31, 2020	\$ 2,362,025	\$ 1,941,799	\$ 1,731,715	\$ 852,220	\$ 1,504,059	(\$ 614,633)	\$ 643,330	(\$ 791,826)	\$ 7,628,689	\$ 1,295,458	\$ 8,924,147

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

Accounting Manager: Lin Ya-Ling

Aurora Corporation and Subsidiaries

Consolidated Statements of Cash Flows For the Years Ended December 31, 2020 and 2019 (In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flows from operating activities		
A00010	Net income before tax	\$ 2,025,428	\$ 1,932,740
A20010	Adjustments:		
A20100	Depreciation expenses	842,956	737,362
A20200	Amortization expenses	16,940	14,835
A20300	Expected credit loss	12,609	6,697
A20400	Net gain on financial assets at fair value through profit or loss	(156,023)	(180,944)
A20900	Finance costs	57,437	65,075
A21200	Interest income	(63,916)	(45,579)
A22300	Share of profit of associates and joint ventures accounted for using the equity method	(249,645)	(281,688)
A22500	Loss on disposal of property, plant, and equipment	5,184	2,863
A22700	Gain on disposal of investment property	(8,653)	-
A23200	Loss on disposal of investments accounted for using the equity method	-	11,348
A23900	Realized gains from associates	(76,297)	(61,645)
A29900	Gains on lease modifications	(204)	-
A29900	Gains on bargain purchase - acquisition of subsidiaries	-	(5,241)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(4,004)	53,045
A31150	Accounts receivable	(300,489)	234,460
A31160	Accounts receivable - related parties	5,187	86,314
A31180	Other receivables	8,034	12,495
A31200	Inventories	(97,504)	(57,903)
A31240	Other current assets	(103,075)	128,372
A31125	Contract assets	(19,590)	-
A32150	Accounts payable	209,942	(587,411)
A32160	Accounts payable - related parties	(10,814)	(211,504)
A32180	Other payables	162,541	(229,796)
A32230	Other current liabilities	31,254	(14,171)
A32240	Net defined benefit liabilities	(32,246)	(21,554)
A33000	Cash generated from operations	2,255,052	1,588,170
A33300	Interest paid	(77,920)	(64,968)
A33500	Income tax paid	(301,705)	(421,470)
AAAA	Net cash flows generated from operating activities	<u>1,875,427</u>	<u>1,101,732</u>

(Continued on the next page)

(Continued from the previous page)

Code		2020	2019
	Cash flows from investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	\$ 339,967	\$ -
B00040	Acquisition of financial assets at amortized cost	(644,259)	(728,040)
B00100	Acquisition of financial assets at fair value through profit or loss	(18,515,874)	(27,780,597)
B00200	Disposal of financial assets at fair value through profit or loss	18,752,483	27,871,777
B02200	Net cash flows from subsidiaries	-	80,699
B02700	Acquisition of property, plant, and equipment	(641,062)	(230,437)
B02800	Proceeds from disposal of property, plant, and equipment	12,106	19,917
B03700	Increase in refundable deposits	-	(32,572)
B03800	Decrease in refundable deposits	16,957	-
B04500	Acquisition of intangible assets	(24,657)	(27,947)
B05500	Disposal of investment property	18,333	-
B06700	Increase in other non-current assets	(12,040)	(6,845)
B07500	Interest received	64,059	45,139
B07600	Dividends received	<u>224,336</u>	<u>278,377</u>
BBBB	Net cash flows used in investing activities	(<u>409,651</u>)	(<u>510,529</u>)
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	451,751
C00200	Decrease in short-term loans	(192,648)	-
C00500	Increase in short-term notes and bills payable	219,659	-
C00600	Decrease in short-term notes and bills payable	-	(169,989)
C01600	Proceeds from long-term loans	-	80,000
C01700	Repayments of long-term loans	(140,000)	-
C03100	Decrease in guarantee deposits received	(15,242)	(20,723)
C04020	Repayment of the principal portion of lease liabilities	(405,237)	(328,317)
C04500	Cash dividends paid	(1,380,761)	(1,386,254)
C05800	Changes in non-controlling interests	<u>6,297</u>	<u>-</u>
CCCC	Net cash flows used in financing activities	(<u>1,907,932</u>)	(<u>1,373,532</u>)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>121,620</u>	(<u>233,342</u>)
EEEE	Net decrease in cash and cash equivalents	(320,536)	(1,015,671)
E00100	Cash and cash equivalents at beginning of period	<u>5,764,661</u>	<u>6,780,332</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 5,444,125</u>	<u>\$ 5,764,661</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

Accounting Manager: Lin Ya-Ling

Aurora Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Aurora Corporation (the Company; the Company and entities controlled by the Company collectively referred to as the "Group") was founded in Taipei in October 1965. The main businesses of the Company include the trade, lease, and repair of Multi-Functional Photocopiers (MFPs) and computer equipment and the sales of system furniture.

The Company's shares have been listed on the Taiwan Stock Exchange since August 1991.

The Consolidated Financial Statements are presented in the New Taiwan dollar, the Company's functional currency.

2. Date of Authorization for Issuance of the Consolidated Financial Statements and Procedures for Authorization

The Consolidated Financial Statements have been approved by the Board of Directors on March 16, 2021.

3. Application of New and Amended Standards and Interpretations

- a. Initial application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Group.

- b. FSC-endorsed IFRSs that are applicable from 2021 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	Effective immediately upon the date of issuance
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase II"	The amendments apply to the annual reporting periods beginning on or after January 1, 2021.
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	The amendments apply to the annual reporting periods beginning on or after June 1, 2020.

As of the date of authorization of the financial statements, the Group's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the consolidated financial conditions and performance.

c. Standards issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB (Note 1)</u>
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)

Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2: The amendments to IFRS 9 apply prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" apply prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments apply to the business combination of which the acquisition date falls on the annual reporting periods beginning on or after January 1, 2022.

Note 4: The amendments apply to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments apply to contracts that will not have been completely fulfilled in the annual period beginning after January 1, 2022.

Note 6: The amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments apply to changes in accounting estimates and in accounting policies which take place in the annual reporting periods beginning on or after January 1, 2023.

As of the date of authorization of the Consolidated Financial Statements, the Group has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

a. Compliance declaration

The Consolidated Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

b. Preparation basis

The Consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

The fair value measurement is classified into three levels based on the observability and importance of related input:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices).
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Standards for assets and liabilities classified as current and non-current

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities with settlement within 12 months after the balance sheet date; and
- 3) Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the publication of the balance sheet.

All other assets or liabilities that are not specified above are classified as non-current.

d. Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company (i.e., subsidiaries). The Consolidated Statements of Comprehensive Income include the operating income/loss of the acquired or disposed subsidiaries from the date of acquisition to the date of disposal in the current period. The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full upon consolidation. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

Please refer to Notes XIII and XXXVIII (Tables 7 and 8) for details, shareholding ratio, and business activities of subsidiaries.

e. Business combinations

The acquisition method is applied to business combinations. Costs associated with acquisition are recognized as expenses in the year when costs incurred and services received.

Goodwill is measured by adding the fair value of consideration transferred and fair value of the acquirer's previously owned acquiree equity on acquisition date minus the net value of identifiable assets and assumed liabilities on acquisition date. If after reassessment, the net amount of identifiable assets and assumed liabilities acquired on the acquisition date still exceeds the total amount of consideration transferred, non-controlling interest of the acquiree., and fair value of the acquiree equity previously held by the acquirer on the acquisition date, the difference is the gain on bargain purchase, which is immediately recognized in profit or loss.

If the measurement of identifiable assets and liabilities assumed from business combinations is not completed by the balance sheet date, provisional amounts would be recognized instead. Retrospective adjustments or recognition of additional assets or liabilities are required during the measurement period to reflect new information obtained on the facts and circumstances that existed on the acquisition date.

f. Foreign currencies

In the preparation of each individual financial statements, transactions denominated in a currency other than the entity's functional currency (i.e., foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income (and are attributable to owners of the Company and non-controlling interests respectively).

On the disposal of the entire interest in the foreign operation, or when the retained interests upon the disposal of foreign operation's joint venture are financial assets and accounted for using the accounting policies for financial instruments, all of the accumulated exchange differences attributable to owners of the Company and associated with the foreign operation are reclassified to profit or loss.

g. Inventories

Inventories comprise office automation products, office supplies, computer equipment, communication products and supplies, system furniture, raw materials, and work in process. Inventory costs are calculated using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence other than a subsidiary or a joint venture. A joint venture is a joint arrangement where the Group and other parties share joint control and net assets.

The Group accounts for investments in associates and joint ventures by using the equity method.

Under the equity method, investments are initially treated at cost and adjusted thereafter for the post-acquisition change in the Group's interest in profit or loss, share in other comprehensive income, and profits of associates and joint ventures. In addition, equity changes in associates and joint ventures are recognized based on the shareholding ratio.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, and liabilities of associates and joint ventures recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized as profit or loss in the current year.

When associates and joint ventures issue new shares and the Group does not subscribe to such shares to the extent that its original shareholding ratio can be changed, the difference is recorded as an adjustment to capital surplus - changes in the net value of shares in associates and joint ventures accounted for using the equity method and other investments accounted for using the equity method. If the amount of ownership interests in associates and joint ventures is not subscribed for or obtained in proportion to the shareholding ratio, the amount of the related assets or liabilities shall be recognized in other comprehensive income. The basis of the accounting treatment is the same as that of the associates and joint ventures. The difference in the balance of the capital reserve accounted for using the equity method shall be recognized in retained earnings.

To assess impairment, the Group has to consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts. The cost of impairment identified is to be deemed as part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Group shall cease the use of equity method from the date when its investment is no longer a joint venture. Its retained interest in the joint venture is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period. In addition, the Group shall account for all the amounts recognized in other comprehensive income in relation to that joint venture on the same basis as would be required if the joint venture had directly disposed of the related assets or liabilities.

Profits and losses in upstream, downstream and side-stream transactions between the Group and associates and between the Group and joint ventures are recognized in the consolidated financial statements only when the profits and losses are irrelevant to the Group's interests in the associates and joint ventures.

i. Property, plant, and equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation.

Each significant part of property, plant, and equipment is separately depreciated over its useful life on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

j. Investment property

Investment property is real estate held for rent or capital appreciation or both.

Investment property owned by the Group is measured initially at cost (including transaction costs) and subsequently at cost less accumulated depreciation. Depreciation is recognized on a straight-line basis.

k. Goodwill

The value of goodwill received through business combinations has to be shown as the amount of goodwill recognized on the acquisition date and subsequently evaluated as cost less accumulated impairment loss.

To evaluate impairment, goodwill is distributed among various cash-generating units or cash-generating unit groups ("cash-generating units") which the Group expects to benefit by business combinations.

The cash-generating units that are allocated goodwill will compare the unit's carrying amount and its recoverable amount including goodwill every year (and whenever there are signs of impairment) to evaluate the impairment of the unit. If the goodwill is obtained by the cash-generating units through a business combination in the current year, an impairment test is to be conducted prior to the end of the current year. If the recoverable amount of the cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Impairment loss is considered as loss in the current year. The impairment loss of goodwill shall not be reversed in subsequent periods.

l. Intangible assets

1) Separate acquisition

Intangible assets with a limited useful life will be evaluated initially at cost and subsequently at cost less accumulated amortization. Intangible assets will be amortized using the straight-line method within the useful life. The Group will review the estimated useful life, residual value, and depreciation methods at the end of each year at least once a year to deduce the effect of the changes in accounting estimates.

2) Derecognition

When intangible assets are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss of the current year.

m. Impairment of property, plant, and equipment as well as right-of-use assets, investment property, and intangible assets (excluding goodwill)

On each balance sheet date, the Group reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets, investment property and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit will be reduced to the extent of recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or of the cash-generating unit not declared as impairment loss in the previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

n. Financial instruments

Financial assets and liabilities will be recognized in the consolidated balance sheets when the Group becomes a party to the contract of the financial instrument.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

a) Types of measurement

Financial assets held by the Group are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated by the Group to be measured at fair value through other comprehensive income, and debt instrument

investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value; any re-measurement profit or loss (including any dividends or interests derived from such financial assets) is recognized in profit or loss. Please refer to Note XXXII for the methods for determining fair values.

ii. Financial assets at amortized cost

When the Group's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- i) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- ii) The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

After initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective rate method less any impairment loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

- i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- ii) For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.

Cash equivalents include time deposits within three months from the acquisition date and with high liquidity and relatively low price changes convertible to cash any time. They are used for meeting short-term cash commitments.

iii. Investments in equity instruments at fair value through other comprehensive income

The Group may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

b) Impairment of financial assets

The impairment loss of financial assets at amortized cost is measured by the Group on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Group determines that there is internal or external information indicating that the debtor cannot settle the debt, which represents that the financial assets have breached the contract.

The impairment loss of all financial assets is reduced based on the allowance account.

c) Derecognition of financial assets

The Group derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Group transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. Through the full derecognition of the investments in equity instruments at fair value through other comprehensive income, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities are assessed at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

o. Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

1) Sales revenue of commodities

Sales revenue of commodities comes from the sale of Multi-Functional Photocopiers (MFPs), fax machines, and telecommunication products. When MFPs, fax machines, and telecommunication products are shipped to the locations designated by the customers, the customers have already obtained the rights to establish the price and

usage of the commodities and are primarily liable for the resale of the commodities. The customers shall undertake the related obsolescence risk and the Group will recognize revenue and accounts receivable at that time.

2) Service revenue

Service revenue is derived from the maintenance services of the equipment. Relevant revenue is recognized when services are rendered.

p. Leases

The Group assesses whether the contract is (or includes) a lease on the date of its establishment.

1) Where the Group is a lessor:

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight line basis over the lease term.

Rental changes in lease agreements that do not depend on indices or rates are recognized income in the period in which they are incurred.

2) Where the Group is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. The right-of-use assets are separately expressed in the consolidated balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. If the assessments on lease terms, amounts expected to be paid under residual value guarantees and purchase option of the underlying assets; or changes in the index or rate which determines the lease payments result in changes in future lease payments, the Group would remeasure the lease liabilities with a corresponding adjustment on the right-of-use assets. However, if the carrying amount of

right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. With regard to changes in leases that are not considered separate leases, the remeasurement of lease liabilities as a result of the decrease in the scope of the lease refers to the reduction in right-of-use assets, with the recognition of the gains or losses on partial or complete termination of the lease. The remeasurement of lease liabilities as a result of other amendments refers to the adjustment in right-of-use assets. Lease liabilities are presented separately in the consolidated balance sheets.

q. Benefits after retirement

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current and previous periods) and the net interest of the net defined benefit liabilities are recognized as employee benefit expenses. The remeasurement amount (including actuarial gains and losses (assets) and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs or when the plan is revised or reduced. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities are the deficit of the contribution made according to the defined benefit pension plan.

r. Income tax

Income tax expenses are the sum of the tax in the current year and deferred income tax.

1) Income tax in the current year

The current income tax payable is calculated based on the taxable income in the current year. A portion of the income and expenses is taxable or deductible in other periods or is not taxable or deductible under the relevant tax laws. Therefore, the taxable income differs from the net income reported in the consolidated statements of comprehensive income. The Group's current income tax liabilities are based on the statutory tax rate on the balance sheet date.

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each income tax declaration jurisdiction, and calculates the income tax payable (recoverable) accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior year income taxes are shown in the taxes of the current year.

2) Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized when there are likely taxable income for the deducting temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to

control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment and equity, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred income taxes

Current income tax and deferred income tax are recognized in profit or loss except for those related to items recognized in other comprehensive income that shall be recognized in other comprehensive income.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Group adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

After reviewing the accounting policies, estimates, and assumptions adopted by the Group, the management found no material uncertainties.

6. Cash and Cash Equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and working capital	\$ 3,355	\$ 3,345
Checks and demand deposits in banks	4,849,875	4,443,986
Cash equivalents		
Time deposits with original maturity date within 3 months	<u>590,895</u>	<u>1,317,330</u>
	<u>\$ 5,444,125</u>	<u>\$ 5,764,661</u>

Interest rate ranges for time deposits with original maturity date within 3 months are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
RMB	2.025%	4.18%

7. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Fund beneficiary certificates	\$ 77,420	\$ 65,122
Hybrid financial assets		
- Wealth management products	<u>-</u>	<u>93,398</u>
	<u>\$ 77,420</u>	<u>\$158,520</u>

- a. For the years ended December 31, 2020 and 2019, net income from financial assets at fair value through profit or loss were and NT\$156,023 thousand and NT\$180,944 thousand, respectively.
- b. As of 31 December 2019, financial products with an expected yield of 4.05%~4.20% were purchased by the Group from banks.
- c. For securities held by the Group as of December 31, 2020, please refer to Note XXXVIII (Table 2).

8. Financial Assets at Fair Value through Other Comprehensive Income - Current

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Investments in equity instruments</u>		
Domestic investment		
Listed stocks		
Common shares of TSEC Corporation	<u>\$ -</u>	<u>\$107,823</u>

The Group invested in common shares of TSEC Corporation for medium- and long-term strategic purposes. The management chose to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

On May 14, 2019, TSEC Corporation reduced its capital, from 21,544 thousand shares to 14,187 thousand shares (about 34%), to make up for the loss of NT\$1,628,383 thousand.

The Group adjusted its investment position in 2020 to diversify risks, and sold part of the common shares of TSEC Corporation at a fair value in the amount of NT\$339,967 thousand, while the remaining equity—the unrealized profit and loss of financial assets measured at fair value through other comprehensive income in the amount of NT\$62,168 thousand are transferred to retained earnings.

9. Financial Assets at Amortized Cost - Current

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Time deposits with original maturity over 3 months	<u>\$ 1,873,326</u>	<u>\$ 1,229,067</u>

Interest rate ranges for time deposits with original maturity over 3 months are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
RMB	2.63%~4.18%	3.95%~4.18%

For securities held by the Group as of December 31, 2020, please refer to Note XXXVIII (Table 2).

10. Other Financial Assets - Non-current

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted bank deposits	<u>\$ 60,665</u>	<u>\$ 35,459</u>

11. Notes Receivables, Accounts Receivables, and Other Receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 190,720	\$ 186,716
Less: loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 190,720</u>	<u>\$ 186,716</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 1,331,669	\$ 1,049,593
Less: loss allowance	(27,824)	(30,118)
	<u>\$ 1,303,845</u>	<u>\$ 1,019,475</u>
<u>Accounts receivable - related parties</u>		
Measured at amortized cost		
Total carrying amount	\$ 102,688	\$ 105,127
Less: loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 102,688</u>	<u>\$ 105,127</u>
<u>Other receivables</u>		
Rent collected	\$ 64,915	\$ 70,332
Related parties	9,929	20,742
Interest receivable	5	481
Others	<u>34,681</u>	<u>26,152</u>
	<u>\$ 109,530</u>	<u>\$ 117,707</u>
<u>Overdue receivables</u>		
Overdue receivables	\$ 26,327	\$ 13,849
Less: loss allowance	(26,327)	(13,849)
	<u>\$ -</u>	<u>\$ -</u>

a. Accounts receivable

The Group's credit period for commodity sales averages 60~90 days. To minimize credit risk, the management of the Group has delegated a team responsible for taking other monitoring measures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. As such, the Group's management concludes that the credit risk has been significantly reduced.

The Group adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The lifetime expected credit losses are calculated based on a provision matrix that takes into account the default history and current financial position of customers, as well as the GDP

forecast. Due to the historical experience of credit losses of the Group, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of accounts receivable.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

Loss allowances for accounts receivable based on the provision matrix are as follows:

December 31, 2020

	Not Past Due	1 to 90 Days Past Due	More than 91 Days Past Due	Total
Expected credit loss rate	0.73%	3.77%	10.92%	
Total carrying amount	\$ 971,520	\$ 259,620	\$ 100,529	\$1,331,669
Allowance for loss (expected credit losses during the period)	(<u>7,055</u>)	(<u>9,791</u>)	(<u>10,978</u>)	(<u>27,824</u>)
Amortized cost	<u>\$ 964,465</u>	<u>\$ 249,829</u>	<u>\$ 89,551</u>	<u>\$1,303,845</u>

December 31, 2019

	Not Past Due	1 to 90 Days Past Due	More than 91 Days Past Due	Total
Expected credit loss rate	1.76%	4.48%	10.31%	
Total carrying amount	\$ 837,656	\$ 107,904	\$ 104,033	\$1,049,593
Allowance for loss (expected credit losses during the period)	(<u>14,744</u>)	(<u>4,832</u>)	(<u>10,542</u>)	(<u>30,118</u>)
Amortized cost	<u>\$ 822,912</u>	<u>\$ 103,072</u>	<u>\$ 93,491</u>	<u>\$1,019,475</u>

Changes in loss allowances for receivables (accounts receivable and overdue receivables) are as follows:

	2020	2019
Beginning balance	\$ 43,967	\$ 51,438
Less: impairment loss in the current period	12,609	6,697
Less: write-off in the current year	(3,187)	(12,881)
Exchange difference	<u>762</u>	(<u>1,287</u>)
Ending balance	<u>\$ 54,151</u>	<u>\$ 43,967</u>

b. Other receivables

Rent was received from the lessee by the Group on behalf of the related party.

12. Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commodities		
Office automation products, office supplies, and computer equipment	\$ 821,747	\$ 939,014
System furniture	474,945	420,312
Raw materials	125,704	101,217
Work in process	24,189	26,787
Goods in Transit	<u>17,064</u>	<u>37,472</u>
	<u>\$ 1,463,649</u>	<u>\$ 1,524,802</u>

The costs of goods sold related to inventories for the years ended December 31, 2020 and 2019 were NT\$6,890,604 thousand and NT\$7,330,696 thousand, respectively. Operating costs, including inventory write-down, for the years ended December 31, 2020 and 2019 were NT\$14,527 thousand and NT\$4,943 thousand, respectively.

13. Subsidiaries

a. Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the Consolidated Financial Statements are listed as follows:

Name of Investor	Name of Subsidiary	Place of Establishment	Percentage of Ownership		Main Business Activities	Functional Currency
			December 31, 2020	December 31, 2019		
The Company	Aurora (Bermuda) Investment Ltd. (Aurora (Bermuda))	Bermuda	88.04%	88.04%	A holding company. The main operating risks of Aurora (Bermuda) and its subsidiaries are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Aurora Office Automation Corporation (Aurora Office Automation)	Taiwan	91.13%	91.13%	Import/export and wholesale of Multi-Functional Photocopiers (MFPs). The main operating risks are exchange rate risks.	NTD

(Continued on the next page)

(Continued from the previous page)

Name of Investor	Name of Subsidiary	Place of Establishment	Percentage of Ownership		Main Business Activities	Functional Currency
			December 31, 2020	December 31, 2019		
The Company	General Integration Technology Co., Ltd. (General Integration)	Taiwan	55.00%	55.00%	Manufacturing of molds and machinery and wholesale of precision instruments. The main operating risks are exchange rate risks.	NTD
	KM Developing Solutions Co., Ltd. (KM Developing)	Taiwan	70.00%	70.00%	Wholesale and retail of information software, computer equipment, and Multi-Functional Photocopiers (MFPs). The main operating risks are exchange rate risks.	NTD
	Aurora Machinery Equipment (Shanghai) Co., Ltd. (Aurora Machinery Equipment) (Notes 1 and 6)	Mainland China	70.00%	70.00%	Wholesale of mechanical and electronic equipment, ICT equipment, and computer hardware and software. The main operating risks are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Ever Young Biodimension Corporation (Ever Young Biodimension) (Note 2)	Taiwan	26.00%	26.00%	Wholesale of precision instruments.	NTD
General Integration	Ever Young Biodimension (Note 2)	Taiwan	25.00%	25.00%	Wholesale of precision instruments.	NTD
	Aurora Machinery Equipment (Notes 1 and 6)	Mainland China	30.00%	30.00%	Wholesale of mechanical and electronic equipment, ICT equipment, and computer hardware and software.	RMB

(Continued on the next page)

(Continued from the previous page)

Name of Investor	Name of Subsidiary	Place of Establishment	Percentage of Ownership		Main Business Activities	Functional Currency
			December 31, 2020	December 31, 2019		
Aurora (Bermuda)	Aurora (China) Investment Co., Ltd. (Aurora (China) Investment)	Mainland China	100.00%	100.00%	A holding company.	RMB
Aurora (China) Investment	Aurora Office Equipment Co., Ltd. (Shanghai) (Aurora Office Equipment)	Mainland China	100.00%	100.00%	Production and sales of Multi-Functional Photocopiers (MFPs).	RMB
	Aurora (China) Co., Ltd. (Aurora (China))	Mainland China	100.00%	100.00%	Manufacture and sales of office furniture.	RMB
	Aurora (Jiang Su) Enterprise Development Co., Ltd. (Aurora (Jiang Su)) (Note 3)	Mainland China	100.00%	100.00%	Reinvestment and property lease.	RMB
Aurora (China)	Aurora Office Automation Sales Co., Ltd. Shanghai	Mainland China	100.00%	100.00%	Sales, lease, and agency of Aurora brand products.	RMB
	Aurora (Shanghai) Cloud Technology Co., Ltd. (Aurora Cloud)	Mainland China	70.00%	70.00%	Sales and consulting services of printing, office equipment, and furniture.	RMB
	Aurora Home Furniture Co., Ltd. (Aurora Home) (Note 4)	Mainland China	100.00%	100.00%	Production and sales of furniture.	RMB
	Aurora (Shanghai) Electronic Commerce Co., Ltd. (Aurora Electronic Commerce) (Note 5)	Mainland China	70.00%	-	Sales on e-commerce platforms.	RMB

Note 1: The Company and General Integration invested RMB25,000 thousand in establishing Aurora Machinery Equipment in November 2018, holding 70% and 30% of its shares respectively.

Note 2: The Company's shareholding in Ever Young Biodimension is 26%, and General Integration holds 25% of Ever Young Biodimension's shares, totaling over 50% of the voting rights of Ever Young Biodimension. As the Group has control over Ever Young Biodimension, it is classified as a subsidiary.

Note 3: In June 2019, Aurora (China) Investment invested RMB100,000 thousand in establishing 100%-owned Aurora (Jiang Su). As of December 2020, the paid-in capital of Aurora (Jiang Su) was RMB200,000 thousand.

Note 4: On July 1, 2019, the Group acquired 50% of the equity of Aurora Home, increasing the shareholding ratio from 50% to 100%. Since July 1, 2019, the accounts of Aurora Home have been merged into the consolidated financial statements.

Note 5: In May 2020, Aurora (China) Co., Ltd. invested RMB3,500 thousand in Aurora (Shanghai) Electronic Commerce Co., Ltd., and the shareholding percentage was 70%.

Note 6: The financial statements of Aurora Machinery Equipment were not audited by the CPAs; however, the management of the Group believed that this fact would not cause any significant difference.

Please refer to Note XXXVIII (Tables 7 and 8) for information on the main business premises and countries of registration.

b. Subsidiaries not included in the consolidated financial statements: None.

c. Information on subsidiaries with material non-controlling interests

Name of Subsidiary	Percentage of Shares and Voting Rights Held by Non-controlling Interests	
	December 31, 2020	December 31, 2019
Aurora (Bermuda) and its subsidiaries	11.96%	11.96%
Aurora Office Automation	8.87%	8.87%

Name of Subsidiary	Profit or Loss Allocated to Non-controlling Interests		Non-controlling Interests	
	2020	2019	December 31, 2020	December 31, 2019
Aurora (Bermuda) and its subsidiaries (excluding non-controlling interests of its subsidiaries)	\$98,952	\$95,694	\$982,911	\$867,229
Aurora Office Automation	24,826	28,528	207,155	190,283

The summarized financial information of the following subsidiaries is prepared according to the amount before the write-off of intercompany transactions:

Aurora (Bermuda) and its subsidiaries

	December 31, 2020	December 31, 2019
Current Assets	\$ 9,221,734	\$ 8,785,746
Non-current assets	1,831,853	1,511,598
Current Liabilities	(2,497,127)	(2,604,408)
Non-current liabilities	(333,467)	(440,981)
Equity	<u>\$ 8,222,993</u>	<u>\$ 7,251,955</u>
Equity attributable to:		
Owners of the Company	\$ 7,235,407	\$ 6,383,849
Non-controlling interests of Aurora (Bermuda)	982,911	867,229
Non-controlling interests of Aurora (Bermuda)'s subsidiaries	<u>4,675</u>	<u>877</u>
	<u>\$ 8,222,993</u>	<u>\$ 7,251,955</u>

	2020	2019
Operating revenue	<u>\$ 8,637,151</u>	<u>\$ 9,347,967</u>
Net income	\$ 824,635	\$ 798,389
Other comprehensive income	<u>140,105</u>	<u>(280,999)</u>
Total comprehensive income	<u>\$ 964,740</u>	<u>\$ 517,390</u>
Net income attributable to:		
Owners of the Company	\$ 728,405	\$ 704,423
Non-controlling interests of Aurora (Bermuda)	98,952	95,694
Non-controlling interests of Aurora (Bermuda)'s subsidiaries	<u>(2,722)</u>	<u>(1,728)</u>
	<u>\$ 824,635</u>	<u>\$ 798,389</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 851,558	\$ 457,063
Non-controlling interests of Aurora (Bermuda)	115,682	62,091
Non-controlling interests of Aurora (Bermuda)'s subsidiaries	<u>(2,500)</u>	<u>(1,764)</u>
	<u>\$ 964,740</u>	<u>\$ 517,390</u>

	2020	2019
Cash flows from:		
Operating activities	\$ 1,171,701	\$ 674,105
Investing activities	<u>(910,775)</u>	<u>(1,030,921)</u>
Financing activities	<u>(736,473)</u>	<u>(234,143)</u>
Net cash flows used	<u>(\$ 475,547)</u>	<u>(\$ 590,959)</u>

Aurora Office Automation

	December 31, 2020	December 31, 2019
Current Assets	\$ 559,297	\$ 625,557
Non-current assets	2,613,041	2,625,306
Current Liabilities	<u>(412,168)</u>	<u>(525,124)</u>
Non-current liabilities	<u>(424,716)</u>	<u>(580,494)</u>
Equity	<u>\$ 2,335,454</u>	<u>\$ 2,145,245</u>
Equity attributable to:		
Owners of the Company	\$ 2,128,299	\$ 1,954,962
Non-controlling interests of Aurora Office Automation	<u>207,155</u>	<u>190,283</u>
	<u>\$ 2,335,454</u>	<u>\$ 2,145,245</u>

	2020	2019
Operating revenue	<u>\$ 830,161</u>	<u>\$ 815,830</u>
Net income	<u>\$ 279,885</u>	<u>\$ 321,629</u>
Other comprehensive income	<u>226,340</u>	<u>(157,716)</u>
Total comprehensive income	<u>\$ 506,225</u>	<u>\$ 163,913</u>
Net income attributable to:		
Owners of the Company	\$ 255,059	\$ 293,101
Non-controlling interests of		
Aurora Office		
Automation	<u>24,826</u>	<u>28,528</u>
	<u>\$ 279,885</u>	<u>\$ 321,629</u>
Total comprehensive income		
attributable to:		
Owners of the Company	\$ 461,323	\$ 149,374
Non-controlling interests of		
Aurora Office		
Automation	<u>44,902</u>	<u>14,539</u>
	<u>\$ 506,225</u>	<u>\$ 163,913</u>
	2020	2019
Cash flows from:		
Operating activities	\$ 196,501	\$ 144,394
Investing activities	456,537	140,353
Financing activities	<u>(627,189)</u>	<u>(336,689)</u>
Net cash flows (used)	<u>\$ 25,849</u>	<u>(\$ 51,942)</u>
Dividends paid to		
non-controlling interests		
Aurora Office Automation	<u>\$ 28,044</u>	<u>\$ 32,050</u>

14. Investments Accounted for Using the Equity Method

a. Investments in associates

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Significant associates</u>		
Listed companies		
Huxen Corporation	\$ 1,771,646	\$ 1,693,214
<u>Individually insignificant associates</u>		
Unlisted companies		
Aurora Development Corp.	496,580	466,468
Huxen (China) Co., Ltd.	642,007	608,777
Aurora Telecom Co., Ltd.	233,504	256,095
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	<u>13,189</u>	<u>15,032</u>
	<u>\$ 3,156,926</u>	<u>\$ 3,039,586</u>

The percentage of ownership, equities, and voting rights of the Group in associates on the balance sheet date are as follows:

<u>Name of Company</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Huxen Corporation	40.26%	40.26%
Aurora Development Corp.	46.67%	46.67%
Huxen (China) Co., Ltd.	30.00%	30.00%
Aurora Telecom Co., Ltd.	30.40%	30.40%
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	20.00%	20.00%

Please refer to Note XXXVII (Tables 7 and 8) for the aforementioned associates' nature of business, main business premises, and countries of registration.

The profit or loss and other comprehensive income of investments accounted for using the equity method and the Company's share in these investments were calculated based on the financial statements audited by the CPAs, except for Aurora Telecom Co., Ltd. However, the management of the Group believed that the unaudited financial statements of Aurora Telecom Co., Ltd. would not lead to significant adjustments.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

<u>Name of Company</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Huxen Corporation	<u>\$ 2,996,302</u>	<u>\$ 3,269,751</u>

All the aforementioned associates are accounted for using the equity method.

The summary of financial information below is based on individual associates' financial statements prepared in accordance with the IFRSs for which adjustments have been made in the Consolidated Financial Statements due to the use of the equity method.

Huxen Corporation

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current Assets	\$ 1,232,685	\$ 1,285,337
Non-current assets	4,880,103	4,819,103
Current Liabilities	(1,213,982)	(1,118,054)
Non-current liabilities	(718,985)	(811,928)
Equity	<u>\$ 4,179,821</u>	<u>\$ 4,174,458</u>
Percentage of shares held by the Group	40.26%	40.26%
Interests of the Group	\$ 1,682,796	\$ 1,680,636
Unrealized gains (losses) on transactions with investees	(92,358)	(95,993)
Unrealized gains (losses) on transactions between investees	(202,056)	(274,717)
Goodwill	<u>383,264</u>	<u>383,288</u>
Investment carrying amount	<u>\$ 1,771,646</u>	<u>\$ 1,693,214</u>

	<u>2020</u>	<u>2019</u>
Operating revenue	<u>\$ 1,409,767</u>	<u>\$ 1,404,678</u>
Net income	\$ 568,211	\$ 611,951
Other comprehensive income	(13,763)	(254,151)
Total comprehensive income	<u>\$ 554,448</u>	<u>\$ 357,800</u>
Dividends received from the associate	<u>\$ 221,086</u>	<u>\$ 203,632</u>

Information on individually insignificant associates is summarized below:

	<u>2020</u>	<u>2019</u>
The Group's share of:		
Net income	\$ 20,883	\$ 31,925
Other comprehensive income	<u>21,070</u>	(14,532)
Total comprehensive income	<u>\$ 41,953</u>	<u>\$ 17,393</u>

b. Investments in joint ventures

According to the joint venture agreement signed between the Company and Fursys (South Korea), both parties shall jointly establish and control Aurora Home, whose main business activity is to produce and sell furniture. On July 1, 2019, Aurora (China) Co., Ltd. acquired 50% of Aurora Home' shares from Fursys at NT\$152,554 thousand, which increased the Group's shareholding ratio to 100%. Therefore, Aurora Home is listed as a subsidiary. For the loss on disposal of the share of investments in joint ventures accounted for using the equity method, NT\$11,348 thousand, and the gain on bargain purchase of NT\$5,241 thousand, please refer to Notes XXVI and XXIX.

c. Share of profit or loss and other comprehensive income of associates and joint ventures accounted for using the equity method are as follows:

1) Share of profit or loss of associates and joint ventures accounted for using the equity method

	2020		2019	
	Profit or Loss of Investee	Investment Profit or Loss Recognized by the Group	Profit or Loss of Investee	Investment Profit or Loss Recognized by the Group
Huxen Corporation	\$ 568,211	\$ 228,762	\$ 611,951	\$ 246,371
Aurora Development Corp.	49,233	22,977	6,798	3,165
Huxen (China) Co., Ltd.	75,148	22,545	130,486	39,146
Aurora Telecom Co., Ltd.	(74,310)	(22,591)	(37,648)	(12,548)
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	(10,240)	(2,048)	10,810	2,162
Aurora Home Furniture Co., Ltd.	-	-	21,697	3,392
		<u>\$ 249,645</u>		<u>\$ 281,688</u>

2) Share of other comprehensive income of associates and joint ventures accounted for using the equity method

	2020		2019	
	Other Comprehensive Income of Investee	Other Comprehensive Income Recognized by the Group	Other Comprehensive Income of Investee	Other Comprehensive Income Recognized by the Group
Huxen Corporation	(\$ 13,763)	(\$ 5,541)	(\$ 254,151)	(\$ 102,321)
Aurora Development Corp.	22,251	10,385	19,402	9,055
Huxen (China) Co., Ltd.	35,618	10,685	(78,623)	(23,587)
Aurora Home Furniture Co., Ltd.	-	-	25,026	12,513
		<u>\$ 15,529</u>		<u>(\$ 104,340)</u>

15. Property, Plant, and Equipment

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
For self-use	\$ 1,899,174	\$ 1,466,120
Operating lease	<u>416,567</u>	<u>473,556</u>
	<u>\$ 2,315,741</u>	<u>\$ 1,939,676</u>

a. For self-use

	<u>Self-owned Land</u>	<u>Housing and Construction</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Construction in Process</u>	<u>Total</u>
<u>Cost</u>							
Balance as of January 1, 2020	\$543,199	\$1,522,958	\$634,078	\$ 31,818	\$570,122	\$ 14,531	\$3,316,706
Addition	77,869	16,880	49,993	1,439	68,891	425,990	641,062
Inventories transferred to property, plant, and equipment	-	-	-	-	5,655	-	5,655
Property, plant, and equipment transferred to inventories	-	-	-	-	(23,438)	-	(23,438)
Disposal and obsolescence	-	(37,186)	(28,890)	(553)	(80,338)	-	(146,967)
Reclassifications	-	4,564	-	-	-	(4,564)	-
Conversion adjustment	-	<u>21,503</u>	<u>10,020</u>	<u>544</u>	<u>6,093</u>	<u>9,663</u>	<u>47,823</u>
Balance as of December 31, 2020	<u>621,068</u>	<u>1,528,719</u>	<u>665,201</u>	<u>33,248</u>	<u>546,985</u>	<u>445,620</u>	<u>3,840,841</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2020	-	997,630	452,016	27,609	373,331	-	1,850,586
Depreciation expenses	-	68,700	46,083	901	94,373	-	210,057
Property, plant, and equipment transferred to inventories	-	-	-	-	(16,721)	-	(16,721)
Disposal and obsolescence	-	(34,329)	(22,183)	(550)	(73,436)	-	(130,498)
Conversion adjustment	-	<u>15,279</u>	<u>7,551</u>	<u>461</u>	<u>4,952</u>	-	<u>28,243</u>
Balance as of December 31, 2020	<u>-</u>	<u>1,047,280</u>	<u>483,467</u>	<u>28,421</u>	<u>382,499</u>	<u>-</u>	<u>1,941,667</u>
Net amount as of December 31, 2020	<u>\$621,068</u>	<u>\$481,439</u>	<u>\$181,734</u>	<u>\$ 4,827</u>	<u>\$164,486</u>	<u>\$445,620</u>	<u>\$1,899,174</u>
<u>Cost</u>							
Balance as of January 1, 2019	\$543,199	\$1,513,663	\$614,681	\$ 30,746	\$529,594	\$ 17,343	\$3,249,226
Acquisition through business combinations	-	-	28,857	3,171	4,716	-	36,744
Addition	-	28,865	63,634	257	106,200	31,481	230,437
Inventories transferred to property, plant, and equipment	-	-	-	-	16,043	-	16,043
Property, plant, and equipment transferred to inventories	-	-	-	-	(6,499)	-	(6,499)
Disposal and obsolescence	-	(2,129)	(50,311)	(1,107)	(64,411)	-	(117,958)
Reclassifications	-	33,727	-	-	-	(33,727)	-

	Self-owned Land	Housing and Construction	Machinery	Transportation Equipment	Office Equipment	Construction in Process	Total
Conversion adjustment	_____ -	(51,168)	(22,783)	(1,249)	(15,521)	(566)	(91,287)
Balance as of December 31, 2019	<u>543,199</u>	<u>1,522,958</u>	<u>634,078</u>	<u>31,818</u>	<u>570,122</u>	<u>14,531</u>	<u>3,316,706</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2019	-	953,513	454,490	25,588	344,726	-	1,778,317
Acquisition through business combinations	-	-	20,589	3,060	4,429	-	28,078
Depreciation expenses	-	79,891	42,525	1,074	83,577	-	207,067
Property, plant, and equipment transferred to inventories	-	-	-	-	(2,773)	-	(2,773)
Disposal and obsolescence	-	(1,740)	(48,816)	(1,027)	(45,023)	-	(96,606)
Conversion adjustment	_____ -	(34,034)	(16,772)	(1,086)	(11,605)	_____ -	(63,497)
Balance as of December 31, 2019	<u>_____ -</u>	<u>997,630</u>	<u>452,016</u>	<u>27,609</u>	<u>373,331</u>	<u>_____ -</u>	<u>1,850,586</u>
<u>Accumulated impairment</u>							
Balance as of January 1, 2019	-	-	-	31	-	-	31
Disposal and obsolescence	_____ -	_____ -	_____ -	(31)	_____ -	_____ -	(31)
Balance as of December 31, 2019	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>
Net amount as of December 31, 2019	<u>\$543,199</u>	<u>\$525,328</u>	<u>\$182,062</u>	<u>\$ 4,209</u>	<u>\$196,791</u>	<u>\$ 14,531</u>	<u>\$1,466,120</u>

No indication of impairment was identified in 2020 and 2019.

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Housing and Construction	
Warehouses	20 years
Plants and buildings	20~55 years
Mechanical and electrical engineering	25~30 years
Housing improvements	10~34 years
Machinery	
Monitoring instruments and water softeners	2~15 years
Air compressors	16 years
Transportation Equipment	4~5 years
Office Equipment	1~15 year(s)

b. Operating leases - office equipment

	From January 1, 2020 to December 31, 2020	From January 1, 2019 to December 31, 2019
<u>Cost</u>		
Beginning balance	\$ 1,303,913	\$ 1,237,710
Inventories transferred to property, plant, and equipment	177,200	300,179
Property, plant, and equipment transferred to inventories	(126,665)	(91,537)
Disposal and obsolescence	(122,660)	(140,710)
Effect of exchange rate changes	(155)	(1,729)
Ending balance	<u>1,231,633</u>	<u>1,303,913</u>
<u>Accumulated depreciation</u>		
Beginning balance	830,357	840,349
Depreciation expenses	215,873	207,355
Property, plant, and equipment transferred to inventories	(109,184)	(76,521)
Disposal and obsolescence	(121,839)	(139,251)
Effect of exchange rate changes	(141)	(1,575)
Ending balance	<u>815,066</u>	<u>830,357</u>
Ending net amount	<u>\$ 416,567</u>	<u>\$ 473,556</u>

For the Group's MFPs through operating leases, the lease period is 1 to 6 year(s). Lessees do not have preferential rights to acquire the MFPs at the expiration of the lease period.

The total lease payments (excluding revenue from printing services) to be received in the future for operating leases are as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 118,426	\$ 49,968
Year 2	41,963	27,028
Year 3	20,926	14,884
Year 4	8,301	7,327
Year 5	2,534	2,715
Over 5 years	<u>9</u>	<u>-</u>
	<u>\$ 192,159</u>	<u>\$ 101,922</u>

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Leased assets (MFPs)	
Used MFPs	1~2 year(s)
New MFPs	3~5 years

c. For the amount of property, plant, and equipment pledged as collateral, please refer to Note XXXIV.

16. Lease Agreements

a. Right-of-use assets

	2020		
	Land and Buildings	Transportation Equipment	Total
<u>Cost</u>			
Beginning balance	\$ 950,181	\$ 26,471	\$ 976,652
Addition	412,949	25,517	438,466
Disposal and obsolescence	(251,694)	(8,821)	(260,515)
Conversion adjustment	<u>14,650</u>	<u>-</u>	<u>14,650</u>
Ending balance	<u>1,126,086</u>	<u>43,167</u>	<u>1,169,253</u>
<u>Accumulated depreciation</u>			
Beginning balance	265,949	8,414	274,363
Depreciation expenses	396,680	14,985	411,665
Disposal and obsolescence	(157,689)	(8,142)	(165,831)
Conversion adjustment	<u>7,819</u>	<u>-</u>	<u>7,819</u>
Ending balance	<u>512,759</u>	<u>15,257</u>	<u>528,016</u>
Ending net amount	<u>\$ 613,327</u>	<u>\$ 27,910</u>	<u>\$ 641,237</u>
2019			
	Land and Buildings	Transportation Equipment	Total
<u>Cost</u>			
Beginning balance	\$ 427,325	\$ 12,288	\$ 439,613
Addition	603,101	19,687	622,788
Disposal and obsolescence	(53,332)	(5,504)	(58,836)
Conversion adjustment	<u>(26,913)</u>	<u>-</u>	<u>(26,913)</u>
Ending balance	<u>950,181</u>	<u>26,471</u>	<u>976,652</u>
<u>Accumulated depreciation</u>			
Beginning balance	-	-	-
Depreciation expenses	303,769	13,784	317,553
Disposal and obsolescence	(30,684)	(5,370)	(36,054)
Conversion adjustment	<u>(7,136)</u>	<u>-</u>	<u>(7,136)</u>
Ending balance	<u>265,949</u>	<u>8,414</u>	<u>274,363</u>
Ending net amount	<u>\$ 684,232</u>	<u>\$ 18,057</u>	<u>\$ 702,289</u>

b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of lease liabilities		
Current	<u>\$ 310,468</u>	<u>\$ 272,725</u>
Non-current	<u>\$ 346,260</u>	<u>\$ 438,574</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land and Buildings	0.783%~5.655%	0.783%~4.785%
Transportation Equipment	0.783%~0.862%	0.783%~0.844%

c. Major lease activities and terms

The Group leases land, buildings, and transportation equipment for operations, and the lease term is between 1 to 23 year(s). When the lease term ends, the Group has no preferential rights to purchase the leased vehicles and business premises.

d. Other lease information

For agreements on operating leases for the leasing out of property, plant, and equipment and investment property, please refer to Notes XV and XVII.

	<u>2020</u>	<u>2019</u>
Short-term lease expenses	<u>(\$ 3,635)</u>	<u>(\$ 2,337)</u>
Total cash flows on lease		
— Repayment of lease liabilities	(\$ 405,237)	(\$ 328,317)
— Interest expenses paid	<u>(18,993)</u>	<u>(25,477)</u>
	<u>(\$ 424,230)</u>	<u>(\$ 353,794)</u>

The Group selects to apply the recognition exemptions to leases of parking spaces that qualify as short-term leases and cloud service platforms that qualify as leases of low-value assets. Consequently, the Group does not recognize any right-of-use assets or lease liabilities for the said leases.

17. Investment Property

	2020			2019		
	Land	Housing and Construction	Total	Land	Housing and Construction	Total
<u>Cost</u>						
Beginning balance	\$369,363	\$185,532	\$554,895	\$369,363	\$185,532	\$554,895
Disposal and obsolescence	(<u>814</u>)	(<u>12,119</u>)	(<u>12,933</u>)	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>368,549</u>	<u>173,413</u>	<u>541,962</u>	<u>369,363</u>	<u>185,532</u>	<u>554,895</u>
<u>Accumulated depreciation</u>						
Beginning balance	-	86,549	86,549	-	81,162	81,162
Depreciation expenses	-	5,361	5,361	-	5,387	5,387
Disposal and obsolescence	<u>-</u>	(<u>3,253</u>)	(<u>3,253</u>)	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>-</u>	<u>88,657</u>	<u>88,657</u>	<u>-</u>	<u>86,549</u>	<u>86,549</u>
<u>Accumulated impairment</u>						
Beginning balance	<u>-</u>	<u>2,435</u>	<u>2,435</u>	<u>-</u>	<u>2,435</u>	<u>2,435</u>
Ending balance	<u>-</u>	<u>2,435</u>	<u>2,435</u>	<u>-</u>	<u>2,435</u>	<u>2,435</u>
Ending net amount	<u>\$368,549</u>	<u>\$ 82,321</u>	<u>\$450,870</u>	<u>\$369,363</u>	<u>\$ 96,548</u>	<u>\$465,911</u>

The investment property is subject to a lease term of 4 to 5 years. Lessees have no preferential right to purchase the investment property at the end of the lease term.

The total amount of lease payments to be collected in the future for investment property on operating lease is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 45,314	\$ 8,925
Year 2	6,044	5,714
Year 3	3,333	5,714
Year 4	<u>-</u>	<u>3,333</u>
	<u>\$ 54,691</u>	<u>\$ 23,686</u>

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Main buildings	30~55 years
Decoration	5~10 years

For the amount of investment property pledged as collateral, please refer to Note XXXIV.

The fair value of the investment property was assessed by the management with reference to the prevailing market information as follows:

	December 31, 2020	December 31, 2019
Fair value	<u>\$ 611,079</u>	<u>\$ 649,510</u>

18. Intangible Assets

a. Goodwill

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Carrying amount</u>		
Goodwill	<u>\$ 132,801</u>	<u>\$ 132,728</u>

No indication of impairment was identified in 2020 and 2019.

b. Other intangible assets

	<u>2020</u>			<u>2019</u>		
	<u>Trademark Right</u>	<u>Computer Software</u>	<u>Total</u>	<u>Trademark Right</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>						
Beginning balance	\$ 2,531	\$96,279	\$98,810	\$ 2,531	\$72,814	\$75,345
Addition	-	24,657	24,657	-	27,947	27,947
Disposal and obsolescence	(1,723)	(20,933)	(22,656)	-	(2,135)	(2,135)
Conversion adjustment	-	1,348	1,348	-	(2,347)	(2,347)
Ending balance	<u>808</u>	<u>101,351</u>	<u>102,159</u>	<u>2,531</u>	<u>96,279</u>	<u>98,810</u>
<u>Accumulated amortization</u>						
Beginning balance	2,470	60,414	62,884	2,430	49,262	51,692
Amortization expenses	41	16,899	16,940	40	14,795	14,835
Disposal and obsolescence	(1,723)	(20,933)	(22,656)	-	(2,135)	(2,135)
Conversion adjustment	-	783	783	-	(1,508)	(1,508)
Ending balance	<u>788</u>	<u>57,163</u>	<u>57,951</u>	<u>2,470</u>	<u>60,414</u>	<u>62,884</u>
Ending net amount	<u>\$ 20</u>	<u>\$44,188</u>	<u>\$44,208</u>	<u>\$ 61</u>	<u>\$35,865</u>	<u>\$35,926</u>

No indication of impairment was identified in 2020 and 2019.

Amortization expenses are calculated on a straight-line basis over the following useful lives:

Trademark right	20 years
Computer Software	1~10 year(s)

19. Other Assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Prepayments for goods	\$ 232,290	\$ 125,729
Other prepayments	41,937	49,801
Prepayments for equipment	10,741	23,831
Others	<u>11,585</u>	<u>7,283</u>
	<u>\$ 296,553</u>	<u>\$ 206,644</u>
Current	\$ 281,074	\$ 177,999
Non-current	<u>15,479</u>	<u>28,645</u>
	<u>\$ 296,553</u>	<u>\$ 206,644</u>

20. Loans

a. Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit loans	\$ 2,557,000	\$ 2,810,456
Loans for material purchase	<u>64,620</u>	<u>3,812</u>
	<u>\$ 2,621,620</u>	<u>\$ 2,814,268</u>
Credit loans:		
NTD	0.69%~1.28%	0.74%~0.92%
USD	-	2.89%
Loans for material purchase:		
USD	0.72%~0.81%	2.38%~2.52%

- 1) Please refer to Note XXXIV for assets pledged as collateral for the above-mentioned loans.
- 2) Please refer to Note XXXV (II) for guaranteed notes issued to financial institutions.

b. Short-term notes and bills payable

The outstanding short-term bills payable as of the balance sheet date are as follows:

December 31, 2020

<u>Guarantor/Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying amount</u>	<u>Interest Rate</u>	<u>Collateral</u>
<u>Commercial paper payable</u>					
Taishin International Bank	\$300,000	(\$ 345)	\$299,655	0.750%	None
KGI Bank	<u>20,000</u>	<u>(4)</u>	<u>19,996</u>	0.918%	None
	<u>\$320,000</u>	<u>(\$ 349)</u>	<u>\$319,651</u>		

December 31, 2019

<u>Guarantor/Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying amount</u>	<u>Interest Rate</u>	<u>Collateral</u>
<u>Commercial paper payable</u>					
Taiwan Finance Cooperation	\$ 40,000	(\$ 2)	\$ 39,998	0.968%	None
Dah Chung Bills Finance Corp.	40,000	(2)	39,998	0.938%	None
KGI Bank	<u>20,000</u>	<u>(4)</u>	<u>19,996</u>	0.860%	None
	<u>\$100,000</u>	<u>(\$ 8)</u>	<u>\$ 99,992</u>		

c. Long-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans</u>		
Bank loans (1)	\$ 820,000	\$ 1,170,000
<u>Unsecured loans</u>		
Bank loans (2)	<u>520,000</u>	<u>310,000</u>
	<u>\$ 1,340,000</u>	<u>\$ 1,480,000</u>

- Loans are secured by pledge of land and buildings held by the Group (see Note XXXIV), with interest accruing at floating rates and the remaining maturity period of not more than 2 years as of December 31, 2020 and 2019. The rate ranges were 0.71%~1.00% and 0.87%~0.90% per annum, respectively. Interest is paid on a monthly basis, and the principal is paid at maturity for subsequent borrowing.
- Unsecured loans are bank loans at floating rates. As of December 31, 2020 and 2019, the rate ranges were 0.81%~1.00% and 0.87%~0.90% per annum, respectively. Interest is paid on a monthly basis, and the principal is paid at maturity for subsequent borrowing.

21. Accounts Payable

The payment period averages 2 months. The Group has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

22. Other Liabilities

a. Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salaries and bonuses payable	\$ 531,573	\$ 584,594
Incentives payable	163,286	129,875
Business taxes payable	135,667	75,132
Advertising fees payable	109,140	63,242
Related parties	65,034	70,357
Freight payable	39,240	32,491
Holiday benefits payable	9,795	10,008
Others	<u>167,657</u>	<u>113,635</u>
	<u>\$ 1,221,392</u>	<u>\$ 1,079,334</u>

Other payables - related parties are monthly payments of rental collected from lessees by the Group on behalf of related parties.

b. Other current liabilities

	December 31, 2020	December 31, 2019
Temporary credits	\$ 85,529	\$ 60,824
Receipts under custody	<u>6,182</u>	<u>7,206</u>
	<u>\$ 91,711</u>	<u>\$ 68,030</u>

23. Post-retirement Benefit Plan

a. Defined contribution plans

The Company and Aurora Office Automation, General Integration, KM Developing, and Ever Young Biodimension adopt a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Group makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

Aurora (Bermuda), General Integration (Guangzhou), and Aurora Machinery Equipment did not draw up a retirement policy. Aurora (Bermuda)'s subsidiaries, including Aurora (China) Investment, Aurora Office Equipment, Aurora (China), Aurora (Jiang Su), Aurora Office Automation Sales Co., Ltd., Aurora Cloud, Aurora Home Furniture Co., Ltd., and Aurora (Shanghai) Electronic Commerce Co., Ltd. have drawn up the retirement policies in accordance with the regulations of the Shanghai Municipal People's Government, which also fell into the defined contribution plans; that is, a certain percentage of the employees' basic wages would be contributed to the pension fund and deposited into the designated pension fund accounts. The above companies contributed a certain percentage of employees' basic wages to the pension fund.

b. Defined benefit plans

The pension system adopted by the Company, Aurora Office Automation, and General Integration under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. The Company, Aurora Office Automation, and General Integration allocate 2%, 10%, and 2% of employees' monthly salaries respectively to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company, Aurora Office Automation, and General Integration have no right over its investment and administration strategies.

The amounts of defined benefit plans included in the consolidated balance sheets are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	\$ 533,948	\$ 522,114
Fair value of plan assets	(<u>52,495</u>)	(<u>36,501</u>)
Net defined benefit liabilities	<u>\$ 481,453</u>	<u>\$ 485,613</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2020	<u>\$ 522,114</u>	<u>(\$ 36,501)</u>	<u>\$ 485,613</u>
Service costs			
Service costs for the current period	1,329	-	1,329
Service costs for the previous period	4,501	-	4,501
Interest expenses (income)	<u>4,029</u>	<u>(491)</u>	<u>3,538</u>
Recognized in profit or loss	<u>9,859</u>	<u>(491)</u>	<u>9,368</u>
Remeasurements			
Return on plan assets (excluding interest income calculated by a discount rate)	-	(1,106)	(1,106)
Actuarial losses - changes in demographic assumptions	4,777	-	4,777
Actuarial losses - changes in financial assumptions	13,369	-	13,369
Actuarial losses - experience adjustments	<u>11,046</u>	<u>-</u>	<u>11,046</u>
Recognized in other comprehensive income	<u>29,192</u>	<u>(1,106)</u>	<u>28,086</u>
Contribution by the employer	-	(41,614)	(41,614)
Benefits paid on plan assets	<u>(27,217)</u>	<u>27,217</u>	<u>-</u>
December 31, 2020	<u>\$ 533,948</u>	<u>(\$ 52,495)</u>	<u>\$ 481,453</u>
January 1, 2019	<u>\$ 517,938</u>	<u>(\$ 47,555)</u>	<u>\$ 470,383</u>
Service costs			
Service costs for the current period	2,072	-	2,072
Service costs for the previous period	261	-	261
Interest expenses (income)	<u>5,823</u>	<u>(693)</u>	<u>5,130</u>
Recognized in profit or loss	<u>8,156</u>	<u>(693)</u>	<u>7,463</u>
Remeasurements			
Return on plan assets (excluding interest income calculated by a discount rate)	-	(1,139)	(1,139)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Actuarial losses - changes in demographic assumptions	5,219	-	5,219
Actuarial losses - changes in financial assumptions	20,500	-	20,500
Actuarial losses - experience adjustments	<u>12,204</u>	<u>-</u>	<u>12,204</u>
Recognized in other comprehensive income	<u>37,923</u>	<u>(1,139)</u>	<u>36,784</u>
Contribution by the employer	-	(29,017)	(29,017)
Benefits paid on plan assets	<u>(41,903)</u>	<u>41,903</u>	<u>-</u>
December 31, 2019	<u>\$ 522,114</u>	<u>(\$ 36,501)</u>	<u>\$ 485,613</u>

The Group has the following risks owing to the implementation of the pension system under the Labor Standards Act:

- 1) Investment risks: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the Group shall not be lower than interest on a two-year time deposit at a local bank.
- 2) Interest rate risk: The decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
- 3) Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Group's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.500%	0.750%
Average long-term salary adjustment rate	2.000%	2.000%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate		
Increase by 0.25%	(<u>\$ 13,481</u>)	(<u>\$ 13,918</u>)
Decrease by 0.25%	<u>\$ 13,980</u>	<u>\$ 14,439</u>
Expected salary increase rate		
Increase by 0.25%	<u>\$ 13,528</u>	<u>\$ 13,993</u>
Decrease by 0.25%	(<u>\$ 13,115</u>)	(<u>\$ 13,550</u>)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expected amount of contribution within 1 year	<u>\$ 27,251</u>	<u>\$ 27,842</u>
Average duration of defined benefit obligations	10.2~11.5 years	10.7~11.6 years

24. Equity

a. Capital stock

Common stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Share capital authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>236,202</u>	<u>236,202</u>
Share capital issued	<u>\$ 2,362,025</u>	<u>\$ 2,362,025</u>

b. Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Premium on conversion of corporate bonds	\$ 1,002,501	\$ 1,049,742
Treasury share transactions	3,333	3,333
Donations	938	938
Disposal of the Company's shares by subsidiaries recognized as treasury share transactions	54,838	54,838
<u>May only be used to offset deficits</u>		
Recognized value of changes in equity of ownership of subsidiaries (2)	7,913	7,913
Dividends that are not collected before the designated date	7,948	7,948
Cash dividends received from the Company for shares of the Company held by subsidiaries	824,081	755,751
<u>May not be used for any purpose</u>		
Employees stock option	<u>40,247</u>	<u>40,247</u>
	<u>\$ 1,941,799</u>	<u>\$ 1,920,710</u>

- 1) This type of capital surplus may be used to cover loss or issue cash or replenish capital when there is no loss, but capital replenishment is restricted to the ratio of actual capital stock each year.
- 2) This type of capital surplus recognized as equity transaction effect due to changes in subsidiary equity, when the Company's has not acquired or disposed of subsidiary shares, or as adjustment value of capital surplus from subsidiary recognized by the Company using the equity method.

c. Retained earnings and dividend policy

If the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. Please refer to Note XXVI (VI) for the employee compensation policy.

The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

The Company appropriates or reserves special reserve in accordance with the Official Letter No. 1010012865 and Official Letter No. 1010047490 issued by the FSC and the

directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

As the industry into which the Company falls is currently in a stage of steady growth, demand for capital has lowered. In the future, operating results will be returned to shareholders as many as possible. In consideration of business development, financial conditions, capital expansion, and shareholders' equity, the Company will distribute dividends in a combination of stock and cash, where cash dividends will account for more than 10% of the dividends distributed for the year.

The shareholders' meetings which approved the distribution of earnings for years ended December 31, 2019 and 2018 were held on June 10, 2020 and June 12, 2019, respectively; the distributions of earnings are as follows:

	Distribution of Earnings		Dividends Per Share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 134,244	\$ 152,300		
Cash dividends	1,369,975	1,417,215	\$ 5.80	\$ 6.00

In addition, the 2020 Annual Shareholders' Meeting approved the distribution of cash dividends (NT\$0.2 per share) from capital surplus - stock issuance premium of NT\$47,241 thousand.

On March 16, 2021, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2020 as follows:

	Distribution of Earnings	Dividends Per Share (NT\$)
	Legal reserve	\$ 148,431
Cash dividends	1,346,355	\$ 5.70

In addition, the Board of Directors meeting, held on March 16, 2021, proposed distributing cash dividends (NT\$0.3 per share) from capital surplus - stock issuance premium of NT\$70,861 thousand.

The distribution of earnings for the year ended December 31, 2020 is subject to the resolution in the shareholders' meeting on June 17, 2021.

d. Special reserve arising from first-time application of IFRSs

	December 31, 2020	December 31, 2019
Special reserve	<u>\$ 331,624</u>	<u>\$ 331,624</u>

The amount recorded as cumulative translation adjustments transferred to retained earnings was NT\$452,517 thousand. As the increase in retained earnings arising from first-time application of IFRSs was insufficient, special reserve was only set aside for the increase in retained earnings arising from application, NT\$331,624 thousand.

Where relevant assets are subsequently used, disposed of or reclassified, the original proportion of special reserve may be reversed for the distribution of earnings. Special reserve that should be set aside upon first-time application of IFRSs may be used to make up losses in subsequent years. Special reserve should be set aside for the deficit until there is a profit in subsequent years and the reasons for the provision of special reserve are resolved.

e. Other equity items

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Exchange differences on translation of financial statements of foreign operations		
Attributable to the Group	(\$ 562,792)	(\$ 696,364)
Associates accounted for using the equity method	(<u>51,841</u>)	(<u>61,708</u>)
	(<u>614,633</u>)	(<u>758,072</u>)
Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income		
Attributable to the Group	-	(149,385)
Associates accounted for using the equity method	<u>643,330</u>	<u>654,522</u>
	<u>643,330</u>	<u>505,137</u>
	<u>\$ 28,697</u>	(<u>\$ 252,935</u>)

1) Exchange differences on translation of financial statements of foreign operations

Exchange differences on translation of foreign operations' net assets denominated in functional currencies into the Group's presentation currency (NTD) are directly recognized in other comprehensive income as exchange differences on translation of financial statements of foreign operations. The cumulative exchange differences on translation of financial statements of foreign operations are reclassified to profit or loss upon disposal of foreign operations.

	<u>2020</u>	<u>2019</u>
Beginning balance	(\$ 758,072)	(\$ 477,204)
Incurred this year		
Exchange differences on translation of foreign operations	133,572	(271,658)
Share of associates accounted for using the equity method	<u>9,867</u>	(<u>21,780</u>)
	<u>143,439</u>	(<u>293,438</u>)
Reclassifications		
Disposal of foreign operations	-	57
Share of disposal of joint ventures accounted for using the equity method	<u>-</u>	<u>12,513</u>
Other comprehensive income	<u>-</u>	<u>12,570</u>
Ending balance	(<u>\$ 614,633</u>)	(<u>\$ 758,072</u>)

- 2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	2020	2019
Beginning balance	\$ 505,137	\$ 600,997
Incurring this year		
Unrealized gains (losses)		
Equity instruments	211,553	(29,357)
Share of associates accounted for using the equity method	(3,969)	(66,305)
Other comprehensive income	<u>207,584</u>	<u>(95,662)</u>
Accumulated gains (losses) on disposal of equity instruments transferred to retained earnings	(69,391)	(198)
Ending balance	<u>\$ 643,330</u>	<u>\$ 505,137</u>

f. Treasury shares

	December 31, 2020	December 31, 2019
Shares of the Company held by subsidiaries	<u>\$ 791,826</u>	<u>\$ 791,826</u>

- 1) Information on subsidiaries holding the Company's shares on the balance sheet date is as follows:

	December 31, 2020				
	The Company's Shareholding (%)	Number of Shares (in Thousands)	Amount of Treasury Shares	Current Market Value	Reason
Aurora Office Automation Corporation	91.13	12,496	\$ 791,826	\$1,110,965	To maintain credit and shareholders' equity

	December 31, 2019				
	The Company's Shareholding (%)	Number of Shares (in Thousands)	Amount of Treasury Shares	Current Market Value	Reason
Aurora Office Automation Corporation	91.13	12,496	\$ 791,826	\$1,125,961	To maintain credit and shareholders' equity

- 2) Treasury shares held by the Company may be neither pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act. Subsidiaries holding the Company's shares, which are considered treasury shares, are bestowed shareholders' rights, except for the rights to participate in any share issuance for cash and to vote.

25. Revenue

a. Breakdown of revenue from contracts with customers

	<u>2020</u>	<u>2019</u>
<u>Product category</u>		
MFPs	\$ 8,345,118	\$ 8,514,288
System furniture	4,529,672	5,017,557
Others	<u>76,184</u>	<u>73,268</u>
	<u>\$ 12,950,974</u>	<u>\$ 13,605,113</u>
<u>Region</u>		
Asia	\$ 11,468,330	\$ 12,308,472
America	1,439,649	1,252,339
Europe	39,484	38,819
Others	<u>3,511</u>	<u>5,483</u>
	<u>\$ 12,950,974</u>	<u>\$ 13,605,113</u>

b. Contract balance

	<u>December 31, 2020</u>	<u>January 1, 2019</u>
Contract assets	<u>\$ 19,590</u>	<u>\$ -</u>
Contract liabilities	<u>\$ 467,117</u>	<u>\$ 459,544</u>

Changes in contract assets and liabilities are mainly due to timing difference between performance obligations and customer payment.

The Group adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for contract assets based on the lifetime expected credit losses. For the lifetime expected credit losses, taking into account the customers' past default history and current financial position, there were no past due contract assets as of December 31, 2020, and the Group assessed that no provision for expected credit losses is required.

The amounts of contract liabilities at the beginning of the period and previously fulfilled that were recognized in revenue for the years ended December 31, 2020 and 2019 were NT\$442,476 thousand and NT\$443,106 thousand, respectively.

26. Net Income

a. Other income

	<u>2020</u>	<u>2019</u>
Income from consultancy	\$ 56,331	\$ 54,077
Rental income	31,293	30,131
Subsidy income	21,976	25,999
Other income	<u>17,487</u>	<u>35,871</u>
	<u>\$ 127,087</u>	<u>\$ 146,078</u>

Income from consultancy represents the fees received by the Group from related parties for rendering consulting services.

b. Other gains and losses

	<u>2020</u>	<u>2019</u>
Gains on financial assets		
Financial assets mandatorily measured at fair value through profit or loss	\$ 156,023	\$ 180,944
Gain on disposal of investment property	8,653	-
Gains on lease modifications	204	-
Gains on bargain purchase - acquisition of subsidiaries	-	5,241
Loss on disposal of investments	-	(11,348)
Loss on disposal of property, plant, and equipment	(5,184)	(2,863)
Net foreign exchange losses	(20,592)	(2,101)
Others	(14,250)	(16,002)
	<u>\$ 124,854</u>	<u>\$ 153,871</u>

c. Finance costs

	<u>2020</u>	<u>2019</u>
Bank overdrafts and interest on bank loans	\$ 38,444	\$ 39,598
Interest expenses - leases	18,993	25,477
Imputed interest on deposits	34	54
	<u>\$ 57,471</u>	<u>\$ 65,129</u>

d. Depreciation and amortization expenses

	<u>2020</u>	<u>2019</u>
Property, Plant, and Equipment	\$ 425,930	\$ 414,422
Right-of-use assets	411,665	317,553
Investment properties	5,361	5,387
Intangible Assets	16,940	14,835
	<u>\$ 859,896</u>	<u>\$ 752,197</u>

Depreciation expenses by function

Operating costs	\$ 258,435	\$ 246,331
Operating expenses	579,160	485,643
Non-operating income and expenses	5,361	5,388
	<u>\$ 842,956</u>	<u>\$ 737,362</u>

Amortization expenses by function

Operating costs	\$ 1,944	\$ 3,459
Operating expenses	14,996	11,376
	<u>\$ 16,940</u>	<u>\$ 14,835</u>

e. Employee benefits

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 2,350,377	\$ 2,510,053
Retirement benefits		
Defined contribution plans	109,458	202,195
Defined benefit plans (Note XXIII)	<u>9,368</u>	<u>7,463</u>
	<u>\$ 2,469,203</u>	<u>\$ 2,719,711</u>
By function		
Operating costs	\$ 291,301	\$ 192,116
Operating expenses	<u>2,177,902</u>	<u>2,527,595</u>
	<u>\$ 2,469,203</u>	<u>\$ 2,719,711</u>

f. Employee compensation

The Company sets aside 1%~10% of income before tax for a year as employee compensation. Employee compensation for the years ended December 31, 2020 and 2019 was resolved by the Board of directors on March 16, 2021 and March 23, 2020, respectively:

Estimated percentage

	<u>2020</u>	<u>2019</u>
Employee compensation	1%	1%

Amount

	<u>2020</u>	<u>2019</u>
Employee compensation	\$ 16,750	\$ 16,350

If there is still any change in the amount after the annual consolidated financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

The amounts of employee compensation distributed for the years ended December 31, 2019 and 2018 and those recognized in the consolidated financial statements are consistent.

Information on employee compensation resolved by the Board of Directors is available on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

27. Income Tax

a. Income tax recognized in profit or loss

Major components of income tax expenses (benefits) are as follows:

	<u>2020</u>	<u>2019</u>
Current income tax		
Accrued this year	\$ 360,940	\$ 306,812
Adjustments from previous years	(9,415)	5,027
	<u>351,525</u>	<u>311,839</u>
Deferred income tax		
Accrued this year	<u>115,168</u>	<u>119,145</u>
Income tax expense recognized in profit or loss	<u>\$ 466,693</u>	<u>\$ 430,984</u>

Reconciliation between accounting income and current income tax expenses is as follows:

	<u>2020</u>	<u>2019</u>
Net income before tax	<u>\$ 2,025,428</u>	<u>\$ 1,932,740</u>
Income tax expenses calculated at the statutory rate (20%)	\$ 405,085	\$ 386,548
Unrecognized deductible temporary difference	94,579	116,925
Effects of different tax rates of subsidiaries in other jurisdictions	52,562	48,179
Fees that cannot be deducted from taxes	21,612	11,585
Deferred tax of subsidiary earnings	(14,532)	(11,720)
Tax-exempted income	(88,297)	(115,972)
Land value increment tax	\$ 273	\$ -
Unrecognized loss carryforwards	6,089	4,676
Realized investment losses	-	(14,632)
Others	(1,263)	368
Adjustments of current income tax expenses in previous years	(9,415)	5,027
Income tax expense recognized in profit or loss	<u>\$ 466,693</u>	<u>\$ 430,984</u>

The tax rate applicable to subsidiaries in mainland China is 15%~25%. Tax arising from other jurisdictions is calculated at the rates applicable in the respective jurisdictions.

b. Income tax recognized in other comprehensive income

	<u>2020</u>	<u>2019</u>
<u>Deferred income tax</u>		
Accrued this year - remeasurements of defined benefit plans	<u>\$ 5,617</u>	<u>\$ 7,357</u>

c. Current income tax liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current income tax assets		
Tax refunds receivable	<u>\$ 49,332</u>	<u>\$ 457</u>
Current income tax liabilities		
Income tax payable	<u>\$ 194,294</u>	<u>\$ 94,628</u>

d. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2020

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Exchange Differences</u>	<u>Ending balance</u>
Deferred income tax assets					
Temporary differences					
Deferred revenue	\$ 21,196	(\$ 754)	\$ -	\$ -	\$ 20,442
Unrealized impairment loss of assets	9,929	(400)	-	148	9,677
Loss allowances	6,251	1,541	-	118	7,910
Loss on inventory write-down	25,141	(1,658)	-	304	23,787
Holiday benefits payable	2,466	(46)	-	-	2,420
Book-tax difference in pensions	24,435	(7,079)	-	-	17,356
Impairment loss	\$937	\$-	\$-	\$-	\$937
Litigation compensatio ns	3,216	-	-	53	3,269
Other financial liabilities	32,820	10,803	-	791	44,414
Defined benefit plans	<u>43,285</u>	<u>-</u>	<u>5,617</u>	<u>-</u>	<u>48,902</u>
	<u>\$ 169,676</u>	<u>\$ 2,407</u>	<u>\$ 5,617</u>	<u>\$ 1,414</u>	<u>\$ 179,114</u>

(Continued on the next page)

(Continued from the previous page)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Ending balance
Deferred income tax liabilities					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	\$ 140,885	\$ 117,544	\$ -	\$ -	\$ 258,429
Unrealized exchange gains	-	31	-	-	31
	<u>\$ 140,885</u>	<u>\$ 117,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,460</u>

2019

	Beginning balance	Effects of Consolidated Entities	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Ending balance
Deferred income tax assets						
Temporary differences						
Deferred revenue	\$ 21,974	\$ -	(\$ 778)	\$ -	\$ -	\$ 21,196
Unrealized impairment loss of assets	10,923	259	(883)	-	(370)	9,929
Loss allowances	7,692	(471)	(778)	-	(192)	6,251
Loss on inventory write-down	29,445	828	(4,314)	-	(818)	25,141
Holiday benefits payable	3,967	-	(1,501)	-	-	2,466
Book-tax difference in pensions	28,746	-	(4,311)	-	-	24,435
Straight-line rent payable	254	-	(254)	-	-	-
Impairment loss	937	-	-	-	-	937
Litigation compensatio ns	3,341	-	-	-	(125)	3,216
Other financial liabilities	-	8	34,060	-	(1,248)	32,820
Defined benefit plans	<u>35,928</u>	<u>-</u>	<u>-</u>	<u>7,357</u>	<u>-</u>	<u>43,285</u>
	<u>\$ 143,207</u>	<u>\$ 624</u>	<u>\$ 21,241</u>	<u>\$ 7,357</u>	<u>(\$ 2,753)</u>	<u>\$ 169,676</u>

(Continued on the next page)

(Continued from the previous page)

	Beginning balance	Effects of Consolidated Entities	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Ending balance
Deferred income tax liabilities						
Temporary differences						
Unrealized exchange gains	\$ 357	\$ -	(\$ 357)	\$ -	\$ -	\$ -
Straight-line rent receivable	142	-	(142)	-	-	-
Share of profit or loss of subsidiaries accounted for using the equity method	<u>-</u>	<u>-</u>	<u>140,885</u>	<u>-</u>	<u>-</u>	<u>140,885</u>
	<u>\$ 499</u>	<u>\$ -</u>	<u>\$ 140,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,885</u>

- e. Amount of temporary differences in unrecognized deferred income tax liabilities related to investments

As of December 31, 2020 and 2019, the taxable temporary differences related to investments in subsidiaries and associates not recognized as deferred income tax liabilities were NT\$807,554 thousand and NT\$788,478 thousand, respectively.

- f. Income tax assessment

In the corporate income tax return of the Company and its subsidiaries, the difference assessed by the Tax Authorities has been recognized as income tax expenses. Income tax assessment is as follows:

	<u>Year of Assessment</u>
The Company	2018
Aurora Office Automation	2018
KM Developing	2018
General Integration	2018
Ever Young Biodimension	2018
Aurora (China) Investment and its subsidiaries	2018

There were no significant differences between the assessed results and the reported results of the Group's corporate income tax return.

28. Earnings per Share

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income

	<u>2020</u>	<u>2019</u>
Net income attributable to the Company	<u>\$ 1,438,309</u>	<u>\$ 1,374,792</u>

Shares

	<u>Unit: Thousand shares</u>	
	<u>2020</u>	<u>2019</u>
Weighted average number of common shares used for calculation of basic earnings per share	224,814	224,814
Effect of potentially dilutive common shares:		
Employee compensation	<u>236</u>	<u>219</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>225,050</u>	<u>225,033</u>

If the Group chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

29. Business Combinations

a. Acquisition of subsidiaries

	<u>Main Business Activities</u>	<u>Date of Acquisition</u>	<u>Ownership Interest with Voting Right/Acquisition Percentage (%)</u>	<u>Transfer Price</u>
Aurora Home Furniture Co., Ltd.	Production and sales of furniture	July 2019	50%	<u>\$ 152,554</u>

b. Assets acquired and liabilities assumed upon acquisition date

	<u>Aurora Home Furniture Co., Ltd.</u>
Current Assets	
Cash and cash equivalents	\$233,253
Accounts receivable	131,587
Other receivables	4,086
Inventories	29,012
Other current assets	18,173
Non-current assets	
Property, plant, and equipment	8,666
Deferred income tax assets	624
Current Liabilities	
Accounts payable	(90,160)
Other payables	(<u>19,651</u>)
	<u>\$315,590</u>

c. Gains on bargain purchase of 50% of Aurora Home's shares

	<u>Aurora Home Furniture Co., Ltd.</u>
Transfer Price	\$152,554
Less: fair value of identifiable assets acquired	(<u>157,795</u>)
Gains on bargain purchase arising from acquisition	(<u>\$ 5,241</u>)

d. Net cash flows generated from acquisition of subsidiary - Aurora Home Furniture Co., Ltd.

	<u>Aurora Home Furniture Co., Ltd.</u>
Consideration paid in cash	\$152,554
Less: balance of cash and cash equivalents acquired	(<u>233,253</u>)
	(<u>\$ 80,699</u>)

e. Effect of business combinations on operating results

The operating results of the acquired companies from the acquisition date are as follows:

<u>Aurora Home Furniture Co., Ltd.</u>	<u>Aurora Home Furniture Co., Ltd.</u>
Operating revenue	<u>\$251,614</u>
Net income	<u>\$ 14,913</u>

If the business combination takes place on the beginning date of the fiscal year of acquisition, the pro forma operating revenue and pro forma net income of Aurora Home Furniture Co., Ltd. in 2019 were NT\$482,235 thousand and NT\$21,697 thousand respectively. When such amounts cannot reflect whether the business combination had been completed at the beginning of the fiscal year in the year of acquisition, the actual revenue and business performance that could arise for the Group cannot be used toward predicting future operating results.

30. Non-cash Transactions

The acquisition of property, plant, and equipment by the Group during the years ended December 31, 2020 and 2019 that affected both cash and non-cash items is as follows:

	<u>2020</u>	<u>2019</u>
Inventories transferred to property, plant, and equipment	<u>\$ 182,855</u>	<u>\$ 316,222</u>
Property, plant, and equipment transferred to inventories	<u>\$ 24,198</u>	<u>\$ 18,742</u>

31. Capital Risk Management

The Group manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The management reviews the capital structure of the Group from time to time in light of the economic environment and business considerations. According to the management's opinions and statutory requirements, the Group balances the overall capital structure through the payment of dividends, issuance of shares, and financing.

32. Financial Instruments

- a. Information on fair value - financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

- b. Information on fair value - financial instruments measured at fair value on a recurring basis

- 1) Fair value level

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u> <u>at fair value</u> <u>through profit</u> <u>or loss</u>				
Fund beneficiary certificates	<u>\$ 77,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,420</u>

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
<u>at fair value</u>				
<u>through profit</u>				
<u>or loss</u>				
Fund				
beneficiary				
certificates	\$ 65,122	\$ -	\$ -	\$ 65,122
Wealth				
management				
products	<u>-</u>	<u>93,398</u>	<u>-</u>	<u>93,398</u>
Total	<u>\$ 65,122</u>	<u>\$ 93,398</u>	<u>\$ -</u>	<u>\$158,520</u>

Financial assets
at fair value
through other
comprehensiv
e income

Investments in				
equity				
instruments				
- Domestically				
listed stocks	<u>\$107,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$107,823</u>

In 2020 and 2019, there was no transfer between Level 1 and Level 2 fair value measurement.

2) Valuation techniques and inputs of Level 2 fair value measurement

<u>Category of</u> <u>Financial</u> <u>Instruments</u>	<u>Valuation Technique and Inputs</u>
Wealth management products	Discounted cash flow method: Future cash flows are estimated based on end-of-period interest rates and contractual rates of return, discounted at a rate that reflects the credit risk of various counterparties.

c. Category of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 77,420	\$ 158,520
Measured at amortized cost (Note 1)	9,235,468	8,625,738
Financial assets at fair value through other comprehensive income		
- Investments in equity instruments	-	107,823

Financial liabilities

Measured at amortized cost (Note 2)	6,311,964	6,106,310
-------------------------------------	-----------	-----------

Note 1: The balance includes cash and cash equivalents, notes receivable and accounts receivable (including related parties), other receivables, financial assets at amortized cost, refundable deposits, and other financial assets at amortized cost.

Note 2: The balance includes short-term loans, short-term bills payable, accounts payable (including related parties), other payables (excluding employee benefits payable and business tax payable), long-term loans, guarantee deposits received, and other financial liabilities at amortized cost.

d. Financial risk management objectives and policies

The main financial instruments of the Group include equity investments, accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Group provides services to the business units, including coordinating operations in the domestic and international financial markets and managing financial risks relating to the operations of the Group based on the degree and breadth of risk. Such risks include market risk (including foreign exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

1) Market risk

The main financial risks the Group is exposed to in the business activities are foreign exchange risk, interest rate risk, and other price risk.

Market risk in relation to the Group's financial instruments and its management and measurement approaches remain unchanged.

a) Foreign exchange risk

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (including those written off in the consolidated financial statements), please refer to Note XXXVII.

Sensitivity analysis

The Group is mainly impacted by the exchange rate fluctuations in USD.

The sensitivity analysis below indicates the amount of decrease/increase in net income before tax arising from foreign exchange losses/gains on net monetary

assets and liabilities when the New Taiwan dollar (functional currency) against each foreign currency appreciated by 3% for the years ended December 31, 2020 and 2019. When the New Taiwan dollar depreciated, its impact on net income before tax was the reverse equivalent amount. A sensitivity rate of 3% is used internally when foreign exchange risk is reported to the management. It also represents the management's assessment on the reasonably possible scope of foreign exchange rates.

	Impact of USD	
	2020	2019
Profit or loss	\$ 1,203	\$ 2,326

The impact of profit or loss was mainly attributable to the demand deposits, accounts payable, and loans for material purchasing denominated in USD that were still outstanding and not hedged in cash flows on the balance sheet date. The Group's sensitivity to the exchange rate of USD decreased in the current period due to the decrease in the net liability denominated in USD held by the Group.

b) Interest rate risk

The carrying amounts of financial assets and financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
– Financial assets	\$ -	\$ 93,398
– Financial liabilities	656,728	711,299
Cash flow interest rate risk		
– Financial assets	7,323,772	7,102,395
– Financial liabilities	1,340,000	1,480,000

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. The rate of change adopted is 25 basis points increase/decrease in the interest rate, which also represents the management's assessment on the reasonably possible scope of the interest rate.

If the interest rate increased or decreased by 25 basis points, the Group's net income before tax in 2020 and 2019 would have decreased or increased by NT\$14,959 thousand and NT\$14,056 thousand, respectively, with all other variables remaining constant. This is mainly attributable to the exposure to the risks of interest rates of the Group's deposits, financial assets at amortized cost, other financial assets, and long-term loans.

c) Other price risk

The Group is exposed to equity price risk through its investments in monetary funds, listed stocks, and wealth management products.

Sensitivity analysis

The sensitivity analysis below is carried out based on the exposure to equity price risk on the balance sheet date.

If the monetary fund price increased/decreased by 5%, income before tax in 2020 and 2019 would have increased/decreased by NT\$3,871 thousand and NT\$7,926 thousand, respectively, due to a change in the fair value of financial assets at fair value through profit or loss.

If the equity price increased/decreased by 5%, other comprehensive income before tax in 2019 would have increased/decreased by NT\$5,391 thousand due to a change in the fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to risk that causes the financial loss of the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the consolidated balance sheets.

The Group uses publicly obtainable financial information and past transaction records to grade main customers while monitoring its credit risk exposure and credit ratings of the counterparties.

The Group's credit risk is concentrated on the top 10 customers, accounting for 29% and 24% of the total accounts receivable as of December 31, 2020 and 2019, respectively.

3) Liquidity risk

The Group supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash and cash equivalents. The management of the Group supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to repay.

December 31, 2020

	Weighted Average Effective Rate (%)	Payment on Sight or within 1 Month	1~3 Month(s)	3~12 Months	1~5 Year(s)	Over 5 Years
<u>Non-derivative</u>						
<u>financial liabilities</u>						
Zero-interest-bearing liabilities		\$ 479,378	\$1,097,159	\$ 374,918	\$ 72,120	\$ 7,118
Lease liabilities		33,370	62,104	239,280	218,309	126,795
Variable-rate instruments	0.91%	-	-	-	1,340,000	-
Instruments with fixed interest rates	0.75%	<u>2,300,961</u>	<u>615,651</u>	<u>24,659</u>	<u>-</u>	<u>-</u>
		<u>\$2,813,709</u>	<u>\$1,774,914</u>	<u>\$ 638,857</u>	<u>\$1,630,429</u>	<u>\$ 133,913</u>

December 31, 2019

	Weighted Average Effective Rate (%)	Payment on Sight or within 1 Month	1~3 Month(s)	3~12 Months	1~5 Year(s)	Over 5 Years
<u>Non-derivative</u>						
<u>financial liabilities</u>						
Zero-interest-bearing liabilities		\$ 535,876	\$1,059,639	\$ 26,721	\$ 82,485	\$ 7,329
Lease liabilities		28,684	56,160	217,027	325,310	132,485
Variable-rate instruments	0.90%	-	-	480,000	1,000,000	-
Instruments with fixed interest rates	0.85%	<u>2,654,264</u>	<u>259,996</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$3,218,824</u>	<u>\$1,375,795</u>	<u>\$ 723,748</u>	<u>\$1,407,795</u>	<u>\$ 139,814</u>

Line of credit

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Unsecured banking facilities</u>		
— Amount utilized	\$ 3,533,881	\$ 3,260,708
— Amount not utilized	<u>5,335,665</u>	<u>6,043,044</u>
	<u>\$ 8,869,546</u>	<u>\$ 9,303,752</u>
<u>Secured banking facilities</u>		
— Amount utilized	\$ 820,000	\$ 1,189,996
— Amount not utilized	<u>600,000</u>	<u>350,004</u>
	<u>\$ 1,420,000</u>	<u>\$ 1,540,000</u>

33. Related Party Transactions

All transactions between the Company and its subsidiaries (related parties of the Company), account balances, income, and expenses are eliminated upon consolidation and therefore are not shown in the note. In addition to those disclosed in other notes, the transactions between the Group and other related parties are as follows.

a. Names and relations of related parties

Related Party	Relationship with the Group
Aurora Holdings Incorporated (Aurora Holdings)	Investor of significant influence
Aurora Telecom Co., Ltd. (Aurora Telecom)	Associate
Huxen Corporation (Huxen)	Associate
Aurora Development Corp. (Aurora Development)	Associate
Aurora Leasing Corporation (Aurora Leasing)	Associate
Huxen (China) Co., Ltd. (Huxen (China))	Associate
Aurora Home Furniture Co., Ltd. (Aurora Home) (Note)	Joint venture
Aurora Holdings (Shanghai) Inc. (Aurora Holdings (Shanghai))	Other related party
Shanghai Jiading New Partnership Rural Community Cooperative (formerly Shanghai Jianbang Asset Management Co., Ltd.)(Shanghai Jiading)	Other related party
Aurora Museum	Other related party
Aurora Building Management (Shanghai) Co., Ltd. (Aurora Building Management)	Other related party
Y. T. Chen Sustainable Management Foundation (formerly Aurora Sustainable Management Foundation)(Y. T. Chen Foundation)	Other related party

Note: Originally as a joint venture of the Company, Aurora Home Furniture Co., Ltd. became a subsidiary after the Group acquired another 50% of its equity interest in July 2019.

b. Operating revenue

Type/Name of Related Party	2020	2019
Huxen (China)	\$ 1,755,455	\$ 1,975,334
Associate	602,491	601,299
Other related party	2,715	8,731
Investor of significant influence	245	157
Joint venture	-	371
	<u>\$ 2,360,906</u>	<u>\$ 2,585,892</u>

Sales by the Group to related parties are made based on the market price, with payments collected within 1~4 month(s).

c. Purchase of goods

Type/Name of Related Party	2020	2019
Associate	\$ 346,637	\$ 431,909
Joint venture	-	191,610
	<u>\$ 346,637</u>	<u>\$ 623,519</u>

Purchases from related parties are made by the Group based on the market price, with payments made in cash within 1~3 month(s).

d. Other income

Type/Name of Related Party	2020	2019
Huxen	\$ 32,326	\$ 32,132
Aurora Leasing	32,205	31,337
Associate	574	-
Other related party	12	-
Investor of significant influence	-	38
	\$ 65,117	\$ 63,507

Other income mainly represents income from consulting services rendered to related parties by the Group.

e. Operating expenses

	2020	2019
Other related party	\$ 37,218	\$ 50,720
Associate	5,504	21,733
Investor of significant influence	3,901	2,235
	\$ 46,623	\$ 74,688

Operating expenses represent expenses paid to related parties for advertising and marketing.

f. Rental income

Rental income

Type/Name of Related Party	2020	2019
Other related party	\$ 3,931	\$ 3,546
Associate	72	72
Joint venture	-	6,940
	\$ 4,003	\$ 10,558

The rental of office buildings leased by the Group to related parties is charged on a monthly basis according to general market conditions.

g. Receivables from related parties

Accounting Subject	Type/Name of Related Party	December 31, 2020	December 31, 2019
Accounts receivable	Aurora Leasing	\$ 102,331	\$ 104,077
	Other related party	41	503
	Associate	316	540
	Investor of significant influence	-	7
		\$ 102,688	\$ 105,127

(Continued on the next page)

(Continued from the previous page)

Accounting Subject	Type/Name of Related Party	December 31, 2020	December 31, 2019
Other receivables	Huxen (China)	\$ 4,157	\$ 15,449
	Huxen	3,593	3,278
	Aurora Leasing	1,667	1,649
	Associate	<u>512</u>	<u>366</u>
		<u>\$ 9,929</u>	<u>\$ 20,742</u>

Other receivables represent receivables and purchase allowances arising from advance payments between the Group and related parties.

The outstanding amount of receivables from related parties is not collateralized. No loss allowances were set aside for receivables from related parties for the years ended December 31, 2020 and 2019.

h. Payables to related parties

Accounting Subject	Type/Name of Related Party	December 31, 2020	December 31, 2019
Accounts payable	Aurora Leasing	\$ 1,622	\$ 2,992
	Associate	159	-
	Huxen (China)	94	6,376
	Other related party	80	236
	Aurora Holdings (Shanghai)	-	3,165
		<u>\$ 1,955</u>	<u>\$ 12,769</u>
Other payables	Aurora Leasing	\$ 64,955	\$ 70,356
	Associate	67	1
	Investor of significant influence	<u>12</u>	<u>-</u>
	<u>\$ 65,034</u>	<u>\$ 70,357</u>	

Other payables are monthly payments of rental collected from lessees by the Group on behalf of Aurora Leasing.

i. Acquisition of property, plant, and equipment

Type/Name of Related Party	Price	
	2020	2019
Associate	<u>\$ 154</u>	<u>\$ 454</u>

The transaction prices are determined according to market conditions.

j. Lease agreements

<u>Type/Name of Related Party</u>	<u>2020</u>	<u>2019</u>
<u>Acquisition of right-of-use assets</u>		
Aurora Holdings	\$ 46,275	\$ -
Associate	4,080	663
Aurora Holdings (Shanghai)	-	274,135
Shanghai Jiading	-	184,825
	<u>\$ 50,355</u>	<u>\$459,623</u>

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease liabilities	Shanghai Jiading	\$168,229	\$ 186,254
	Aurora Holdings (Shanghai)	106,982	193,267
	Aurora Holdings	43,932	20,213
	Associate	27,180	37,607
		<u>\$ 346,323</u>	<u>\$ 437,341</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Interest expenses</u>		
Aurora Holdings (Shanghai)	\$ 6,757	\$ 9,880
Shanghai Jiading	1,320	1,429
Associate	256	344
Investor of significant influence	229	256
	<u>\$ 8,562</u>	<u>\$ 11,909</u>

The Group leased land and offices to related parties for the years ended December 31, 2020 and 2019, respectively, with the lease terms of 1 to 23 years; the rent is payable on a monthly basis and the terms are not materially different from those of the general clients.

k. Others

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Refundable deposits	Aurora Holdings (Shanghai)	\$ 27,633	\$ 27,178
	Investor of significant influence	3,945	3,690
	Associate	3,839	3,818
	Aurora Building Management (Shanghai)	7,054	6,938
		<u>\$ 42,471</u>	<u>\$ 41,624</u>
Guarantee deposits received	Y. T. Chen Foundation	\$ 660	\$ 590

1. Remuneration to the management

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$109,679	\$ 92,733
Retirement benefits	<u>1,354</u>	<u>997</u>
	<u>\$111,033</u>	<u>\$ 93,730</u>

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

34. Pledged Assets

The following assets of the Group have been provided for financial institutions as collateral for loans:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Demand deposits (recognized in other financial assets)	\$ 60,665	\$ 35,459
Investment properties	300,955	302,912
Property, Plant, and Equipment	<u>271,245</u>	<u>275,250</u>
	<u>\$ 632,865</u>	<u>\$ 613,621</u>

35. Significant Contingent Liabilities and Unrecognized Contract Commitments

- a. Unused letters of credit outstanding as of December 31, 2020 amounted to US\$1,844 thousand.
- b. Guarantee notes issued by the Group to financial institutions for short-term and long-term loans as of December 31, 2020 amounted to NT\$9,120,600 thousand.
- c. Guaranteed notes issued by the Group under warranty contracts or for business needs as of December 31, 2020 amounted to NT\$27,869 thousand.
- d. Guaranteed notes received by the Group for business operations as of December 31, 2020 totaled NT\$5,083 thousand.
- e. Performance bonds issued by banks for the Group as of December 31, 2020 amounted to NT\$19,640 thousand.
- f. Aurora Office Equipment Co., Ltd. Shanghai and Shanghai Jianbang Asset Management Co., Ltd. (Shanghai Jianbang) entered into the "Cooperation Agreement," where Shanghai Jianbang provides land use rights for 50 years. According to Article 24 of the Cooperation Agreement, Aurora Office Equipment Co., Ltd. Shanghai shall pay Shanghai Jianbang a fixed land profit every year. Starting from 2012, RMB6,000 thousand/acre shall be paid per year based on the actual area used (282 acres). The fixed profit per acre of land shall be adjusted upwards by 5% based on the profit payable before adjustment every 5 years, but the maximum shall not exceed RMB7,500 thousand/acre per year.
- g. Unrecognized contractual commitments of the subsidiaries for purchases of goods as of December 31, 2020 amounted to NT\$21,425 thousand.

h. Significant contracts of the Company and its subsidiaries are disclosed as follows:

Type of Contract	Contracting Party	Contract Duration	Contract Content	Restrictions
Distribution contract	Sharp Corporation Aurora Corporation	2021.4.1~2022.3.31 (automatic extension for 1 year upon expiration)	Sharp photocopiers	1. Exclusive distribution 2. Non-compete
OEM contract	(1) Konica Minolta , Inc (2) Konica Minolta Business Solutions (China) Co., Ltd. (3) Aurora Office Automation Sales Co., Ltd. Shanghai	2019.1.1~2023.12.31	Production and procurement of MFPs and PP printers in mainland China	None
OEM contract	(1) Aurora Office Automation Sales Co., Ltd. Shanghai (2) Zhuhai Pantum Electronics Co., Ltd.	2020.1.1~2021.12.31	Production and procurement of A4 printer	None
Distribution contract	(1) Stratasys AP Limited (2) Aurora Machinery Equipment (Shanghai) Co., Ltd.	2021.1.1~2021.12.31	Stratasys 3D printers	Non-compete
Distribution contract	Konica Minolta, Inc. Aurora Office Automation Corporation	2021.4.1~2022.03.31	KM photocopiers and printers	1. Non-compete 2. Sales in Taiwan only
Distribution contract	Stratasys Ap Ltd. General Integration Technology Co., Ltd.	2021.1.1~2021.12.31	SSYS 3D printers	1. Non-exclusive distribution 2. Non-compete 3. Sales in Taiwan only
Distribution contract	Creaform Inc. General Integration Technology Co., Ltd.	2020.6.21~2021.6.20	3D scanners	1. Non-exclusive distribution 2. Sales in Taiwan only
Distribution contract	Konica Minolta, Inc. KM Developing Solutions Co., Ltd.	2021.4.1~2022.03.31	Large photocopiers and multi-functional photocopiers	1. Annual sales amount 2. Non-compete 3. Sales in Taiwan only

36. Significant Events after the Balance Sheet Date: None.

37. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

Unit: Foreign currency/NT\$ thousand

December 31, 2020

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 4,059	6.5249 (USD:RMB)	\$ 26,487
USD	125	28.43 (USD:RMB)	3,557
<u>Non-monetary items</u>			
Associates accounted for using the equity method			
RMB	\$ 146,677	4.377 (RMB:NTD)	\$ 642,007
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	2,402	28.53 (USD:NTD)	68,535
USD	246	6.5249 (USD:RMB)	1,605

December 31, 2019

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 3,997	6.9762 (USD:RMB)	\$ 27,886
<u>Non-monetary items</u>			
Associates accounted for using the equity method			
RMB	141,412	4.305 (RMB:NTD)	608,777
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	315	30.03 (USD:NTD)	9,462
USD	13,754	6.9762 (USD:RMB)	95,951

Realized and unrealized foreign exchange gains and losses that have significant impact on the Group are recognized in other gains and losses; please refer to Note XXVI (II).

38. Supplementary Disclosures

- a. Information on significant transactions:
 - 1) Loans provided for others: None.
 - 2) Endorsements/guarantees provided for others: Table 1.
 - 3) Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures): Table 2.
 - 4) Accumulated purchase or sale of the same securities amounting to NT\$300 million or 20% of paid-in capital or more: Table 3.
 - 5) Acquisition of property amounting to NT\$300 million or 20% of paid-in capital or more: Table 4.
 - 6) Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
 - 7) Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-up capital or more: Table 5.
 - 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital or more: None.
 - 9) Derivatives transactions: None.
 - 10) Intercompany relationships and significant intercompany transactions: Table 6.
- b. Information on invested companies: Table 7.
- c. Information on investments in mainland China:
 - 1) Information on any investee company in mainland China (name, main business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China): Table 8.
 - 2) Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information: Table 9.
- d. Information on major shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held): Table 10.

39. Segment Information

Information is provided for the chief business decision makers to allocate resources and to evaluate the performance of segments by company. The reportable segments of the Group are based in Taiwan and mainland China and mainly engage in the sales of office automation products, computer and communication equipment, and furniture.

The income and results of the Group's operations and segment assets are analyzed as follows:

Item	2020			
	Taiwan	Mainland China	Offset of Intersegment Revenue and Profit or Loss	Total
Revenue from external customers	\$ 4,307,934	\$ 8,643,040	\$	\$12,950,974
Intersegment revenue	<u>111,786</u>	<u>68,026</u>	<u>(179,812)</u>	<u>-</u>
Total revenue	<u>\$ 4,419,721</u>	<u>\$ 8,711,065</u>	<u>(\$ 179,812)</u>	<u>\$12,950,974</u>
Segment profit or loss	<u>\$ 1,858,699</u>	<u>\$ 1,013,911</u>	<u>(\$ 847,182)</u>	<u>\$ 2,025,428</u>
Segment assets	<u>\$13,985,256</u>	<u>\$11,150,650</u>	<u>(\$ 7,072,997)</u>	<u>\$18,062,909</u>

Item	2019			
	Taiwan	Mainland China	Offset of Intersegment Revenue and Profit or Loss	Total
Revenue from external customers	\$ 4,278,956	\$ 9,326,157	\$ -	\$13,605,113
Intersegment revenue	<u>143,662</u>	<u>41,870</u>	<u>(185,532)</u>	<u>-</u>
Total revenue	<u>\$ 4,422,618</u>	<u>\$ 9,368,027</u>	<u>(\$ 185,532)</u>	<u>\$13,605,113</u>
Segment profit or loss	<u>\$ 1,796,000</u>	<u>\$ 940,264</u>	<u>(\$ 803,524)</u>	<u>\$ 1,932,740</u>
Segment assets	<u>\$12,808,265</u>	<u>\$10,430,412</u>	<u>(\$ 6,128,901)</u>	<u>\$17,109,776</u>

Aurora Corporation and Subsidiaries

Endorsements/Guarantees Provided for Others
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsements/ Guarantees Provided for Single Entity (Note 3)	Maximum Endorsement/ Guarantee Balance	Ending Balance	Actual Amount Drawn	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statements (%)	Endorsement/G uarantee Ceiling (Note 3)	Endorsements/ Guarantees Provided by Parent for Subsidiary (Note 4)	Endorsements/ Guarantees Provided by Subsidiary for Parent (Note 4)	Endorsements/ Guarantees Provided for Subsidiary in Mainland China (Note 4)	Remark
		Name of Company	Relationship (Note 2)											
1	Aurora (China) Co., Ltd.	Aurora Office Automation Sales Co., Ltd. Shanghai	2	\$ 3,172,464	\$ 17,576	\$ -	\$ -	\$ -	-	\$ 3,172,464	N	N	Y	

Note 1: The numbers filled are described as follows:

- (1) For the issuer, fill in 0.
- (2) The investee company is numbered sequentially starting from Arabic number 1 according to the company type.

Note 2: The relationships between endorser/guarantors and endorsee/guarantees are categorized into the following 6 types. Please specify the type.

- (1) Companies with which the Company conducts business.
- (2) Subsidiaries in which the Group directly holds more than 50% of their common shares.
- (3) Investee companies in which the Company and its subsidiaries collectively hold more than 50% of their common shares.
- (4) The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common shares.
- (5) Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6) Shareholders making endorsements/guarantees for their mutually invested company in proportion to their shareholding ratio.

Note 3: According to the Company's regulations for making of endorsements/guarantees, the aggregate amount of endorsements/guarantees provided shall not exceed the current net worth, and endorsements/guarantees provided for a single entity shall not exceed NT\$3,172,464 thousand.

Note 4: Fill in Y if a listed parent company provides endorsements/guarantees for its subsidiary or if a subsidiary provides endorsements/guarantees for its listed parent company or if endorsements/guarantees involve mainland China.

Aurora Corporation and Subsidiaries

Securities Held at End of Period
December 31, 2020
(In Thousands of New Taiwan Dollars)

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Number of Shares (in Thousand Shares or Thousand Units)	Carrying amount	Shareholding (%)	Fair Value (Note 1)	
Aurora Office Automation Corporation	Stock							
	Aurora Corporation	The Company	Financial assets at fair value through other comprehensive income - current	3,290	\$ 292,516	1.39	\$ 292,516	Notes 1 and 2
	Aurora Corporation	The Company	Financial assets at fair value through other comprehensive income - non-current	9,206	818,449	3.90	818,449	Notes 1 and 2
KM Developing Solutions Co., Ltd.	Fund							
	Hua Nan Kirin Money Market Fund	None	Financial assets at fair value through profit or loss - current	6,435	77,420	-	77,420	Note 1
Aurora (China) Co., Ltd.	China Merchants Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	438,005	-	438,005	
	Bank SinoPac - large certificates of deposits	None	Financial assets at amortized cost - current	-	219,623	-	219,623	
	Bank of China - large certificates of deposits	None	Financial assets at amortized cost - current	-	135,124	-	135,124	
Aurora Office Automation Sales Co., Ltd. Shanghai	Industrial Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	703,919	-	703,919	
	Cathay United Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	140,419	-	140,419	
Aurora Office Equipment Co., Ltd. Shanghai	Bank of Communications - large certificates of deposits	None	Financial assets at amortized cost - current	-	135,122	-	135,122	
	Bank of China - large certificates of deposits	None	Financial assets at amortized cost - current	-	90,081	-	90,081	
Aurora (Bermuda) Investment Ltd.	Taishin International Bank - time deposits	None	Financial assets at amortized cost - current	-	11,033	-	11,033	

Note 1: Market prices of stocks with open market prices refer to the closing prices as of December 31, 2020. Market prices of open-end funds refer to the net asset value of the funds on the balance sheet date. The fair value of wealth management products is valued at discounted cash flows.

Note 2: The Company's shares held by subsidiaries are treated as treasury shares.

Note 3: For information on investments in subsidiaries, associates, and joint ventures, please refer to Tables 6 and 7.

Aurora Corporation and Subsidiaries

Accumulated Purchase or Sale of the Same Securities Amounting to NT\$300 Million or 20% of Paid-in Capital or More

For the Year Ended December 31, 2020

Unit: NT\$ thousand or thousand shares (unless stated otherwise)

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Transaction Currency	Beginning of Period		Reclassification		Purchase		Sale			Increase/Decrease		Ending Balance		
						Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares	Amount
Aurora Office Equipment Co., Ltd. Shanghai	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	\$	-	\$	-	\$100,000	-	\$100,84	\$100,000	\$ 844	-	\$		\$
	Structured deposits	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-		-		-	160,000	-	161,41	160,000	1,411	-			
	"Lingdong 75 Days"	Financial assets at fair value through profit or loss - current	Agricultural Bank of China	None	RMB	-		-		-	115,000	-	115,76	115,000	765	-			
Aurora (China) Co., Ltd.	"Liduoduo Structured Deposits"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-		-		-	200,000	-	201,76	200,000	1,764	-			
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-		-		-	100,000	-	100,83	100,000	834	-			
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-		-		-	200,000	-	201,52	200,000	1,521	-			
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-		-		-	100,000	-	100,90	100,000	902	-			
	"Caifubanchejinq u No. 3"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-		-		-	150,000	-	151,38	150,000	1,387	-			
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-		-		-	110,000	-	110,91	110,000	912	-			
	Maturity of structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-		-		-	110,000	-	110,82	110,000	820	-			
	"Lingdong 75 Days"	Financial assets at fair value through profit or loss - current	Agricultural Bank of China	None	RMB	-		-		-	100,000	-	100,65	100,000	659	-			
Aurora (China) Co., Ltd.	"Lingdong 75 Days"	Financial assets at fair value through profit or loss - current	Agricultural Bank of China	None	RMB	-		-		-	80,000	-	80,53	80,000	537	-			
Aurora Office Automation Sales Co., Ltd. Shanghai	Structured deposits	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-		-		-	130,000	-	131,12	130,000	1,128	-			

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Transaction Currency	Beginning of Period		Reclassification		Purchase		Sale			Increase/Decrease		Ending Balance	
						Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-		-		-	150,000	-	151,26	150,000	1,269	-		
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-		-		-	90,000	-	90,76	90,000	768	-		
	"Bank of China - Zhifu"	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-		-		-	90,000	-	90,76	90,000	763	-		
	"Jinxueqiu Select"	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-		-		-	100,000	-	100,87	100,000	878	-		
	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-		-		-	90,000	-	90,54	90,000	547	-		
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-		-		-	150,000	-	150,94	150,000	942	-		
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-		-		-	150,000	-	151,39	150,000	1,390	-		
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-		-		-	160,000	-	161,44	160,000	1,440	-		
Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-		-		-	115,000	-	115,79	115,000	792	-			

Aurora Corporation and Subsidiaries

Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More
 For the Year Ended December 31, 2020
 (In Thousands of New Taiwan Dollars)

Acquirer of Real Estate	Name of Property	Date of Occurrence	Amount of Transaction	Status of Payment	Counterparty	Relationship	Information on Prior Transaction If the Counterparty Is Related				Basis or Reference for Price Setting	Purpose of Acquisition and Usage Status	Other Agreed Items
							Owner	Relationship with the Issuer	Date of Transfer	Amount			
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Construction in Process	2020	\$ 101,552 (RMB)	\$ 101,552 (RMB)	Shanghai Construction Design Research Institute Co., Ltd.	None	-	-	-	\$ -	N/A	Building a smart factory for furniture; Under construction	None

Aurora Corporation and Subsidiaries

Purchases or Sales with Related Parties Amounting to NTS100 Million or 20% of Paid-up Capital or More
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Company	Counterparty	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit price	Credit Period	Balance	Percentage of Notes and Accounts Receivable (Payable) (%) (Note)	
Aurora Corporation	Aurora Leasing Corporation	Huxen's subsidiary (associate)	Sales	(\$ 369,851)	(12%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	\$ 63,262	20%	
	Aurora (China) Co., Ltd.	The Company's subsidiary	Sales	(109,472)	(3%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	8,640	3%	
Aurora Office Automation Corporation	Aurora Leasing Corporation	Huxen's subsidiary (associate)	Sales	(211,536)	(25%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	39,069	36%	
Aurora Office Automation Sales Co., Ltd. Shanghai	Huxen (China) Co., Ltd.	Huxen's subsidiary (associate)	Sales	(1,755,455)	(51%)	Due within 120 days	According to market conditions, no material difference	Due within 120 days	-	-	
	Huxen (China) Co., Ltd.	Huxen's subsidiary (associate)	Purchases	279,272	17%	Due within 120 days	According to market conditions, no material difference	Due within 120 days	(33)	-	
Aurora (China) Co., Ltd.	Aurora Home Furniture Co., Ltd.	The Company's subsidiary	Purchases	365,375	20%	Due within 60 days	According to market conditions, no material difference	Due within 60 days	(73,258)	(15%)	

Note: The above percentage is calculated as the ratio of the balance of notes and accounts receivable (payable) with related parties to the balance of total notes and accounts receivable (payable).

Aurora Corporation and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			Percentage of Consolidated Total Revenue or Total Assets (%) (Note 5)	
				Ledger Account	Amount (Note 3)	Transaction Terms (Note 4)		
0	Aurora Corporation	Aurora Office Automation	1	Sales revenue	\$ 8,133	-	-	
			1	Service revenue	5,290	-	-	
			1	Other income	21,207	-	-	
			1	Gains on lease modifications	23	-	-	
			1	Depreciation - leases	3,695	-	-	
			1	Operating expenses	1,400	-	-	
			1	Interest expenses	28	-	-	
			1	Accounts receivable	348	-	-	
			1	Other receivables	2,243	-	-	
			1	Expenses payable	54	-	-	
			1	Temporary credits	19	-	-	
			1	Purchases	30,461	-	-	
			Aurora Office Equipment Co., Ltd. Shanghai Aurora (China)	1	Sales revenue	109,472	-	1
				1	Purchases	14,539	-	-
		1		Accounts receivable	8,640	-	-	
		Aurora Office Automation Sales Co., Ltd.	1	Sales revenue	780	-	-	
			1	General Integration				
		KM Developing	1	Sales revenue	558	-	-	
			1	Service revenue	621	-	-	
			1	Operating expenses	16	-	-	
			1	Purchases	103	-	-	
			1	Accounts receivable	1	-	-	
			1	Other receivables	93	-	-	
			1	Accounts payable	1	-	-	
			1	Advances from Customers	39	-	-	
			1	Sales revenue	348	-	-	
			1	Service revenue	1,200	-	-	
		Aurora Home	1	Rental income	72	-	-	
1	Other receivables		105	-	-			
1	Purchases		1,432	-	-			
Ever Young Biodimension	1	Sales revenue	18	-	-			

(Continued on the next page)

(Continued from the previous page)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions				
				Ledger Account	Amount (Note 3)	Transaction Terms (Note 4)	Percentage of Consolidated Total Revenue or Total Assets (%) (Note 5)	
1	Aurora Office Automation	General Integration	3	Purchases	\$ 46	-	-	
			3	Accounts payable	5	-	-	
		KM Developing	3	Sales revenue	12,732	-	-	
			3	Purchases	4,125	-	-	
			3	Operating expenses	124	-	-	
			3	Accounts receivable	3,313	-	-	
2	General Integration	Ever Young Biodimension	3	Sales revenue	3,770	-	-	
			3	Service revenue	496	-	-	
			3	Accounts receivable	1,113	-	-	
		Aurora Machinery Equipment	3	Sales revenue	1,534	-	-	
			3	Purchases	1,193	-	-	
			3	Accounts receivable	614	-	-	
3	Aurora (China)	Aurora Machinery Equipment	3	Other income	1,434	-	-	
			3	Sales revenue	3,662	-	-	
		Aurora Home Furniture Co., Ltd.	3	Purchases	365,375	-	3	
			3	Accounts receivable	1,380	-	-	
		Aurora Office Automation Sales Co., Ltd.	3	Accounts payable	73,258	-	1	
			3	Other income	1,541	-	-	
		Aurora Cloud	3	Operating expenses	6,773	-	-	
			3	Other income	484	-	-	
			3	Accounts payable	82	-	-	
			Aurora Office Equipment Co., Ltd. Shanghai	3	Purchases	56,254	-	-
				3	Operating expenses	14,114	-	-
				3	Other income	273	-	-
4	Aurora Office Automation Sales Co., Ltd.	Aurora Machinery Equipment	3	Other gains and losses	4,448	-	-	
			3	Accounts payable	3,687	-	-	
			3	Purchases	20,394	-	-	
		Aurora Cloud	3	Other income	3,314	-	-	
			3	Other receivables	746	-	-	
			3	Accounts payable	18,818	-	-	
			3	Purchases	10,025	-	-	
			3	Operating expenses	8,553	-	-	
			3	Accounts payable	1,605	-	-	
		Aurora Office Equipment Co., Ltd. Shanghai	3	Operating expenses	152	-	-	
			3	Accounts payable	31	-	-	

(Continued on the next page)

(Continued from the previous page)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			
				Ledger Account	Amount (Note 3)	Transaction Terms (Note 4)	Percentage of Consolidated Total Revenue or Total Assets (%) (Note 5)
5	Aurora Home Furniture Co., Ltd.	Aurora Cloud	3	Sales revenue	\$ 18	-	-
			3	Operating expenses	16	-	-
			3	Accounts payable	18	-	-
6	Aurora Office Equipment Co., Ltd. Shanghai	Aurora Home Furniture Co., Ltd.	3	Sales revenue	515	-	-
			3	Other income	17,139	-	-
			3	Accounts receivable	97	-	-
			3	Other receivables	594	-	-
		Aurora Cloud	3	Purchases	4,742	-	-
			3	Operating expenses	211	-	-
			3	Accounts payable	200	-	-

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationships with counterparties can be any one of the following three types:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: When the Consolidated Financial Statements are prepared, the amounts have been offset in a consolidated manner.

Note 4: There is no material difference between the terms of the sales transactions between the parent company and subsidiaries and the normal sales of goods. The terms of other transactions are based on the agreement between both parties.

Note 5: The percentage is rounded to the nearest whole number.

TABLE 7

Aurora Corporation and Subsidiaries

Information on Investee Companies
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment Profit (Loss) Recognized	Distribution of Dividends by Investee		Remark
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares	Shareholding (%)	Carrying amount			Stock Dividends	Cash dividends	
Aurora Corporation	Aurora (Bermuda) Investment Ltd.	Bermuda	Investment holding	\$ 2,177,439	\$ 2,177,439	67,350	88.04	\$ 7,063,743	\$ 827,356	\$ 803,422	\$ -	\$ -	Subsidiary
	Aurora Office Automation Corporation	Taiwan	Import/export and wholesale of MFPs	2,091,992	2,091,992	82,278	91.13	1,076,067	279,885	187,333	-	287,971	Subsidiary
	General Integration Technology Co., Ltd.	Taiwan	Manufacturing of molds and machinery and wholesale of precision instruments	112,500	112,500	5,465	55.00	129,128	(702)	(388)	-	3,279	Subsidiary
	KM Developing Solutions Co., Ltd.	Taiwan	Wholesale and retail of information software, computers, and office equipment	70,000	70,000	7,000	70.00	104,947	32,174	22,521	-	18,200	Subsidiary
	Ever Young Biodimension Corporation	Taiwan	Wholesale of precision instruments	8,580	8,580	858	26.00	4,284	(6,777)	(1,766)	-	-	Subsidiary
	Huxen Corporation	Taiwan	Agency of MFPs and communications products	826,645	826,645	47,011	32.53	1,427,127	568,211	184,839	-	178,640	Investee accounted for using the equity method
	Aurora Development Corp.	Taiwan	Development of land and office buildings	140,000	140,000	32,498	46.67	496,580	49,233	22,977	-	3,250	Investee accounted for using the equity method
	Aurora Telecom Co., Ltd.	Taiwan	Sales of mobile phones and accessories and internet access	191,833	191,833	13,165	30.40	233,504	(74,310)	(22,591)	-	-	Investee accounted for using the equity method
Aurora Office Automation Corporation	Huxen Corporation	Taiwan	Agency of MFPs and communications products	359,451	359,451	11,170	7.73	536,723	568,211	43,923	-	42,446	Investee of Aurora Office Automation accounted for using the equity method
General Integration Technology Co., Ltd.	Ever Young Biodimension Corporation	Taiwan	Wholesale of precision instruments	8,250	8,250	825	25.00	4,123	(6,777)	(1,694)	-	-	Investee of General Integration accounted for using the equity method

TABLE 8

Aurora Corporation and Subsidiaries

Information on Investments in Mainland China

For the Year Ended December 31, 2020

Unit: NT\$ thousand, US\$ thousand, and RMB thousand unless specified otherwise

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	The Company's Direct or Indirect Ownership (%)	Investment Profit (Loss) Recognized for the Period (Note 2)	Carrying Amount of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Aurora (China) Investment Co., Ltd.	Investment holding	\$ 2,569,980 (US\$76,500)	Note 1 (2)	\$ 2,177,439 (US\$67,350)	\$	\$	\$ 2,177,439 (US\$67,350)	\$ 825,957	88.04	\$ 727,1 Note 2 (2)	\$ 8,302,7	\$ -
Aurora Office Equipment Co., Ltd. Shanghai	Production and sales of MFPs	1,121,340 (US\$33,000)	Note 1 (2)	Note 3			Note 3	61,060	88.04	53,7 Note 2 (2)	1,208,3	-
Aurora (China) Co., Ltd.	Manufacturing and sale of office furniture	1,007,266 (US\$30,000)	Note 1 (2)	Note 3			Note 3	748,166	88.04	658,6 Note 2 (2)	5,832,6	-
Aurora Office Automation Sales Co., Ltd. Shanghai	Sales, lease, and agency of Aurora brand products	1,603,064 (RMB\$350,000)	Note 1 (2)	Note 3			Note 3	369,797	88.04	325,5 Note 2 (2)	2,722,4	-
Aurora (Shanghai) Cloud Technology Co., Ltd.	Sale of printing and office equipment and furniture and consulting service	47,110 (RMB10,000)	Note 1 (3)	Note 3			Note 3	(1,610)	61.63	(9 Note 2 (2)	9	-
Huxen (China) Co., Ltd.	Sales, maintenance, and lease of printers	1,922,054 (RMB\$400,000)	Note 1 (1)	583,044 (RMB\$120,000)			583,044 (RMB\$120,000)	75,148	27.34	22,5 Note 2 (2)	642,0	-
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	Sales, lease, and maintenance of 3D printers	114,700 (RMB\$25,000)	Note 1 (3)	Note 3			Note 3	(10,240)	17.61	(2,0 Note 2 (2)	13,1	-
Aurora Home Furniture Co., Ltd.	Production and sales of furniture	243,020 (RMB\$50,000)	Note 1 (2)	Note 3			Note 3	20,418	88.04	17,9 Note 2 (2)	322,0	-
Aurora Machinery Equipment (Shanghai) Co., Ltd.	Wholesale of mechanical and electronic equipment, internet communication equipment, and computer software and hardware	112,549 (RMB\$25,000)	Note 1 (1)	112,549 (RMB\$25,000)			112,549 (RMB\$25,000)	(23,720)	86.50	(20,5 Note 2 (2)	41,0	-
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Reinvestment and property lease	888,500 (RMB\$200,000)	Note 1 (2)	Note 3			Note 3	16,427	88.04	14,4 Note 2 (2)	892,8	-
Aurora (Shanghai) Electronic Commerce Co., Ltd.	Sales on e-commerce platforms	20,955 (RMB\$5,000)	Note 1 (2)	Note 3			Note 3	(2,839)	61.63	(1,7 Note 2 (2)	9,9	-

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period (Note 4)	Amount of Investments Authorized by Investment Commission, M.O.E.A. (Note 4)	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A. (Note 5)
\$ 2,873,032 (US\$ 67,350, RMB\$ 145,000)	\$ 2,881,734 (US\$ 67,350, RMB\$ 145,000)	\$5,354,488

Note 1: Methods of investments are divided into the following three types. Specify the type.

1. Direct investment in mainland China.
2. Investment in mainland China through Aurora (Bermuda) Investment Ltd.
3. Others.

Note 2: Investment profit (loss) recognized for the period:

1. Indicate if no investment profit (loss) is recognized as an investee is under preparation.
2. Indicate if investment profit (loss) is recognized on the following basis:
 - (1) Financial statements audited by international accounting firms cooperating with accounting firms in the Republic of China.
 - (2) Financial statements audited by the parent company's CPAs in Taiwan.
 - (3) Others.

Note 3: The Company invested in Aurora (China) Investment Co., Ltd. directly through Aurora (Bermuda) Investment Ltd. (with 88.04% equity held by the Company) established in Bermuda. Aurora (China) Investment Co., Ltd. then invested in Aurora (Jiang Su) Enterprise Development Co., Ltd., Aurora Office Equipment Co., Ltd. Shanghai, and Aurora (China) Co., Ltd. Then, Aurora (China) Co., Ltd. invested in Aurora Office Automation Sales Co., Ltd. Shanghai, Aurora Home Furniture Co., Ltd., Aurora (Shanghai) Cloud Technology Co., Ltd., and Aurora (Shanghai) Electronic Commerce Co., Ltd. Then, Aurora Office Automation Sales Co., Ltd. Shanghai invested in Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.

Note 4: Based on the prevailing exchange rate approved by the Investment Commission, Ministry of Economic Affairs, the accumulated amount of investments remitted from Taiwan to mainland China in the foreign currency at the end of the period did not exceed the amount of investments in the foreign currency approved by the Investment Commission.

Note 5: The net worth of the Group as of December 31, 2020 was NT\$8,924,147 thousand. In accordance with the "Directions Governing the Examination of Investment or Technical Cooperation in Mainland China," the cap amount should be NT\$5,354,488 thousand (NT\$8,924,147 thousand x 60%).

Aurora Corporation and Subsidiaries

Major Transactions with Any Investee Company in mainland China Directly or Indirectly through a Third Region, and Their Prices, Payment terms, Unrealized Gains (Losses), and Other Information
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Investee Company	Relationship with the Company	Type of Transaction	Amount	Transaction Term			Notes and Accounts Receivable (Payable)		Unrealized gains (losses)	Remark
				Price	Payment Terms	Difference with General Transactions	Balance	Percentage (%) (Note)		
Aurora Office Automation Sales Co., Ltd. Shanghai	The Company's sub-subsiary	Sales	(\$ 1,755,455)	According to market conditions	Due within 120 days	No material difference	\$ -	-	\$ -	
		Purchases	279,272	"	Due within 120 days	"	(34)	-	-	
Aurora (China) Co., Ltd.	The Company's sub-subsiary	Purchases	365,375	"	Due within 60 days	"	(73,258)	(15%)	-	

Note: The above percentage is calculated as the ratio of the balance of notes and accounts receivable (payable) with related parties to the balance of total notes and accounts receivable (payable).

Aurora Corporation**Information on Major Shareholders
December 31, 2020**

Name of Major Shareholders	Shareholding	
	Shares	Percentage of Ownership (%)
Aurora Holdings Incorporated	101,856,312	43.12
Chen Yung-Tai	21,269,000	9.00
Aurora Leasing Corporation	20,791,276	8.80
Aurora Office Automation Corporation	12,496,797	5.29

Note 1: The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. Please refer to MOPS for information on shareholders who declare themselves to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property.

- e. Parent Company Only Financial Statements for the Most Recent Fiscal Year,
Certified by CPAs

Independent Auditors' Report

To Aurora Corporation:

Opinions

Aurora Corporation's Parent Company Only Balance Sheets as of December 31, 2020 and 2019, in addition to the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2020 and 2019, have been audited by the CPAs.

In our opinion, the Parent Company Only Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to have reasonably expressed the parent company only financial conditions of Aurora Corporation as of December 31, 2020 and 2019, as well as the parent company only financial performance and parent company only cash flows from January 1 to December 31, 2020 and 2019.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Aurora Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 Parent Company Only Financial Statements of Aurora Corporation for the year ended December 31, 2020. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company Only Financial Statements of Aurora Corporation for the year ended December 31, 2020 are stated as follows:

Sales revenue and sales revenue of key subsidiaries accounted for using the equity method

The main businesses of Aurora Corporation and its key subsidiaries accounted for using the equity method include the trade and lease of Multi-Functional Photocopiers (MFPs) and sales of system furniture. In particular, sales revenue from sales of system furniture in Taiwan and exporting office equipment in mainland China increased significantly in 2020 as compared to that in 2019; such increase in the overall impact to the financial statements is material. The main risk lies in whether revenue actually occurs. Accordingly, we identify the risk of revenue recognition arising from fraud as a key audit matter in accordance with the Statements on Auditing Standards in relation to significant risk.

For the accounting policies related to revenue recognition, please refer to Note IV (XIV).

We understood and tested the effectiveness of the design and implementation of internal controls in the recognition of sales revenue. We have also selected appropriate samples from the sales details, reviewed the original contracts, documents and customs declaration forms from external forwarders or signed by customers to check whether the recipients are the trading parties, and reviewed whether there is a significant amount of return and allowance subsequent to the balance sheet date to confirm whether there is any material misstatement of sales revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the Parent Company Only Financial Statements, the management is responsible for assessing Aurora Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Aurora Corporation 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 Aurora Corporation's financial reporting process.

Auditors' 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 misstatements, whether due to fraud or error, and to issue an auditors' 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 the auditing standards generally accepted in the Republic of China 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 internal controls of Aurora Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 Aurora Corporation's ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Aurora Corporation to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Aurora Corporation to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements of Aurora Corporation.

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 the key audit matters of Aurora Corporation's Parent Company Only Financial Statements for the year ended December 31, 2020. We describe these matters in our auditors' 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.

Deloitte & Touche
Chi Rui-Chuan, CPA

Hsieh Chien-Hsin, CPA

Financial Supervisory Commission
Approval No. Jin-Guan-Zheng-Shen No.
1060023872

Securities and Futures Commission Approval
No. Tai-Cai-Zheng-6 No. 0920123784

March 16, 2021

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

Aurora Corporation
Parent Company Only Balance Sheets
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note VI)	\$ 173,009	1	\$ 90,258	1
1150	Notes receivable (Notes IV and VII)	83,048	1	80,763	1
1170	Accounts receivable (Notes IV and VII)	154,015	1	157,759	1
1180	Accounts receivable - related parties (Notes IV, VII, and XXVII)	72,492	1	74,565	1
1200	Other receivables (Notes IV, VII, and XXVII)	64,483	-	64,220	-
130X	Inventories (Notes IV and VIII)	503,546	4	448,471	4
1479	Other current assets (Note XIV)	44,024	-	22,275	-
11XX	Total current assets	<u>1,094,617</u>	<u>8</u>	<u>938,311</u>	<u>8</u>
	Non-current assets				
1550	Investments accounted for using the equity method (Notes IV and IX)	10,576,456	82	9,466,415	82
1600	Property, plant, and equipment (Notes IV, X, XXVII, and XXVIII)	803,052	6	851,333	7
1755	Right-of-use assets (Notes IV, XI, and XXVII)	158,776	1	129,722	1
1760	Investment properties (Notes IV, XII, and XXVIII)	71,493	1	71,967	1
1805	Goodwill (Notes IV and XIII)	38,147	-	38,147	-
1821	Other intangible assets (Notes IV and XIII)	10,468	-	12,126	-
1840	Deferred tax assets (Notes IV and XXII)	78,942	1	80,485	1
1920	Refundable deposits (Note XXVII)	40,298	1	34,163	-
15XX	Total non-current assets	<u>11,777,632</u>	<u>92</u>	<u>10,684,358</u>	<u>92</u>
1XXX	Total assets	<u>\$ 12,872,249</u>	<u>100</u>	<u>\$ 11,622,669</u>	<u>100</u>
	Liabilities and Equity				
	Current Liabilities				
2100	Short-term loans (Note XV)	\$ 2,283,652	18	\$ 2,050,886	18
2110	Short-term notes and bills payable (Note XV)	299,655	2	-	-
2130	Contract liabilities - current (Notes IV and XX)	137,276	1	63,778	1
2170	Accounts payable (Notes XVI and XXVII)	332,640	3	264,620	2
2200	Other payables (Notes XVII and XXVII)	269,697	2	253,804	2
2230	Current tax liabilities (Notes IV and XXII)	42,340	-	42,820	-
2280	Lease liabilities - current (Notes IV, XI and XXVII)	73,819	1	61,465	1
2300	Other current liabilities (Note XVII)	48,949	-	48,042	-
21XX	Total current liabilities	<u>3,488,028</u>	<u>27</u>	<u>2,785,415</u>	<u>24</u>
	Non-current Liabilities				
2540	Long-term loans (Note XV)	1,000,000	8	1,000,000	9
2570	Deferred income tax liabilities (Notes IV and XXII)	258,436	2	140,885	1
2580	Lease liabilities - non-current (Notes IV, XI and XXVII)	86,217	1	68,916	1
2640	Net defined benefit liabilities - non-current (Notes IV and XVIII)	410,001	3	415,004	3
2645	Guarantee deposits received (Note XXVII)	878	-	816	-
25XX	Total non-current liabilities	<u>1,755,532</u>	<u>14</u>	<u>1,625,621</u>	<u>14</u>
2XXX	Total liabilities	<u>5,243,560</u>	<u>41</u>	<u>4,411,036</u>	<u>38</u>
	Equity (Note XIX)				
	Capital stock				
3110	Capital stock - common shares	<u>2,362,025</u>	<u>18</u>	<u>2,362,025</u>	<u>20</u>
3200	Capital surplus	<u>1,941,799</u>	<u>15</u>	<u>1,920,710</u>	<u>17</u>
	Retained earnings				
3310	Legal reserve	1,731,715	13	1,597,471	14
3320	Special reserve	852,220	7	852,220	7
3350	Unappropriated earnings	<u>1,504,059</u>	<u>12</u>	<u>1,523,968</u>	<u>13</u>
3300	Total retained earnings	<u>4,087,994</u>	<u>32</u>	<u>3,973,659</u>	<u>34</u>
3400	Other equity	28,697	-	(252,935)	(2)
3500	Treasury shares	(791,826)	(6)	(791,826)	(7)
3XXX	Total equity	<u>7,628,689</u>	<u>59</u>	<u>7,211,633</u>	<u>62</u>
	Total liabilities and equity	<u>\$ 12,872,249</u>	<u>100</u>	<u>\$ 11,622,669</u>	<u>100</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

Accounting Manager: Lin Ya-Ling

Aurora Corporation

Parent Company Only Statements of Comprehensive Income For the Years Ended December 31, 2020 and 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
	Operating revenue (Notes IV, XX, and XXVII)				
4110	Sales revenue	\$ 3,199,689	101	\$ 3,180,536	101
4170	Sales returns	(15,836)	(1)	(17,555)	(1)
4190	Sales discounts and allowances	(9,240)	-	(16,047)	-
4000	Total operating revenue	<u>3,174,613</u>	<u>100</u>	<u>3,146,934</u>	<u>100</u>
5000	Operating costs (Notes IV, XXI, and XXVII)	<u>1,692,644</u>	<u>53</u>	<u>1,708,174</u>	<u>54</u>
5900	Gross profit	1,481,969	47	1,438,760	46
5910	Unrealized gains from sales of associates	(61,664)	(2)	(63,987)	(2)
5920	Realized gains from sales of associates	<u>65,300</u>	<u>2</u>	<u>67,034</u>	<u>2</u>
5950	Realized gross profit	<u>1,485,605</u>	<u>47</u>	<u>1,441,807</u>	<u>46</u>
	Operating expenses (Notes XXI and XXVII)				
6100	Selling and marketing expenses	660,298	21	657,037	21
6200	General and administrative expenses	411,772	13	396,289	13
6450	Expected credit losses (or reversal) (Notes IV and VII)	<u>12</u>	<u>-</u>	(<u>665</u>)	<u>-</u>
6000	Total operating expenses	<u>1,072,082</u>	<u>34</u>	<u>1,052,661</u>	<u>34</u>
6900	Net operating income	<u>413,523</u>	<u>13</u>	<u>389,146</u>	<u>12</u>
	Non-operating income and expenses (Notes IV, IX, XXI, and XXVII)				
7100	Interest income	113	-	135	-
7190	Other income	84,225	3	82,504	3
7020	Other gains and losses	(1,527)	-	(18,933)	(1)
7050	Finance costs	(26,190)	(1)	(24,169)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using the equity method	<u>1,179,744</u>	<u>37</u>	<u>1,182,161</u>	<u>38</u>
7000	Total non-operating income and expenses	<u>1,236,365</u>	<u>39</u>	<u>1,221,698</u>	<u>39</u>

(Continued on the next page)

(Continued from the previous page)

Code		2020		2019	
		Amount	%	Amount	%
7900	Income before tax	\$ 1,649,888	52	\$ 1,610,844	51
7950	Tax expenses (Notes IV and XXII)	(211,579)	(7)	(236,052)	(7)
8200	Net Income	<u>1,438,309</u>	<u>45</u>	<u>1,374,792</u>	<u>44</u>
	Other comprehensive income (Notes IV, X, and XIX)				
8310	Components that will not be reclassified to profit or loss				
8311	Gains (losses) on re-measurements of defined benefit plans (Note XVIII)	(27,549)	(1)	(32,360)	(1)
8330	Share of other comprehensive income of associates accounted for using the equity method	(1,351)	-	(6,664)	-
8349	Income tax related to components that will not be reclassified to profit or loss (Note XXII)	<u>5,510</u>	<u>1</u>	<u>6,472</u>	<u>-</u>
		(<u>23,390</u>)	<u>-</u>	(<u>32,552</u>)	(<u>1</u>)
8360	Components that may be reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	123,736	4	(237,073)	(8)
8370	Share of other comprehensive income of associates accounted for using the equity method	<u>227,287</u>	<u>7</u>	(<u>139,457</u>)	(<u>4</u>)
		<u>351,023</u>	<u>11</u>	(<u>376,530</u>)	(<u>12</u>)
8300	Other comprehensive income, net	<u>327,633</u>	<u>11</u>	(<u>409,082</u>)	(<u>13</u>)
8500	Total comprehensive income	<u>\$ 1,765,942</u>	<u>56</u>	<u>\$ 965,710</u>	<u>31</u>
	Earnings per share (Note XXIII)				
9710	Basic	<u>\$ 6.40</u>		<u>\$ 6.12</u>	
9810	Diluted	<u>\$ 6.39</u>		<u>\$ 6.11</u>	

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

Accounting Manager: Lin Ya-Ling

Aurora Corporation

**Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)**

Code		Capital Stock	Capital surplus	Retained earnings			Other equity		Treasury shares	Total Equity
				Legal Reserve	Special Reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income		
A1	Balance as of January 1, 2019	\$ 2,362,025	\$ 1,843,004	\$ 1,445,171	\$ 852,220	\$ 1,751,045	(\$ 477,204)	\$ 600,997	(\$ 791,826)	\$ 7,585,432
	Appropriation and distribution of earnings for 2018:									
B1	Legal reserve	-	-	152,300	-	(152,300)	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	(1,417,215)	-	-	-	(1,417,215)
C17	Dividends that are not collected before the designated date	-	7,948	-	-	-	-	-	-	7,948
D1	Net income in 2019	-	-	-	-	1,374,792	-	-	-	1,374,792
D3	Other comprehensive income after tax in 2019	-	-	-	-	(32,552)	(280,868)	(95,662)	-	(409,082)
D5	Total comprehensive income in 2019	-	-	-	-	1,342,240	(280,868)	(95,662)	-	965,710
M1	Changes in capital reserve from dividends paid to subsidiaries	-	68,330	-	-	-	-	-	-	68,330
M7	Changes in ownership interests in subsidiaries	-	1,428	-	-	-	-	-	-	1,428
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	198	-	(198)	-	-
Z1	Balance as of December 31, 2019	2,362,025	1,920,710	1,597,471	852,220	1,523,968	(758,072)	505,137	(791,826)	7,211,633
	Appropriation and distribution of earnings for 2019:									
B1	Legal reserve	-	-	134,244	-	(134,244)	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	(1,369,975)	-	-	-	(1,369,975)
C15	Cash dividends appropriated from capital surplus	-	(47,241)	-	-	-	-	-	-	(47,241)
D1	Net income in 2020	-	-	-	-	1,438,309	-	-	-	1,438,309
D3	Other comprehensive income after tax in 2020	-	-	-	-	(23,390)	143,439	207,584	-	327,633
D5	Total comprehensive income in 2020	-	-	-	-	1,414,919	143,439	207,584	-	1,765,942
M1	Changes in capital reserve from dividends paid to subsidiaries	-	68,330	-	-	-	-	-	-	68,330
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	69,391	-	(69,391)	-	-
Z1	Balance as of December 31, 2020	\$ 2,362,025	\$ 1,941,799	\$ 1,731,715	\$ 852,220	\$ 1,504,059	(\$ 614,633)	\$ 643,330	(\$ 791,826)	\$ 7,628,689

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

Accounting Manager: Lin Ya-Ling

Aurora Corporation

Parent Company Only Statements of Cash Flows For the Years Ended December 31, 2020 and 2019 (In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flows from operating activities		
A00010	Income before tax	\$ 1,649,888	\$ 1,610,844
A20010	Adjustments:		
A20100	Depreciation expenses	247,248	245,057
A20200	Amortization expenses	7,490	8,438
A20300	Expected credit losses (or reversal)	12	(665)
A20900	Finance costs	26,183	24,163
A21200	Interest income	(113)	(135)
A22500	Loss on disposal of property, plant, and equipment	358	511
A22300	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	(1,179,744)	(1,182,161)
A23100	Loss on disposal of investments	-	17,949
A23900	Unrealized gains from associates	61,664	63,987
A24000	Realized gains from associates	(65,300)	(67,034)
A29900	Gains on lease modifications	(138)	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(2,285)	8,508
A31150	Accounts receivable	3,732	13,873
A31160	Accounts receivable - related parties	2,073	7,776
A31180	Other receivables	(263)	13,171
A31200	Inventories	(153,599)	(173,480)
A31240	Other current assets	(21,749)	31,503
A32125	Contract liabilities	73,498	(11,129)
A32150	Accounts payable	68,020	(95,186)
A32180	Other payables	15,761	(18,099)
A32230	Other current liabilities	907	(4,959)
A32240	Net defined benefit liabilities	(32,552)	(16,764)
A33000	Cash generated from operations	701,091	476,168
A33100	Interest received	113	135
A33300	Interest paid	(26,051)	(24,621)
A33500	Income tax paid	(87,455)	(120,720)
AAAA	Net cash flows generated from operating activities	587,698	330,962

(Continued on the next page)

(Continued from the previous page)

Code		2020	2019
	Cash flows from investing activities		
B01900	Acquisition of long-term investment in shares accounted for using the equity method	\$ -	\$ 150,694
B02700	Acquisition of property, plant, and equipment	(17,135)	(22,206)
B02800	Proceeds from disposal of property, plant, and equipment	1	5
B03700	Increase in refundable deposits	(6,135)	(803)
B04500	Acquisition of intangible assets	(5,832)	(5,253)
B07600	Dividends received from subsidiaries and associates	<u>491,341</u>	<u>591,358</u>
BBBB	Net cash flows from investing activities	<u>462,240</u>	<u>713,795</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	232,766	540,441
C00500	Increase in short-term notes and bills payable	299,655	-
C00600	Decrease in short-term notes and bills payable	-	(179,987)
C03000	Proceeds from guarantee deposits received	62	9
C04500	Cash dividends paid	(1,417,216)	(1,417,215)
C04020	Repayment of the principal portion of lease liabilities	<u>(82,454)</u>	<u>(80,985)</u>
CCCC	Net cash flows used in financing activities	<u>(967,187)</u>	<u>(1,137,737)</u>
EEEE	Net increase (decrease) in cash	82,751	(92,980)
E00100	Cash at beginning of period	<u>90,258</u>	<u>183,238</u>
E00200	Cash at end of period	<u>\$ 173,009</u>	<u>\$ 90,258</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Yuan Hui-Hua

President: Chou Ming-Chung

Accounting Manager: Lin Ya-Ling

Aurora Corporation

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2020 and 2019

(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Aurora Corporation (the Company) was founded in Taipei in October 1965. The main businesses of the Company include the trade, lease, and repair of Multi-Functional Photocopiers (MFPs) and computer equipment and the sales of system furniture.

The Company's shares have been listed on the Taiwan Stock Exchange since August 1991.

The Parent Company Only Financial Statements are presented in the New Taiwan dollar, the Company's functional currency.

2. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Parent Company Only Financial Statements have been approved by the Board of Directors on March 16, 2021.

3. Application of New and Amended Standards and Interpretations

- a. Initial application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Company.

- b. FSC-endorsed IFRSs that are applicable from 2021 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	Effective immediately upon the date of issuance
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase II"	The amendments apply to the annual reporting periods beginning on or after January 1, 2021.
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	The amendments apply to the annual reporting periods beginning on or after June 1, 2020.

As of the date of authorization of the financial statements, the Company's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the financial conditions and performance.

- c. Standards issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB (Note 1)</u>
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)

Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments apply to the business combination of which the acquisition date falls on the annual reporting periods beginning on or after January 1, 2022.

Note 4: These amendments are applied to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments apply to contracts that will not have been completely fulfilled in the annual period beginning after January 1, 2022.

Note 6: The amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments apply to changes in accounting estimates and in accounting policies which take place in the annual reporting periods beginning on or after January 1, 2023.

As of the date of authorization of the Parent Company Only Financial Statements, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

a. Compliance declaration

The Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Preparation basis

The Parent Company Only Financial Statements have been prepared on a historical cost basis, except for net defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

When preparing parent company only financial statements, the Company adopts the equity method for investments in subsidiaries, associates, or joint ventures. In order to align profit or loss, other comprehensive income, and equity from the current year in the Parent Company Only Financial Statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investments accounted for using the equity method", "share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method", "share of other comprehensive income of subsidiary, associates, and joint ventures accounted for using the equity method" and related equity items.

c. Standards for assets and liabilities classified as current and non-current

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities with settlement within 12 months after the balance sheet date; and
- 3) Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the publication of the balance sheet.

All other assets or liabilities that are not specified above are classified as non-current.

d. Foreign currencies

In the preparation of financial statements, transactions denominated in a currency other than the Company's functional currency (i.e., foreign currency) are translated into the Company's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in

fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories comprise raw materials, work in process, and commodities. Inventory costs are calculated using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

f. Investments in subsidiaries

The Company has adopted the equity method for investments in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, changes in the Company's share of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, and liabilities of subsidiaries recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. Subsequently, if the recoverable amount of an asset increases, the recovery of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset recovered from the impairment loss shall not exceed the carrying amount of the asset to be amortized if the impairment loss is not recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the parent company only financial statements. The gains and losses arising from the countercurrent and side current transactions between the Company and its subsidiaries shall be recognized in the parent company only financial statements only to the extent not related to the Company's equity in the subsidiaries.

g. Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence other than a subsidiary or a joint venture. A joint venture is a joint arrangement where the Company and other parties share joint control and net assets.

The Company accounts for investments in associates and joint ventures using the equity method.

Under the equity method, investments are initially treated at cost and adjusted thereafter for the post-acquisition change in the Company's interest in profit or loss, share in other comprehensive income, and profits of associates and joint ventures. In addition, equity changes in associates and joint ventures are recognized based on the shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, and liabilities of associates and joint ventures recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized as profit or loss in the current year.

When associates and joint ventures issue new shares and the Company does not subscribe to such shares to the extent that its original shareholding ratio can be changed, the difference is recorded as an adjustment to capital surplus - changes in the net value of shares in associates and joint ventures accounted for using the equity method and other investments accounted for using the equity method. If the amount of ownership interests in associates and joint ventures is not subscribed for or obtained in proportion to the shareholding ratio, the amount of the related assets or liabilities shall be recognized in other comprehensive income. The basis of the accounting treatment is the same as that of the associates and joint ventures. The difference in the balance of the capital reserve accounted for using the equity method shall be recognized in retained earnings.

To assess impairment, the Company has to consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts. The cost of impairment identified is to be deemed as part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Company shall cease the use of equity method from the date when its investment is no longer a joint venture. Its retained interest in the joint venture is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period. In addition, the Company shall account for all the amounts recognized in other comprehensive income in relation to that joint venture on the same basis as would be required if the joint venture had directly disposed of the related assets or liabilities.

Profits and losses in upstream, downstream and side-stream transactions between the Company and associates are recognized in the financial statements only when the profits and losses are irrelevant to the Company's interests in the associates.

h. Property, plant, and equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation.

Each significant part of property, plant, and equipment is separately depreciated over its useful life on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

i. Investment property

Investment property is real estate held for rent or capital appreciation or both.

Investment property owned by the Company is measured initially at cost (including transaction costs) and subsequently at cost less accumulated depreciation. Depreciation is recognized on a straight-line basis.

j. Goodwill

The value of goodwill received through business combinations has to be shown as the amount of goodwill recognized on the acquisition date and subsequently evaluated as cost less accumulated impairment loss.

To evaluate impairment, goodwill is distributed among various cash-generating units or cash-generating unit groups ("cash-generating units") which the Company expects to benefit by business combinations.

The cash-generating units that are allocated goodwill will compare the unit's carrying amount and its recoverable amount including goodwill every year (and whenever there are signs of impairment) to evaluate the impairment of the unit. If the goodwill is obtained by the cash-generating unit through a business combination in the current year, an impairment test is to be conducted prior to the end of the current year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Impairment loss is considered as loss in the current year. The impairment loss of goodwill shall not be reversed in subsequent periods.

k. Intangible assets

1) Separate acquisition

Intangible assets with a limited useful life will be evaluated initially at cost and subsequently at cost less accumulated amortization. Intangible assets will be amortized using the straight-line method within the useful life. The Company will review the estimated useful life, residual value, and depreciation methods at the end of each year at least once a year to deduce the effect of the changes in accounting estimates.

2) Derecognition

When intangible assets are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss of the current year.

l. Impairment of property, plant, and equipment as well as right-of-use assets, investment property, and intangible assets (excluding goodwill)

On each balance sheet date, the Company reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets, investment property and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating

unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit will be reduced to the extent of recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or of the cash-generating unit not declared as impairment loss in the previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

m. Financial instruments

Financial assets and financial liabilities shall be recognized in the balance sheets when the Company becomes a party of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

a) Types of measurement

Financial assets held by the Company are financial assets at amortized cost.

Financial assets at amortized cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- i. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- ii. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

After initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective rate method less any impairment loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

- i. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- ii. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

b) Impairment of financial assets

The impairment loss of financial assets at amortized cost is measured by the Company on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Company determines that there is internal or external information indicating that the debtor cannot settle the debt, which represents that the financial assets have breached the contract.

The impairment loss of all financial assets is reduced based on the allowance account.

c) Derecognition of financial assets

The Company derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Company transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities are assessed at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

n. Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

1) Sales revenue of commodities

Sales revenue of commodities comes from the sale of Multi-Functional Photocopiers (MFPs), fax machines, and telecommunication products. When MFPs, fax machines, and telecommunication products are shipped to the locations designated by the

customers, the customers have already obtained the rights to establish the price and usage of the commodities and are primarily liable for the resale of the commodities. The customers shall undertake the related obsolescence risk and the Company will recognize revenue and accounts receivable at that time.

2) Service revenue

Service revenue is derived from the maintenance services of the equipment. Relevant revenue is recognized when services are rendered.

o. Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

1) Where the Company is a lessor:

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight line basis over the lease term.

Rental changes in lease agreements that do not depend on indices or rates are recognized income in the period in which they are incurred.

2) Where the Company is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. If the assessments on lease terms, amounts expected to be paid under residual value guarantees and purchase option of the underlying assets; or changes in the index or rate which determines the lease payments result in changes in future lease payments, the Company would remeasure the lease liabilities with a corresponding

adjustment on the right-of-use assets. However, if the carrying amount of right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. With regard to changes in leases that are not considered separate leases, the remeasurement of lease liabilities as a result of the decrease in the scope of the lease refers to the reduction in right-of-use assets, with the recognition of the gains or losses on partial or complete termination of the lease. The remeasurement of lease liabilities as a result of other amendments refers to the adjustment in right-of-use assets. Lease liabilities are expressed separately in the balance sheets.

p. Benefits after retirement

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current and previous periods) and the net interest of the net defined benefit liabilities are recognized as employee benefit expenses. The remeasurement amount (including actuarial gains and losses (assets) and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs or when the plan is revised or reduced. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities are the deficit of the contribution made according to the defined benefit pension plan.

q. Income tax

Income tax expenses are the sum of the tax in the current year and deferred income tax.

1) Income tax in the current year

The current income tax payable is calculated based on the taxable income in the current year. A portion of the income and expenses is taxable or deductible in other periods or is not taxable or deductible under the relevant tax laws. Therefore, the taxable income differs from the net income reported in the parent company only statements of comprehensive income. The Company's current income tax liabilities are based on the statutory tax rate on the balance sheet date.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior year income taxes are shown in the taxes of the current year.

2) Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized when there are likely taxable income for the deducting temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment and equity, when it is probable that

sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred income taxes

Current income tax and deferred income tax are recognized in profit or loss except for those related to items recognized in other comprehensive income that shall be recognized in other comprehensive income.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The Company takes into account the economic impact of the COVID-19 outbreak in its significant accounting judgments and the management will constantly review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

After reviewing the accounting policies, estimates, and assumptions adopted by the Company, the management found no material uncertainties.

6. Cash

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and working capital	\$ 2,320	\$ 2,310
Checks and demand deposits in banks	<u>170,689</u>	<u>87,948</u>
	<u>\$173,009</u>	<u>\$ 90,258</u>

7. Notes Receivable, Accounts Receivable, and Other Receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 83,048	\$ 80,763
Less: loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 83,048</u>	<u>\$ 80,763</u>

(Continued on the next page)

(Continued from the previous page)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$155,531	\$159,354
Less: loss allowance	(<u>1,516</u>)	(<u>1,595</u>)
	<u>\$154,015</u>	<u>\$157,759</u>
<u>Accounts receivable - related parties</u>		
Measured at amortized cost		
Total carrying amount	\$ 72,492	\$ 74,565
Less: loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 72,492</u>	<u>\$ 74,565</u>
<u>Other receivables</u>		
Rent collected	\$ 41,525	\$ 46,481
Related parties	8,184	7,719
Others	<u>14,774</u>	<u>10,020</u>
	<u>\$ 64,483</u>	<u>\$ 64,220</u>
<u>Overdue receivables</u>		
Overdue receivables	\$ 2,995	\$ 3,128
Less: loss allowance	(<u>2,995</u>)	(<u>3,128</u>)
	<u>\$ -</u>	<u>\$ -</u>

a. Accounts receivable

The Company's credit period for commodity sales averages 60~90 days. To minimize credit risk, the management of the Company has delegated a team responsible for taking other monitoring measures to ensure that follow-up action is taken to recover overdue debts. The Company will also review recoverable amount of receivable on balance sheet date to ensure unrecoverable receivables are listed in impairment loss. As such, the management concludes that the credit risk of the Company is significantly reduced.

The Company adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The lifetime expected credit losses are calculated based on a provision matrix that takes into account the default history and current financial position of customers, as well as the GDP forecast. Due to the historical experience of credit losses of the Company, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of accounts receivable.

The Company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Loss allowances for accounts receivable based on the provision matrix are as follows:

December 31, 2020

	Not Past Due	1 to 90 Days Past Due	More than 91 Days Past Due	Total
Expected credit loss rate	0.15%	55.51%	100%	
Total carrying amount	\$ 153,221	\$ 2,302	\$ 8	\$ 155,531
Allowance for loss (expected credit losses during the period)	(<u>230</u>)	(<u>1,278</u>)	(<u>8</u>)	(<u>1,516</u>)
Amortized cost	<u>\$ 152,991</u>	<u>\$ 1,024</u>	<u>\$ -</u>	<u>\$ 154,015</u>

December 31, 2019

	Not Past Due	1 to 90 Days Past Due	More than 91 Days Past Due	Total
Expected credit loss rate	0.28%	12.59%	100%	
Total carrying amount	\$ 150,723	\$ 8,533	\$ 98	\$ 159,354
Allowance for loss (expected credit losses during the period)	(<u>423</u>)	(<u>1,074</u>)	(<u>98</u>)	(<u>1,595</u>)
Amortized cost	<u>\$ 150,300</u>	<u>\$ 7,459</u>	<u>\$ -</u>	<u>\$ 157,759</u>

Changes in loss allowances for receivables (accounts receivable and overdue receivables) are as follows:

	2020	2019
Beginning balance	\$ 4,723	\$ 7,653
Add: (reversed) impairment loss in the current period	12	(665)
Less: write-off in the current year	(<u>224</u>)	(<u>2,265</u>)
Ending balance	<u>\$ 4,511</u>	<u>\$ 4,723</u>

b. Other receivables

Rent was received from the lessee by the Company on behalf of the related party.

8. Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commodities		
Office automation products, office supplies, and computer equipment	\$ 244,376	\$ 239,530
System furniture	227,092	172,779
Raw materials	16,301	11,027
Work in process	7,824	3,973
Goods in Transit	<u>7,953</u>	<u>21,162</u>
	<u>\$ 503,546</u>	<u>\$ 448,471</u>

The costs of goods sold related to inventories for the years ended December 31, 2020 and 2019 were NT\$1,556,713 thousand (including NT\$1,206 thousand of inventory falling price loss) and NT\$1,573,700 thousand, respectively.

9. Investments Accounted for Using the Equity Method

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investments in subsidiaries	\$8,419,245	\$7,322,083
Investments in associates	<u>2,157,211</u>	<u>2,144,332</u>
	<u>\$10,576,456</u>	<u>\$9,466,415</u>

a. Investments in subsidiaries

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unlisted companies		
Aurora (Bermuda) Investment Ltd.	\$7,063,743	\$6,137,168
Aurora Office Automation Corporation	1,076,067	888,446
General Integration Technology Co., Ltd.	129,128	132,697
KM Developing Solutions Co., Ltd.	104,947	100,626
Aurora Machinery Equipment (Shanghai) Co., Ltd.	41,076	57,096
Ever Young Biodimension Corporation	<u>4,284</u>	<u>6,050</u>
	<u>\$8,419,245</u>	<u>\$7,322,083</u>

The percentage of ownership, equities, and voting rights of the Company in subsidiaries as of the balance sheet date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Aurora (Bermuda) Investment Ltd.	88.04%	88.04%
Aurora Office Automation Corporation	91.13%	91.13%
General Integration Technology Co., Ltd.	55.00%	55.00%
KM Developing Solutions Co., Ltd.	70.00%	70.00%
Aurora Machinery Equipment (Shanghai) Co., Ltd.	70.00%	70.00%
Ever Young Biodimension Corporation	26.00%	26.00%

The Company's shareholding in Ever Young Biodimension Corporation is 26%, and General Integration Technology Co., Ltd. holds 25% of Ever Young Biodimension Corporation's shares, totaling over 50% of the voting rights of Ever Young Biodimension Corporation. As the Company has control over Ever Young Biodimension Corporation, it is classified as a subsidiary.

The profit or loss and other comprehensive income of investments accounted for using the equity method and the Company's share in these investments were calculated based on the financial statements audited by the CPAs, except for Aurora Machinery Equipment (Shanghai) Co., Ltd. However, the Company's management believed that the unaudited financial statements of Aurora Machinery Equipment (Shanghai) Co., Ltd. would not lead to significant adjustments.

b. Investments in associates

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Significant associates		
Listed companies		
Huxen Corporation	\$1,427,127	\$1,421,769
Individually insignificant associates		
Unlisted companies		
Aurora Development Corp.	496,580	466,468
Aurora Telecom Co., Ltd.	<u>233,504</u>	<u>256,095</u>
	<u>\$2,157,211</u>	<u>\$2,144,332</u>

The percentage of ownership, equities, and voting rights of the Company in associates on the balance sheet date are as follows:

<u>Name of Company</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Huxen Corporation	32.53%	32.53%
Aurora Development Corp.	46.67%	46.67%
Aurora Telecom Co., Ltd.	30.40%	30.40%

Please refer to Note XXXII (Table 6) for the aforementioned associates' nature of business, main business premises, and countries of registration.

The profit or loss and other comprehensive income of investments accounted for using the equity method and the Company's share in these investments were calculated based on the financial statements audited by the CPAs, except for Aurora Telecom Co., Ltd. However, the management believed that the unaudited financial statements of Aurora Telecom Co., Ltd. would not lead to significant adjustments.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

<u>Name of Company</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Huxen Corporation	<u>\$2,421,045</u>	<u>\$2,641,995</u>

All the aforementioned associates are accounted for using the equity method.

The summary of financial information below is based on individual associates' financial statements prepared in accordance with the IFRSs for which adjustments have been made in the Consolidated Financial Statements due to the use of the equity method.

Huxen Corporation

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$1,232,685	\$1,285,337
Non-current assets	4,880,103	4,819,103
Current Liabilities	(1,213,982)	(1,118,054)
Non-current Liabilities	(718,985)	(811,928)
Equity	<u>\$4,179,821</u>	<u>\$4,174,458</u>
The Company's shareholding ratio	32.53%	32.53%

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Interests of the Company	\$1,359,695	\$1,357,951
Unrealized gains (losses) on transactions with investees	(92,357)	(95,993)
Goodwill	<u>159,789</u>	<u>159,811</u>
Investment carrying amount	<u>\$1,427,127</u>	<u>\$1,421,769</u>

	<u>2020</u>	<u>2019</u>
Operating revenue	<u>\$1,409,767</u>	<u>\$1,404,678</u>
Net Income	\$ 568,211	\$ 611,951
Other comprehensive income	(13,763)	(254,151)
Total comprehensive income	<u>\$ 554,448</u>	<u>\$ 357,800</u>
Dividends received from the associate	<u>\$ 178,640</u>	<u>\$ 164,537</u>

Information on individually insignificant associates is summarized below:

	<u>2020</u>	<u>2019</u>
The Company's share of:		
Net income	\$ 386	(\$ 9,383)
Other comprehensive income	<u>10,385</u>	<u>9,055</u>
Total comprehensive income	<u>\$ 10,771</u>	<u>(\$ 328)</u>

c. Investments in joint ventures

According to the joint venture agreement signed between the Company and Fursys (South Korea), both parties shall jointly establish and control Aurora Home, whose main business activity is to produce and sell furniture. According to the joint venture agreement, the Company hold 50% of the shares. On July 1, 2019, subsidiary Aurora (China) Co., Ltd. acquired 50% of the shares of Fursys from the Company at NT\$150,694 thousand. The loss on disposal of the share of investments in joint ventures accounted for using the equity method, NT\$17,949 thousand, was recognized in other gains and losses.

d. Share of profit or loss and other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method are as follows:

1) Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method

	2020		2019	
	Profit or Loss of Investee	Investment Profit or Loss Recognized by the Company	Profit or Loss of Investee	Investment Profit or Loss Recognized by the Company
Aurora (Bermuda) Investment Ltd.	\$ 827,357	\$ 803,422	\$ 798,389	\$ 754,114
Aurora Office Automation Corporation	279,885	187,333	321,629	228,076
General Integration Technology Co., Ltd.	(702)	(388)	5,611	3,086
KM Developing Solutions Co., Ltd.	32,174	22,521	28,691	20,085
Aurora Machinery Equipment (Shanghai) Co., Ltd.	(23,720)	(16,603)	(23,244)	(16,271)
Ever Young Biodimension Corporation	(6,777)	(1,766)	(22)	(5)
Huxen Corporation	568,211	184,839	611,951	199,067
Aurora Development Corp.	49,233	22,977	6,798	3,165
Aurora Telecom Co., Ltd.	(74,310)	(22,591)	(37,648)	(12,548)
Aurora Home Furniture Co., Ltd.	-	-	21,697	3,392
		<u>\$1,179,744</u>		<u>\$1,182,161</u>

2) Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method

	2020		2019	
	Other Comprehensive Income of Investee	Other Comprehensive Income Recognized by the Company	Other Comprehensive Income of Investee	Other Comprehensive Income Recognized by the Company
Aurora (Bermuda) Investment Ltd.	\$ 139,883	\$ 123,153	(\$ 280,999)	(\$ 247,360)
Aurora Office Automation Corporation	226,340	219,929	(157,716)	(71,981)
General Integration Technology Co., Ltd.	250	98	(947)	(520)
Aurora Machinery Equipment (Shanghai) Co., Ltd.	834	583	(3,858)	(2,226)
Huxen Corporation	(13,763)	(4,476)	(254,151)	(82,675)
Aurora Development Corp.	22,251	10,385	19,402	9,055
Aurora Home Furniture Co., Ltd.	-	-	25,026	12,513
		<u>\$ 349,672</u>		<u>(\$ 383,194)</u>

10. Property, Plant, and Equipment

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
For self-use	\$ 558,613	\$ 570,827
Operating lease	<u>244,439</u>	<u>280,506</u>
	<u>\$ 803,052</u>	<u>\$ 851,333</u>

a. For self-use

<u>Cost</u>	<u>Self-owned Land</u>	<u>Housing and Construction</u>	<u>Machinery</u>	<u>Office Equipment</u>	<u>Total</u>
Balance as of January 1, 2020	\$424,697	\$174,144	\$54,638	\$106,901	\$760,380
Addition	-	-	7,444	9,691	17,135
Inventories transferred to property, plant, and equipment	-	-		715	715
Disposal and obsolescence	<u>-</u>	<u>(588)</u>	<u>(990)</u>	<u>(19,449)</u>	<u>(21,027)</u>
Balance as of December 31, 2020	<u>424,697</u>	<u>173,556</u>	<u>61,092</u>	<u>97,858</u>	<u>757,203</u>
<u>Accumulated depreciation</u>					
Balance as of January 1, 2020	-	111,112	25,623	52,818	189,553
Depreciation expenses	-	4,005	6,209	19,850	30,064
Disposal and obsolescence	<u>-</u>	<u>(588)</u>	<u>(990)</u>	<u>(19,449)</u>	<u>(21,027)</u>
Balance as of December 31, 2020	<u>-</u>	<u>114,529</u>	<u>30,842</u>	<u>53,219</u>	<u>198,590</u>
Net amount as of December 31, 2020	<u>\$424,697</u>	<u>\$59,027</u>	<u>\$30,250</u>	<u>\$44,639</u>	<u>\$558,613</u>

	<u>Self-owned Land</u>	<u>Housing and Construction</u>	<u>Machinery</u>	<u>Office Equipment</u>	<u>Total</u>
<u>Cost</u>					
Balance as of January 1, 2019	\$424,697	\$174,144	\$50,423	\$96,642	\$745,906
Addition	-	-	4,215	17,991	22,206
Inventories transferred to property, plant, and equipment	-	-	-	1,334	1,334
Disposal and obsolescence	-	-	-	(9,066)	(9,066)
Balance as of December 31, 2019	<u>424,697</u>	<u>174,144</u>	<u>54,638</u>	<u>106,901</u>	<u>760,380</u>
<u>Accumulated depreciation</u>					
Balance as of January 1, 2019	-	107,107	20,032	40,919	168,058
Depreciation expenses	-	4,005	5,591	20,952	30,548
Disposal and obsolescence	-	-	-	(9,053)	(9,053)
Balance as of December 31, 2019	-	<u>111,112</u>	<u>25,623</u>	<u>52,818</u>	<u>189,553</u>
Net amount as of December 31, 2019	<u>\$424,697</u>	<u>\$63,032</u>	<u>\$29,015</u>	<u>\$54,083</u>	<u>\$570,827</u>

No indication of impairment was identified in 2020 and 2019.

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Housing and Construction	
Warehouses	20 years
Plants and buildings	40~55 years
Mechanical and electrical engineering	25~30 years
Housing improvements	30~34 years
Machinery	
Monitoring instruments and water softeners	2~15 years
Air compressors	16 years
Office Equipment	1~15 year(s)

b. Operating leases - office equipment

	<u>2020</u>	<u>2019</u>
<u>Cost</u>		
Beginning balance	\$ 803,664	\$ 798,615
Inventories transferred to property, plant, and equipment	104,560	181,526
Property, plant, and equipment transferred to inventories	(42,856)	(56,906)
Disposal and obsolescence	(<u>88,286</u>)	(<u>119,571</u>)
Ending balance	<u>777,082</u>	<u>803,664</u>
<u>Accumulated depreciation</u>		
Beginning balance	523,158	557,210
Depreciation expenses Property, plant, and equipment transferred to inventories	133,517	132,390
Disposal and obsolescence	(36,105)	(47,374)
Ending balance	(<u>87,927</u>)	(<u>119,068</u>)
Ending balance	<u>532,643</u>	<u>523,158</u>
Ending net amount	<u>\$ 244,439</u>	<u>\$ 280,506</u>

For the Company's MFPs through operating leases, the lease period is 1 to 5 year(s). Lessees do not have preferential rights to acquire the MFPs at the expiration of the lease period.

The total lease payments (excluding revenue from printing services) to be received in the future for operating leases are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Year 1	\$ 21,846	\$ 21,944
Year 2	13,907	14,080
Year 3	10,150	8,391
Year 4	2,526	6,050
Year 5	1,123	524
	<u>\$ 49,552</u>	<u>\$ 50,989</u>

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Leased assets (MFPs)	
Used MFPs	1~2 year(s)
New MFPs	3~5 years

c. For the amount of property, plant, and equipment pledged as collateral, please refer to Note XXVIII.

11. Lease Agreements

a. Right-of-use assets

	<u>Land and Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2020	\$ 175,368	\$ 19,158	\$ 194,526
Addition	123,154	21,582	144,736
Disposal and obsolescence	(92,049)	(7,522)	(99,571)
Balance as of December 31, 2020	<u>206,473</u>	<u>33,218</u>	<u>239,691</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2020	58,242	6,562	64,804
Depreciation expenses	71,272	11,921	83,193
Disposal and obsolescence	(60,235)	(6,847)	(67,082)
Balance as of December 31, 2020	<u>69,279</u>	<u>11,636</u>	<u>80,915</u>
Net amount as of December 31, 2020	<u>\$ 137,194</u>	<u>\$ 21,582</u>	<u>\$ 158,776</u>
<u>Cost</u>			
Balance as of January 1, 2019	\$ 156,495	\$ 9,760	\$ 166,255
Addition	50,585	14,007	64,592
Disposal and obsolescence	(31,712)	(4,609)	(36,321)
Balance as of December 31, 2019	<u>175,368</u>	<u>19,158</u>	<u>194,526</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2019	-	-	-
Depreciation expenses	70,607	11,037	81,644
Disposal and obsolescence	(12,365)	(4,475)	(16,840)
Balance as of December 31, 2019	<u>58,242</u>	<u>6,562</u>	<u>64,804</u>
Net amount as of December 31, 2019	<u>\$ 117,126</u>	<u>\$ 12,596</u>	<u>\$ 129,722</u>

b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of lease liabilities		
Current	<u>\$ 73,819</u>	<u>\$ 61,465</u>
Non-current	<u>\$ 86,217</u>	<u>\$ 68,916</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land and Buildings	0.783%~0.789%	0.783%
Transportation Equipment	0.783%~0.789%	0.783%

c. Major lease activities and terms

The Company leases land, buildings, and transportation equipment for operations, and the lease term is between 1 to 6 year(s). When the lease term ends, the Company has no preferential rights to purchase the leased vehicles and business premises.

d. Other lease information

For agreements on operating leases for the leasing out of property, plant, and equipment and investment property, please refer to Notes X and XII.

	<u>2020</u>	<u>2019</u>
Short-term lease expenses	<u>(\$ 2,471)</u>	<u>(\$ 2,118)</u>
Total cash flows on lease		
— Repayment of lease liabilities	(\$ 82,454)	(\$ 80,985)
— Interest expenses paid	<u>(1,135)</u>	<u>(1,161)</u>
	<u>(\$ 83,589)</u>	<u>(\$ 82,146)</u>

The Company selects to apply the recognition exemptions to leases of parking spaces that qualify as short-term leases and cloud service platforms. Consequently, the Company does not recognize any right-of-use assets or lease liabilities for the said leases.

12. Investment Properties

	2020			2019		
	Land	Housing and Construction	Total	Land	Housing and Construction	Total
<u>Cost</u>						
Beginning balance	<u>\$57,970</u>	<u>\$26,571</u>	<u>\$84,541</u>	<u>\$57,970</u>	<u>\$26,571</u>	<u>\$84,541</u>
Ending balance	<u>57,970</u>	<u>26,571</u>	<u>84,541</u>	<u>57,970</u>	<u>26,571</u>	<u>84,541</u>
<u>Accumulated depreciation</u>						
Beginning balance	-	12,574	12,574	-	12,099	12,099
Depreciation expenses	-	<u>474</u>	<u>474</u>	-	<u>475</u>	<u>475</u>
Ending balance	-	<u>13,048</u>	<u>13,048</u>	-	<u>12,574</u>	<u>12,574</u>
Ending net amount	<u>\$57,970</u>	<u>\$13,523</u>	<u>\$71,493</u>	<u>\$57,970</u>	<u>\$13,997</u>	<u>\$71,967</u>

The investment property is subject to a lease term of 2 years. Lessees have no preferential right to purchase the investment property at the end of the lease term.

The total amount of lease payments to be collected in the future for investment property on operating lease is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 3,960	\$ 295
Year 2	<u>330</u>	<u>-</u>
	<u>\$ 4,290</u>	<u>\$ 295</u>

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Main buildings	55 years
----------------	----------

For the amount of investment property pledged as collateral, please refer to Note XXVIII.

The fair value of the investment property was assessed by the management with reference to the prevailing market information as follows:

	December 31, 2020	December 31, 2019
Fair value	<u>\$ 85,986</u>	<u>\$ 83,854</u>

13. Intangible Assets

a. Goodwill

	December 31, 2020	December 31, 2019
<u>Carrying amount</u>		
Goodwill	<u>\$ 38,147</u>	<u>\$ 38,147</u>

No indication of impairment was identified in 2020 and 2019.

b. Other intangible assets

	2020			2019		
	Trademark Right	Computer Software	Total	Trademark Right	Computer Software	Total
<u>Cost</u>						
Beginning balance	\$ 2,531	\$30,972	\$33,503	\$ 2,531	\$27,349	\$29,880
Addition	-	5,832	5,832	-	5,253	5,253
Disposal and obsolescence	(1,723)	(17,466)	(19,189)	-	(1,630)	(1,630)
Ending balance	<u>808</u>	<u>19,338</u>	<u>20,146</u>	<u>2,531</u>	<u>30,972</u>	<u>33,503</u>
<u>Accumulated amortization</u>						
Beginning balance	2,469	18,908	21,377	2,429	12,140	14,569
Amortization expenses	40	7,450	7,490	40	8,398	8,438
Disposal and obsolescence	(1,723)	(17,466)	(19,189)	-	(1,630)	(1,630)
Ending balance	<u>786</u>	<u>8,892</u>	<u>9,678</u>	<u>2,469</u>	<u>18,908</u>	<u>21,377</u>
Ending net amount	<u>\$ 22</u>	<u>\$10,446</u>	<u>\$10,468</u>	<u>\$ 62</u>	<u>\$12,064</u>	<u>\$12,126</u>

No indication of impairment was identified in 2020 and 2019.

Amortization expenses are calculated on a straight-line basis over the following useful lives:

Trademark right	20 years
Computer Software	1~10 year(s)

14. Other Current Assets

	December 31, 2020	December 31, 2019
Prepayments for goods	\$ 34,759	\$ 9,065
Prepaid expenses	4,189	7,259
Temporary payments	4,943	5,951
Tax overpaid retained for offsetting the future tax payable	133	-
	<u>\$ 44,024</u>	<u>\$ 22,275</u>

15. Loans

a. Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit loans	\$ 2,260,000	\$ 2,050,000
Loans for material purchase	<u>23,652</u>	<u>886</u>
	<u>\$ 2,283,652</u>	<u>\$ 2,050,886</u>
Credit loans		
NTD	0.69%~0.79%	0.74%~0.85%
Loans for material purchase		
USD	0.74%~0.81%	2.52%

- 1) Please refer to Note XXVIII for assets pledged as collateral for the above-mentioned loans.
- 2) Please refer to Note XXIX (II) for guaranteed notes issued to financial institutions.

b. Short-term notes and bills payable

The outstanding short-term bills payable as of the balance sheet date are as follows:

December 31, 2020

<u>Guarantor/Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying amount</u>	<u>Interest Rate</u>	<u>Collateral</u>
<u>Commercial paper</u>					
<u>payable</u>					
Taishin International Bank	<u>\$300,000</u>	<u>(\$ 345)</u>	<u>\$299,655</u>	0.75%	None

c. Long-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans</u>		
Bank loans (1)	\$ 570,000	\$ 920,000
<u>Unsecured loans</u>		
Bank loans (2)	<u>430,000</u>	<u>80,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

- 1) Loans are secured by pledge of land and buildings held by the Company (see Note XXVIII), with interest accruing at floating rates and the remaining maturity period of not more than 2 years as of December 31, 2020 and 2019. The rate ranges were 1.00% and 0.90% per annum, respectively. Interest is paid on a monthly basis, and the principal is paid at maturity for subsequent borrowing.
- 2) Unsecured loans are bank loans at floating rates. As of December 31, 2020 and 2019, the rate ranges were 0.85%~1.00% and 0.90% per annum, respectively. Interest is paid on a monthly basis, and the principal is paid at maturity for subsequent borrowing.

16. Accounts Payable

The payment period averages 2 months. The Company has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

17. Other Liabilities

a. Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salaries and bonuses payable	\$ 159,053	\$ 150,438
Related parties	41,669	46,727
Business taxes payable	17,045	12,133
Holiday benefits payable	362	471
Others	<u>51,568</u>	<u>44,035</u>
	<u>\$ 269,697</u>	<u>\$ 253,804</u>

Other payables - related parties are monthly payments of rental collected from lessees by the Company on behalf of related parties.

b. Other current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Temporary credits	\$ 45,876	\$ 45,134
Receipts under custody	<u>3,073</u>	<u>2,908</u>
	<u>\$ 48,949</u>	<u>\$ 48,042</u>

18. Post-retirement Benefit Plan

a. Defined contribution plans

The Company adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

b. Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. The Company allocates 2% of employees' monthly salaries respectively to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the parent company only balance sheets are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligation	\$ 446,204	\$ 433,635
Fair value of plan assets	<u>(36,203)</u>	<u>(18,631)</u>
Net defined benefit liabilities	<u>\$ 410,001</u>	<u>\$ 415,004</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2020	<u>\$ 433,635</u>	<u>(\$ 18,631)</u>	<u>\$ 415,004</u>
Service costs			
Service costs for the current period	817	-	817
Service costs for the previous period	36	-	36
Interest expenses (income)	<u>3,252</u>	<u>(222)</u>	<u>3,030</u>
Recognized in profit or loss	<u>4,105</u>	<u>(222)</u>	<u>3,883</u>
Remeasurements			
Return on plan assets (excluding interest income calculated by a discount rate)	-	(689)	(689)
Actuarial losses - changes in demographic assumptions	4,777	-	4,777
Actuarial losses - changes in financial assumptions	11,109	-	11,109
Actuarial losses - experience adjustments	<u>12,352</u>	<u>-</u>	<u>12,352</u>
Recognized in other comprehensive income	<u>28,238</u>	<u>(689)</u>	<u>27,549</u>
Contribution by the employer	-	(36,435)	(36,435)
Benefits paid on plan assets	<u>(19,774)</u>	<u>19,774</u>	<u>-</u>
December 31, 2020	<u>\$ 446,204</u>	<u>(\$ 36,203)</u>	<u>\$ 410,001</u>
January 1, 2019	<u>\$ 435,837</u>	<u>(\$ 36,429)</u>	<u>\$ 399,408</u>
Service costs			
Service costs for the current period	788	-	788
Service costs for the previous period	261	-	261
Interest expenses (income)	<u>4,903</u>	<u>(538)</u>	<u>4,365</u>
Recognized in profit or loss	<u>5,952</u>	<u>(538)</u>	<u>5,414</u>
Remeasurements			
Return on plan assets (excluding interest income calculated by a discount rate)	-	(859)	(859)
Actuarial losses - changes in demographic assumptions	5,219	-	5,219
Actuarial losses - changes in financial assumptions	16,784	-	16,784
Actuarial losses - experience adjustments	<u>11,216</u>	<u>-</u>	<u>11,216</u>
Recognized in other comprehensive income	<u>33,219</u>	<u>(859)</u>	<u>32,360</u>
Contribution by the employer	-	(22,178)	(22,178)
Benefits paid on plan assets	<u>(41,373)</u>	<u>41,373</u>	<u>-</u>
December 31, 2019	<u>\$ 433,635</u>	<u>(\$ 18,631)</u>	<u>\$ 415,004</u>

The Company has the following risks owing to the implementation of the pension system under the Labor Standards Act:

- 1) Investment risks: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.
- 2) Interest rate risk: The decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
- 3) Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.500%	0.750%
Average long-term salary adjustment rate	2.000%	2.000%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate		
Increase by 0.25%	(<u>\$ 11,220</u>)	(<u>\$ 11,406</u>)
Decrease by 0.25%	<u>\$ 11,629</u>	<u>\$ 11,836</u>
Expected salary increase rate		
Increase by 0.25%	<u>\$ 11,253</u>	<u>\$ 11,468</u>
Decrease by 0.25%	(<u>\$ 10,951</u>)	(<u>\$ 11,111</u>)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expected amount of contribution within 1 year	<u>\$ 21,396</u>	<u>\$ 21,960</u>
Average duration of defined benefit obligations	10.2 years	10.7 years

19. Equity

a. Capital stock

Common stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Share capital authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>236,202</u>	<u>236,202</u>
Share capital issued	<u>\$ 2,362,025</u>	<u>\$ 2,362,025</u>

b. Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Premium on conversion of corporate bonds	\$ 1,002,501	\$ 1,049,742
Treasury share transactions	3,333	3,333
Donations	938	938
Disposal of the Company's shares by subsidiaries recognized as treasury share transactions	54,838	54,838
<u>May only be used to offset deficits</u>		
Recognized value of changes in equity of ownership of subsidiaries (2)	\$ 7,913	\$ 7,913
Dividends that are not collected before the designated date	7,948	7,948
Cash dividends received from the Company for shares of the Company held by subsidiaries	824,081	755,751
<u>May not be used for any purpose</u>		
Employees stock option	<u>40,247</u>	<u>40,247</u>
	<u>\$ 1,941,799</u>	<u>\$ 1,920,710</u>

- 1) This type of capital surplus may be used to cover loss or issue cash or replenish capital when there is no loss, but capital replenishment is restricted to the ratio of actual capital stock each year.
- 2) This type of capital surplus recognized as equity transaction effect due to changes in subsidiary equity, when the Company's has not acquired or disposed of subsidiary shares, or as adjustment value of capital surplus from subsidiary recognized by the Company using the equity method.

c. Retained earnings and dividend policy

If the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be

appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. Please refer to Note XXI (VI) for the employee compensation policy.

The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

The Company appropriates or reserves special reserve in accordance with the Official Letter No. 1010012865 and Official Letter No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

As the industry into which the Company falls is currently in a stage of steady growth, demand for capital has lowered. In the future, operating results will be returned to shareholders as many as possible. In consideration of business development, financial conditions, capital expansion, and shareholders' equity, the Company will distribute dividends in a combination of stock and cash, where cash dividends will account for more than 10% of the dividends distributed for the year.

The shareholders' meetings which approved the distribution of earnings for years ended December 31, 2019 and 2018 were held on June 10, 2020 and June 12, 2019, respectively; the distributions of earnings are as follows:

	Distribution of Earnings		Dividends Per Share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 134,244	\$ 152,300		
Cash dividends	1,369,975	1,417,215	\$ 5.80	\$ 6.00

In addition, the 2020 Annual Shareholders' Meeting approved the distribution of cash dividends (NT\$0.2 per share) from capital surplus - stock issuance premium of NT\$47,241 thousand.

On March 16, 2021, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2020 as follows:

	Distribution of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 148,431	
Cash dividends	1,346,355	\$ 5.7

In addition, the Board of Directors meeting, held on March 16, 2021, proposed distributing cash dividends (NT\$0.3 per share) from capital surplus - stock issuance premium of NT\$70,861 thousand.

The distribution of earnings for the year ended December 31, 2020 is subject to the resolution in the shareholders' meeting on June 17, 2021.

d. Special reserve arising from first-time application of IFRSs

Special reserve arising from first-time application of IFRSs is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Special reserve	<u>\$ 331,624</u>	<u>\$ 331,624</u>

The amount recorded as cumulative translation adjustments transferred to retained earnings was NT\$452,517 thousand. As the increase in retained earnings arising from first-time application of IFRSs was insufficient, special reserve was only set aside for the increase in retained earnings arising from application, NT\$331,624 thousand.

Where relevant assets are subsequently used, disposed of or reclassified, the original proportion of special reserve may be reversed for the distribution of earnings. Special reserve that should be set aside upon first-time application of IFRSs may be used to make up losses in subsequent years. Special reserve should be set aside for the deficit until there is a profit in subsequent years and the reasons for the provision of special reserve are resolved.

e. Other equity items

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Exchange differences on translation of financial statements of foreign operations		
Attributable to the Company	(\$ 511,130)	(\$ 634,866)
Associates accounted for using the equity method	(<u>103,503</u>)	(<u>123,206</u>)
	(<u>614,633</u>)	(<u>758,072</u>)
Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income		
Subsidiaries and associates accounted for using the equity method	<u>643,330</u>	<u>505,137</u>
	<u>\$ 28,697</u>	(<u>\$ 252,935</u>)

1) Exchange differences on translation of financial statements of foreign operations

Exchange differences on translation of foreign operations' net assets denominated in functional currencies into the Company's presentation currency (NTD) are directly recognized in other comprehensive income as exchange differences on translation of financial statements of foreign operations. The cumulative exchange differences on translation of financial statements of foreign operations are reclassified to profit or loss upon disposal of foreign operations.

	<u>2020</u>	<u>2019</u>
Beginning balance	(\$758,072)	(\$477,204)
Incurring this year		
Exchange differences on translation of foreign operations	123,736	(249,586)
Share of associates accounted for using the equity method	<u>19,703</u>	<u>(43,795)</u>
	<u>143,439</u>	<u>(293,381)</u>
Reclassifications		
Share of disposal of joint ventures accounted for using the equity method	<u>-</u>	<u>12,513</u>
Other Comprehensive Income	<u>143,439</u>	<u>(280,868)</u>
Ending balance	<u>(\$614,633)</u>	<u>(\$758,072)</u>

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	<u>2020</u>	<u>2019</u>
Beginning balance	\$505,137	\$600,997
Incurring this year		
Unrealized gains (losses)		
Share of subsidiaries and associates accounted for using the equity method	<u>207,584</u>	<u>(95,662)</u>
Other Comprehensive Income	<u>207,584</u>	<u>(95,662)</u>
Accumulated gains (losses) on disposal of equity instruments transferred to retained earnings	<u>(69,391)</u>	<u>(198)</u>
Ending balance	<u>\$643,330</u>	<u>\$505,137</u>

f. Treasury shares

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Shares of the Company held by subsidiaries	<u>\$791,826</u>	<u>\$791,826</u>

- 1) Information on subsidiaries holding the Company's shares on the balance sheet date is as follows:

	<u>December 31, 2020</u>				
	The Company's Shareholding (%)	Number of Shares (in Thousands)	Amount of Treasury Shares	Current Market Value	Reason
Aurora Office Automation Corporation	91.13	12,496	\$791,826	\$1,110,965	To maintain credit and shareholders' equity

	<u>December 31, 2019</u>				
	The Company's Shareholding (%)	Number of Shares (in Thousands)	Amount of Treasury Shares	Current Market Value	Reason
Aurora Office Automation Corporation	91.13	12,496	\$791,826	\$1,125,961	To maintain credit and shareholders' equity

- 2) Treasury shares held by the Company may be neither pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act. Subsidiaries holding the Company's shares, which are considered treasury shares, are bestowed shareholders' rights, except for the rights to participate in any share issuance for cash and to vote.

20. Revenue

- a. Breakdown of revenue from contracts with customers

	<u>2020</u>	<u>2019</u>
<u>Product category</u>		
Office Equipment	\$ 2,005,036	\$ 2,007,657
Office furniture	1,098,461	1,073,468
Others	<u>71,116</u>	<u>65,809</u>
	<u>\$ 3,174,613</u>	<u>\$ 3,146,934</u>

- b. Contract balance

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable (Note VII)	\$ 83,048	\$ 80,763
Accounts receivable (including related parties) (Note VII)	226,507	232,324
Contract liabilities	137,276	63,778

Changes in contract liabilities are mainly due to timing difference between performance obligations and customer payment.

The amounts of contract liabilities at the beginning of the period and previously fulfilled that were recognized in revenue for the years ended December 31, 2020 and 2019 were NT\$62,635 thousand and NT\$70,835 thousand, respectively.

21. Net Income

a. Other income

	2020	2019
Rental income		
— Investment properties	\$ 4,076	\$ 3,690
Income from consultancy	77,538	75,737
Other income	<u>2,611</u>	<u>3,077</u>
	<u>\$ 84,225</u>	<u>\$ 82,504</u>

Income from consultancy represents the fees received by the Company from related parties for rendering consulting services.

b. Other gains and losses

	2020	2019
Gains (losses) on disposal of property, plant, and equipment	(\$ 358)	(\$ 511)
Net foreign exchange gains (losses)	(361)	(8)
Gains on lease modifications	138	-
Loss on disposal of investments	-	(17,949)
Other expenses	<u>(946)</u>	<u>(465)</u>
	<u>(\$ 1,527)</u>	<u>(\$ 18,933)</u>

c. Finance costs

	2020	2019
Interest on bank loans	\$ 25,048	\$ 23,002
Lease interest	1,135	1,161
Imputed interest on deposits	<u>7</u>	<u>6</u>
	<u>\$ 26,190</u>	<u>\$ 24,169</u>

d. Depreciation and amortization expenses

	<u>2020</u>	<u>2019</u>
Property, plant, and equipment	\$ 163,581	\$ 162,938
Right-of-use assets	83,193	81,644
Investment properties	474	475
Intangible assets	<u>7,490</u>	<u>8,438</u>
	<u>\$ 254,738</u>	<u>\$ 253,495</u>
Depreciation expenses by function		
Operating costs	\$ 142,778	\$ 141,523
Operating expenses	103,996	103,059
Non-operating income and expenses	<u>474</u>	<u>475</u>
	<u>\$ 247,248</u>	<u>\$ 245,057</u>
Amortization expenses by function		
Operating costs	\$ 5	\$ 197
Operating expenses	<u>7,485</u>	<u>8,241</u>
	<u>\$ 7,490</u>	<u>\$ 8,438</u>

e. Employee benefits

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 815,920	\$ 782,590
Retirement benefits		
Defined contribution plans	34,886	34,420
Defined benefit plans (Note XVIII)	<u>3,883</u>	<u>5,414</u>
Total employee benefit expenses	<u>\$ 854,689</u>	<u>\$ 822,424</u>
By function		
Operating costs	\$ 41,230	\$ 41,325
Operating expenses	<u>813,459</u>	<u>781,099</u>
	<u>\$ 854,689</u>	<u>\$ 822,424</u>

f. Employee compensation

The Company sets aside 1%~10% of income before tax for a year as employee compensation. Employee compensation for the years ended December 31, 2020 and 2019 was resolved by the Board of directors on March 16, 2021 and March 23, 2020, respectively:

Estimated percentage

	<u>2020</u>	<u>2019</u>
Employee compensation	1%	1%
<u>Amount</u>		
	<u>2020</u>	<u>2019</u>
Employee compensation	\$ 16,750	\$ 16,350

If there is still any change in the amount after the annual financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

The amounts of employee compensation distributed for the years ended December 31, 2019 and 2018 and those recognized in the parent company only financial statements are consistent.

Information on employee compensation resolved by the Board of Directors is available on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

22. Income Tax

- a. Income tax recognized in profit or loss Major components of income tax expenses (benefits) are as follows:

	<u>2020</u>	<u>2019</u>
Current income tax		
Accrued this year	\$ 86,969	\$ 89,231
Adjustments from previous years	<u>6</u>	<u>27</u>
	<u>86,975</u>	<u>89,258</u>
Deferred income tax		
Accrued this year	<u>124,604</u>	<u>146,794</u>
Income tax expense recognized in profit or loss	<u>\$ 211,579</u>	<u>\$ 236,052</u>

Reconciliation between accounting income and current income tax expenses is as follows:

	<u>2020</u>	<u>2019</u>
Income before tax	<u>\$1,649,888</u>	<u>\$1,610,844</u>
Income tax expenses calculated at the statutory rate	\$ 329,977	\$ 322,168
Fees that cannot be deducted from taxes	1	9,404
Tax-exempted income	(103,837)	(81,459)
Unrecognized deductible temporary difference	(14,568)	(14,088)
Adjustments of current income tax expenses in previous years	<u>6</u>	<u>27</u>
Income tax expense recognized in profit or loss	<u>\$ 211,579</u>	<u>\$ 236,052</u>

b. Income tax recognized in other comprehensive income

	<u>2020</u>	<u>2019</u>
<u>Deferred income tax</u>		
Accrued this year - remeasurements of defined benefit plans	(<u>\$ 5,510</u>)	(<u>\$ 6,472</u>)

c. Current income tax liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current income tax liabilities		
Income tax payable	<u>\$ 42,340</u>	<u>\$ 42,820</u>

d. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2020

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Deferred revenue	\$ 19,199	(\$ 727)	\$ -	\$ 18,472
Loss allowances	309	(35)	-	274
Loss on inventory write-down	1,927	241	-	2,168
Holiday benefits payable	95	(22)	-	73
Book-tax difference in pensions	19,641	(6,510)	-	13,131
Defined benefit plans	<u>39,314</u>	<u>-</u>	<u>5,510</u>	<u>44,824</u>
	<u>\$ 80,485</u>	<u>(\$ 7,053)</u>	<u>\$ 5,510</u>	<u>\$ 78,942</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Share of profit or loss of subsidiaries accounted for using the equity method	\$140,885	\$117,544	\$ -	\$258,429
Unrealized exchange gains	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
	<u>\$140,885</u>	<u>\$117,551</u>	<u>\$ -</u>	<u>\$258,436</u>

2019

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
Deferred income tax assets				
Temporary differences				
Deferred revenue	\$ 19,808	(\$ 609)	\$ -	\$ 19,199
Loss allowances	830	(521)	-	309
Loss on inventory write-down	2,037	(110)	-	1,927
Holiday benefits payable	1,411	(1,316)	-	95
Book-tax difference in pensions	22,994	(3,353)	-	19,641
Defined benefit plans	<u>32,842</u>	<u>-</u>	<u>6,472</u>	<u>39,314</u>
	<u>\$ 79,922</u>	<u>(\$ 5,909)</u>	<u>\$ 6,472</u>	<u>\$ 80,485</u>
Deferred income tax liabilities				
Temporary differences				
Share of profit or loss of subsidiaries accounted for using the equity method	<u>\$ -</u>	<u>\$140,885</u>	<u>\$ -</u>	<u>\$140,885</u>

- e. Amount of temporary differences in unrecognized deferred income tax liabilities related to investments

As of December 31, 2020 and 2019, the taxable temporary differences related to investments in subsidiaries not recognized as deferred income tax liabilities were NT\$785,087 thousand and NT\$770,519 thousand, respectively.

- f. Income tax assessment

The Company's corporate income tax returns have been assessed by the Tax Authorities until 2018. There is no difference between the assessment result and the filing.

23. Earnings per Share

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net Income

	<u>2020</u>	<u>2019</u>
Net Income	<u>\$ 1,438,309</u>	<u>\$ 1,374,792</u>

Shares

Unit: Thousand shares

	<u>2020</u>	<u>2019</u>
Weighted average number of common shares used for calculation of basic earnings per share	224,814	224,814
Effect of potentially dilutive common shares:		
Employee compensation	<u>236</u>	<u>219</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>225,050</u>	<u>225,033</u>

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

24. Capital Risk Management

The Company manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The management reviews the capital structure of the Company from time to time in light of the economic environment and business considerations. According to the management's opinions and statutory requirements, the Company balances the overall capital structure through the payment of dividends, issuance of shares, and financing.

25. Information on Cash Flows

The acquisition of property, plant, and equipment by the Company during the years ended December 31, 2020 and 2019 that affected both cash and non-cash items is as follows:

	<u>2020</u>	<u>2019</u>
Inventories transferred to property, plant, and equipment	<u>\$ 105,275</u>	<u>\$ 182,860</u>
Property, plant, and equipment transferred to inventories	<u>\$ 6,751</u>	<u>\$ 9,532</u>

26. Financial Instruments

- a. Information on fair value - financial instruments not measured at fair value

The management of the Company considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

- b. Category of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 587,345	\$ 501,728
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	4,010,062	3,407,084

Note 1: The balance includes cash, accounts receivable, other receivables, refundable deposits, and other financial assets at amortized cost.

Note 2: The balance includes short-term loans, short-term notes and bills payable, accounts payable, other payables (excluding employee benefits payable and business tax payable), long-term loans, guarantee deposits received, and other financial liabilities at amortized cost.

- c. Financial risk management objectives and policies

The main financial instruments of the Company include equity instrument investments, accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

- 1) Market risk

The main financial risks the Company is exposed to in the business activities are foreign exchange risk and interest rate risk.

Market risk in relation to the Company's financial instruments and its management and measurement approaches remain unchanged.

- a) Foreign exchange risk

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note XXXI.

Sensitivity analysis

The Company is mainly impacted by the exchange rate fluctuations in USD.

The sensitivity analysis below indicates the amount of decrease/increase in net income before tax arising from foreign exchange losses/gains on net monetary assets and liabilities when the New Taiwan dollar (functional currency) against each foreign currency appreciated by 3% for the years ended December 31, 2020 and 2019. When the New Taiwan dollar depreciated, its impact on net income before tax was the reverse equivalent amount. A sensitivity rate of 3% is used internally when foreign exchange risk is reported to the management. It

also represents the management's assessment on the reasonably possible scope of foreign exchange rates.

	Impact of USD	
	2020	2019
Profit or loss	\$ 641	\$ 27

The impact of profit or loss was mainly attributable to the demand deposits and loans for material purchasing denominated in USD that were still outstanding and not hedged in cash flows on the balance sheet date. The Company's sensitivity to the exchange rate of USD increased in the current period due to the increase in the net liability denominated in USD held by the Company.

b) Interest rate risk

The carrying amounts of financial assets and financial liabilities of the Company exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
– Financial liabilities	\$ 160,036	\$ 130,381
Cash flow interest rate risk		
– Financial assets	160,413	80,348
– Financial liabilities	1,000,000	1,000,000

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. The rate of change adopted is 25 basis points increase/decrease in the interest rate, which also represents the management's assessment on the reasonably possible scope of the interest rate.

If the interest rate increased or decreased by 25 basis points, the Company's net income before tax in 2020 and 2019 would have decreased or increased by NT\$2,099 thousand and NT\$2,299 thousand, respectively, with all other variables remaining constant. This is mainly attributable to the exposure to the risks of interest rates of the Company's deposits and long-term loans.

2) Credit risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the parent company only balance sheets.

The Company uses publicly obtainable financial information and past transaction records to grade main customers while monitoring its credit risk exposure and credit ratings of the counterparties.

The Company's credit risk is concentrated on the top 10 customers, accounting for 10% and 37% of the total accounts receivable as of December 31, 2020 and 2019, respectively.

3) Liquidity risk

The Company supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to repay.

December 31, 2020

	Weighted Average Effective Rate (%)	Payment on Sight or within 1 Month	1~3 Month(s)	3~12 Months	1~5 Year(s)
<u>Non-derivative financial liabilities</u>					
Zero-interest-bearing liabilities		\$ 201,213	\$ 217,968	\$ 6,710	\$ 864
Lease liabilities		6,527	12,965	53,260	84,080
Variable-rate instruments	0.97%	-	-	-	1,000,000
Instruments with fixed interest rates	0.74%	<u>2,059,993</u>	<u>499,655</u>	<u>23,659</u>	<u>-</u>
		<u>\$2,267,733</u>	<u>\$ 730,588</u>	<u>\$ 83,629</u>	<u>\$1,084,944</u>

December 31, 2019

	Weighted Average Effective Rate (%)	Payment on Sight or within 1 Month	1~3 Month(s)	3~12 Months	1~5 Year(s)
<u>Non-derivative financial liabilities</u>					
Zero-interest-bearing liabilities		\$ 199,547	\$ 145,829	\$ 10,603	\$ 219
Lease liabilities		6,183	12,036	43,315	69,077
Variable-rate instruments	0.90%	-	-	-	1,000,000
Instruments with fixed interest rates	0.85%	<u>1,850,886</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
		<u>\$2,056,616</u>	<u>\$ 357,865</u>	<u>\$ 53,918</u>	<u>\$1,069,296</u>

Line of credit

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured banking facilities		
— Amount utilized	\$ 3,060,759	\$ 2,161,411
— Amount not utilized	<u>3,039,841</u>	<u>4,269,639</u>
	<u>\$ 6,100,600</u>	<u>\$ 6,431,050</u>
Secured banking facilities		
— Amount utilized	\$ 570,000	\$ 920,000
— Amount not utilized	<u>350,000</u>	<u>-</u>
	<u>\$ 920,000</u>	<u>\$ 920,000</u>

27. Related Party Transactions

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

a) Names and relations of related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
Aurora Holdings Incorporated (Aurora Holdings)	Investor of significant influence
Aurora Office Equipment Co., Ltd. Shanghai (AOE)	Subsidiary
Aurora (China) Co., Ltd. (AOF)	Subsidiary
Aurora Office Automation Sales Co., Ltd. Shanghai (AOA)	Subsidiary
Aurora Office Automation Corporation (Aurora Office Automation)	Subsidiary
General Integration Technology Co., Ltd. (General Integration)	Subsidiary
KM Developing Solutions Co., Ltd. (KM Developing)	Subsidiary
Ever Young Biodimension Corporation (Ever Young Biodimension)	Subsidiary
Aurora Telecom Co., Ltd. (Aurora Telecom)	Associate
Huxen Corporation (Huxen)	Associate
Aurora Development Corp. (Aurora Development)	Associate
Aurora Leasing Corporation (Aurora Leasing)	Associate
Aurora Home Furniture Co., Ltd. (Aurora Home) (Note)	Subsidiary / joint venture
Y. T. Chen Sustainable Management Foundation (Y. T. Chen Foundation)	Other related party

Note: Originally as a joint venture of the Company, Aurora Home Furniture Co., Ltd. became a subsidiary after the Company acquired another 50% of its equity interest in July 2019.

b) Operating revenue

<u>Type/Name of Related Party</u>	<u>2020</u>	<u>2019</u>
Aurora Leasing	\$ 369,851	\$ 377,866
Subsidiary	126,420	161,644
Associate	19,931	17,622
Investor of significant influence	55	32
Other related party	-	506
	<u>\$ 516,257</u>	<u>\$ 557,670</u>

Sales by the Company to related parties are made based on the market price, with payments collected within 1~4 month(s).

c) Purchase of goods

<u>Type/Name of Related Party</u>	<u>2020</u>	<u>2019</u>
Subsidiary	\$ 46,535	\$ 42,345
Associate	37,802	41,247
Joint venture	-	815
	<u>\$ 84,337</u>	<u>\$ 84,407</u>

Purchases from related parties are made by the Company based on the market price, with payments made in cash within 1~3 month(s).

d) Other income

<u>Type/Name of Related Party</u>	<u>2020</u>	<u>2019</u>
Huxen	\$ 32,326	\$ 32,132
Aurora Leasing	23,431	22,638
Aurora Office Automation	21,207	20,969
Associate	574	-
	<u>\$ 77,538</u>	<u>\$ 75,739</u>

Other income mainly represents income from consulting services rendered to related parties by the Company.

e) Operating expenses

<u>Type/Name of Related Party</u>	<u>2020</u>	<u>2019</u>
Investor of significant influence	\$ 2,321	\$ 18,404
Associate	1,412	16,559
Subsidiary	1,194	5,112
	<u>\$ 4,927</u>	<u>\$ 40,075</u>

Operating expenses represent expenses paid to related parties for advertising and consulting services rendered.

f) Receivables from related parties

Accounting Subject	Type/Name of Related Party	December 31, 2020	December 31, 2019
Accounts receivable	Aurora Leasing	\$ 63,262	\$ 67,651
	AOF	8,640	6,262
	Subsidiary	349	341
	Associate	<u>241</u>	<u>311</u>
		<u>\$ 72,492</u>	<u>\$ 74,565</u>
Other receivables	Associate	\$ 5,743	\$ 5,251
	Subsidiary	<u>2,441</u>	<u>2,468</u>
		<u>\$ 8,184</u>	<u>\$ 7,719</u>

The outstanding amount of receivables from related parties is not collateralized. No loss allowances were set aside for receivables from related parties for the years ended December 31, 2020 and 2019.

Other receivables represent receivables and purchase allowances arising from advance payments between the Company and related parties.

g) Payables to related parties

Accounting Subject	Type/Name of Related Party	December 31, 2020	December 31, 2019
Accounts payable	Associate	\$ 986	\$ 1,652
	Subsidiary	<u>1</u>	<u>21</u>
		<u>\$ 987</u>	<u>\$ 1,673</u>
Other payables	Aurora Leasing	\$ 41,537	\$ 46,491
	Associate	66	67
	Subsidiary	54	160
	Investor of significant influence	<u>12</u>	<u>9</u>
		<u>\$ 41,669</u>	<u>\$ 46,727</u>

Other payables are monthly payments of rental collected from lessees by the Company on behalf of Aurora Leasing.

h) Acquisition of property, plant, and equipment

Type/Name of Related Party	Price	
	2020	2019
Associate	\$ 131	\$ 219
Subsidiary	<u>222</u>	<u>-</u>
	<u>\$ 353</u>	<u>\$ 219</u>

The transaction prices are determined according to market conditions.

i) Lease agreements

<u>Type/Name of Related Party</u>	<u>2020</u>	<u>2019</u>
<u>Acquisition of right-of-use assets</u>		
Investor of significant influence	\$ 46,085	\$ -
Subsidiary	4,229	-
Associate	<u>3,842</u>	<u>663</u>
	<u>\$ 54,156</u>	<u>\$ 663</u>

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease liabilities - current	Investor of significant influence	\$ 15,291	\$ 8,157
	Associate	14,507	12,816
	Subsidiary	<u>1,832</u>	<u>3,842</u>
		<u>\$ 31,630</u>	<u>\$ 24,815</u>
Lease liabilities - non-current	Investor of significant influence	\$ 24,458	\$ -
	Associate	12,444	24,790
	Subsidiary	-	<u>1,932</u>
		<u>\$ 36,902</u>	<u>\$ 26,722</u>

<u>Type/Name of Related Party</u>	<u>2020</u>	<u>2019</u>
<u>Interest expenses</u>		
Investor of significant influence	\$ 163	\$ 121
Associate	256	344
Subsidiary	<u>28</u>	<u>59</u>
	<u>\$ 447</u>	<u>\$ 524</u>

The Company leased offices from related parties for the years ended December 31, 2020 and 2019, respectively, with the lease terms of 1 to 6 years; the rent is payable on a monthly basis and the terms are not materially different from those of the general clients.

j) Rental income

<u>Type/Name of Related Party</u>	<u>2020</u>	<u>2019</u>
Other related party	\$ 3,931	\$ 3,546
Associate	72	72
Subsidiary	<u>72</u>	<u>72</u>
	<u>\$ 4,075</u>	<u>\$ 3,690</u>

The rental of office buildings leased by the Company to related parties is charged on a monthly basis according to general market conditions.

k) Others

Accounting Subject	Type/Name of Related Party	December 31, 2020	December 31, 2019
Refundable deposits	Aurora Development	\$ 3,252	\$ 3,252
	Aurora Holdings	2,590	2,335
	Huxen	<u>566</u>	<u>566</u>
		<u>\$ 6,408</u>	<u>\$ 6,153</u>
Guarantee deposits received	Y. T. Chen Foundation	<u>\$ 660</u>	<u>\$ 590</u>

l) Remuneration to the management

	2020	2019
Short-term employee benefits	\$ 27,717	\$ 21,016
Retirement benefits	<u>1,000</u>	<u>675</u>
	<u>\$ 28,717</u>	<u>\$ 21,691</u>

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

28. Pledged Assets

The following assets of the Company have been provided for financial institutions as collateral for loans:

	December 31, 2020	December 31, 2019
Property, plant, and equipment	\$ 271,245	\$ 275,250
Investment properties	<u>71,493</u>	<u>71,967</u>
	<u>\$ 342,738</u>	<u>\$ 347,217</u>

29. Significant Contingent Liabilities and Unrecognized Contract Commitments

- a. Unused letters of credit outstanding as of December 31, 2020 amounted to US\$1,330 thousand.
- b. Guarantee notes issued by the Company to financial institutions for short-term and long-term loans as of December 31, 2020 amounted to NT\$6,720,600 thousand.
- c. Guaranteed notes issued by the Company under warranty contracts or for business needs as of December 31, 2020 amounted to NT\$26,471 thousand.
- d. Guaranteed notes received by the Company for business operations as of December 31, 2020 totaled NT\$504 thousand.
- e. Performance bonds issued by banks for the Company as of December 31, 2020 amounted to NT\$9,150 thousand.
- f. Unrecognized contractual commitments of the Company for purchases of goods as of December 31, 2020 amounted to NT\$18,753 thousand.

g. Significant contracts of the Company are disclosed as follows:

Type of Contract	Category of Product	Contracting Party	Contract Duration	Contract Content	Restrictions
Distribution Contract	Office Equipment	Sharp Corporation	2021.04.01-2022.03.31 (Automatic extension by one year upon expiry)	Sharp photocopiers	1. Exclusive distribution 2. Non-compete

30. Significant Events after the Balance Sheet Date: None.

31. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

The following information is aggregated by the foreign currencies other than the functional currency of the Company and the exchange rates between foreign currencies and the functional currency are disclosed. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

Unit: Foreign currency/NT\$ thousand

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 80	28.43 (USD:NTD)	2,288
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
RMB	1,663,834	4.377 (RMB:NTD)	7,104,819
Foreign currency liabilities			
<u>Monetary items</u>			
USD	829	28.53 (USD:NTD)	23,652

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying amount
Foreign currency assets			
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
RMB	\$ 1,497,755	4.305 (RMB:NTD)	\$ 6,194,264
Foreign currency liabilities			
<u>Monetary items</u>			
USD	30	30.03 (USD:NTD)	886

Realized and unrealized foreign exchange gains and losses that have significant impact on the Company are recognized in other gains and losses. Please refer to Note XXI (II).

32. Supplementary Disclosures

- a. Information on significant transactions:
 - 1) Loans provided for others: None.
 - 2) Endorsements/guarantees provided for others: Table 1.
 - 3) Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures): Table 2.
 - 4) Accumulated purchase or sale of the same securities amounting to NT\$300 million or 20% of paid-in capital or more: Table 3.
 - 5) Acquisition of property amounting to NT\$300 million or 20% of paid-in capital or more: Table 4.
 - 6) Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
 - 7) Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-up capital or more: Table 5.
 - 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital or more: None.
 - 9) Derivatives transactions: None.
- b. Information on invested companies: Table 6.
- c. Information on investments in mainland China:
 - 1) Information on any investee company in mainland China (name, main business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China): Table 7.
 - 2) Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information: Table 8.
- d. Information on major shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held): Table IX.

Aurora Corporation

Endorsements/Guarantees Provided for Others

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsements/ Guarantees Provided for Single Entity (Note 3)	Maximum Endorsement/ Guarantee Balance	Ending Balance	Actual Amount Drawn	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statements (%)	Endorsement/ Guarantee Ceiling (Note 3)	Endorsements/ Guarantees Provided by Parent for Subsidiary (Note 4)	Endorsements/ Guarantees Provided by Subsidiary for Parent (Note 4)	Endorsements/ Guarantees Provided for Subsidiary in Mainland China (Note 4)	Remark
		Name of Company	Relationship (Note 2)											
1	Aurora (China) Co., Ltd.	Aurora Office Automation Sales Co., Ltd. Shanghai	2	\$ 3,172,464	\$ 17,576	\$ -	\$ -	\$ -	-	\$ 3,172,464	N	N	Y	

Note 1: The numbers filled are described as follows:

- (1) For the issuer, fill in 0.
- (2) The investee company is numbered sequentially starting from Arabic number 1 according to the company type.

Note 2: The relationships between endorsers/guarantors and endorsees/guarantees are categorized into the following 6 types. Please specify the type.

- (1) Companies with which the Company conducts business.
- (2) Subsidiaries in which the Company directly holds more than 50% of their common shares.
- (3) Investee companies in which the Company and its subsidiaries collectively hold more than 50% of their common shares.
- (4) The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common shares.
- (5) Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6) Shareholders making endorsements/guarantees for their mutually invested company in proportion to their shareholding ratio.

Note 3: According to the Company's regulations for making of endorsements/guarantees, the aggregate amount of endorsements/guarantees provided shall not exceed the current net worth, and endorsements/guarantees provided for a single entity shall not exceed NT\$3,172,464 thousand.

Note 4: Fill in Y if a listed parent company provides endorsements/guarantees for its subsidiary or if a subsidiary provides endorsements/guarantees for its listed parent company or if endorsements/guarantees involve mainland China.

Aurora Corporation

Securities Held at End of Period

December 31, 2020

(In Thousands of New Taiwan Dollars)

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Number of Shares (in Thousand Shares or Thousand Units)	Carrying amount	Shareholding (%)	Fair Value (Note 1)	
Aurora Office Automation Corporation	Stock							
	Aurora Corporation	The Company	Financial assets at fair value through other comprehensive income - current	3,290	\$ 292,516	1.39	\$ 292,516	Notes 1 and 2
	Aurora Corporation	The Company	Financial assets at fair value through other comprehensive income - non-current	9,206	818,449	3.90	818,449	Notes 1 and 2
KM Developing Solutions Co., Ltd.	Fund							
	Hua Nan Kirin Money Market Fund	None	Financial assets at fair value through profit or loss - current	6,435	77,420	-	77,420	Note 1
Aurora (China) Co., Ltd.	China Merchants Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	438,005	-	438,005	
	Bank SinoPac - large certificates of deposits	None	Financial assets at amortized cost - current	-	219,623	-	219,623	
	Bank of China - large certificates of deposits	None	Financial assets at amortized cost - current	-	135,124	-	135,124	
Aurora Office Automation Sales Co., Ltd. Shanghai	Industrial Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	703,919	-	703,919	
	Cathay United Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	140,419	-	140,419	
Aurora Office Equipment Co., Ltd. Shanghai	Bank of Communications - large certificates of deposits	None	Financial assets at amortized cost - current	-	135,122	-	135,122	
	Bank of China - large certificates of deposits	None	Financial assets at amortized cost - current	-	90,081	-	90,081	
Aurora (Bermuda) Investment Ltd.	Taishin International Bank - time deposits	None	Financial assets at amortized cost - current	-	11,033	-	11,033	

Note 1: Market prices of stocks with open market prices refer to the closing prices as of December 31, 2020. Market prices of open-end funds refer to the net asset value of the funds on the balance sheet date. The fair value of wealth management products is valuated at discounted cash flows.

Note 2: The Company's shares held by subsidiaries are treated as treasury shares.

Note 3: For information on investments in subsidiaries, associates, and joint ventures, please refer to Tables 6 and 7.

Aurora Corporation

Accumulated Purchase or Sale of the Same Securities Amounting to NT\$300 Million or 20% of Paid-in Capital or More
For the Year Ended December 31, 2020

Unit: NT\$ thousand or thousand shares (unless stated otherwise)

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Transaction Currency	Beginning of Period		Reclassification		Purchase		Sale			Increase/Decrease		Ending Balance		
						Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares	Amount
Aurora Office Equipment Co., Ltd. Shanghai	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	\$	-	\$	-	\$100,000	-	\$100,84	\$100,000	\$ 84	-	\$		\$
	Structured deposits	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-		-		-	160,000	-	161,41	160,000	1,41	-			
	"Lingdong 75 Days"	Financial assets at fair value through profit or loss - current	Agricultural Bank of China Shanghai Pudong Development Bank	None	RMB	-		-		-	115,00	-	115,76	115,00	76	-			
Aurora (China) Co., Ltd.	"Liduoduo Structured Deposits"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-		-		-	200,000	-	201,76	200,000	1,76	-			
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-		-		-	100,000	-	100,83	100,000	83	-			
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-		-		-	200,000	-	201,52	200,000	1,52	-			
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-		-		-	100,000	-	100,90	100,000	90	-			
	"Caifubanchejinq u No. 3"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-		-		-	150,000	-	151,38	150,000	1,38	-			
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-		-		-	110,000	-	110,91	110,000	91	-			
	Maturity of structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-		-		-	110,000	-	110,82	110,000	82	-			
	"Lingdong 75 Days"	Financial assets at fair value through profit or loss - current	Agricultural Bank of China	None	RMB	-		-		-	100,000	-	100,65	100,000	65	-			
Aurora (China) Co., Ltd.	"Lingdong 75 Days"	Financial assets at fair value through profit or loss - current	Agricultural Bank of China	None	RMB	-		-		-	80,000	-	80,53	80,000	53	-			
Aurora Office Automation Sales Co., Ltd. Shanghai	Structured deposits	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-		-		-	130,000	-	131,12	130,000	1,12	-			

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Transaction Currency	Beginning of Period		Reclassification		Purchase		Sale			Increase/Decrease		Ending Balance	
						Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-		-		-	150,000	-	151,26	150,000	1,26	-		
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-		-		-	90,000	-	90,76	90,000	76	-		
	"Bank of China - Zhifu"	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-		-		-	90,000	-	90,76	90,000	76	-		
	"Jinxueqiu Select"	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-		-		-	100,000	-	100,87	100,000	87	-		
	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-		-		-	90,000	-	90,54	90,000	54	-		
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-		-		-	150,000	-	150,94	150,000	94	-		
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-		-		-	150,000	-	151,39	150,000	1,39	-		
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-		-		-	160,000	-	161,44	160,000	1,44	-		
Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-		-		-	115,000	-	115,79	115,000	79	-			

Aurora Corporation

**Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)**

Acquirer of Real Estate	Name of Property	Date of Occurrence	Amount of Transaction	Status of Payment	Counterparty	Relationship	Information on Prior Transaction If the Counterparty Is Related				Basis or Reference for Price Setting	Purpose of Acquisition and Usage Status	Other Agreed Items
							Owner	Relationship with the Issuer	Date of Transfer	Amount			
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Construction in Process	2020	\$ 101,552 (RMB)	\$101,552 (RMB)	Shanghai Construction Design Research Institute Co., Ltd.	None	-	-	-	\$ -	N/A	Building a smart factory for furniture; Under construction	None

Aurora Corporation

Purchases or Sales with Related Parties Amounting to NT\$100 Million or 20% of Paid-up Capital or More
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Company	Counterparty	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Notes and Accounts Receivable (Payable) (%) (Note)	
Aurora Corporation	Aurora Leasing Corporation	Huxen's subsidiary (associate)	Sales	(\$ 369,851)	(12%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	\$ 63,262	20%	
	Aurora (China) Co., Ltd.	The Company's subsidiary	Sales	(109,472)	(3%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	8,640	3%	
Aurora Office Automation Corporation	Aurora Leasing Corporation	Huxen's subsidiary (associate)	Sales	(211,536)	(25%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	39,069	36%	
Aurora Office Automation Sales Co., Ltd. Shanghai	Huxen (China) Co., Ltd.	Huxen's subsidiary (associate)	Sales	(1,755,455)	(51%)	Due within 120 days	According to market conditions, no material difference	Due within 120 days	-	-	
	Huxen (China) Co., Ltd.	Huxen's subsidiary (associate)	Purchases	279,272	17%	Due within 120 days	According to market conditions, no material difference	Due within 120 days	(33)	-	
Aurora (China) Co., Ltd.	Aurora Home Furniture Co., Ltd.	The Company's subsidiary	Purchases	365,375	20%	Due within 60 days	According to market conditions, no material difference	Due within 60 days	(73,258)	(15%)	

Note: The above percentage is calculated as the ratio of the balance of notes and accounts receivable (payable) with related parties to the balance of total notes and accounts receivable (payable).

TABLE 6

Aurora Corporation

Information on Investee Companies
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment Profit (Loss) Recognized	Distribution of Dividends by Investee		Remark
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares	Shareholding (%)	Carrying amount			Stock Dividends	Cash Dividends	
Aurora Corporation	Aurora (Bermuda) Investment Ltd.	Bermuda	Investment holding	\$ 2,177,439	\$ 2,177,439	67,350	88.04	\$ 7,063,74	\$ 827,356	\$ 803,422	\$	\$	Subsidiary
	Aurora Office Automation Corporation	Taiwan	Import/export and wholesale of MFPs	2,091,992	2,091,992	82,278	91.13	1,076,06	279,885	187,333		287,97	Subsidiary
	General Integration Technology Co., Ltd.	Taiwan	Manufacturing of molds and machinery and wholesale of precision instruments	112,500	112,500	5,465	55.00	129,12	(702)	(388)		3,27	Subsidiary
	KM Developing Solutions Co., Ltd.	Taiwan	Wholesale and retail of information software, computers, and office equipment	70,000	70,000	7,000	70.00	104,94	32,174	22,521		18,20	Subsidiary
	Ever Young Biodimension Corporation	Taiwan	Wholesale of precision instruments	8,580	8,580	858	26.00	4,28	(6,777)	(1,766)			Subsidiary
	Huxen Corporation	Taiwan	Agency of MFPs and communications products	826,645	826,645	47,011	32.53	1,427,12	568,211	184,839		178,64	Investee accounted for using the equity method
	Aurora Development Corp.	Taiwan	Development of land and office buildings	140,000	140,000	32,498	46.67	496,58	49,233	22,977		3,25	Investee accounted for using the equity method
	Aurora Telecom Co., Ltd.	Taiwan	Sales of mobile phones and accessories and internet access	191,833	191,833	13,165	30.40	233,50	(74,310)	(22,591)			Investee accounted for using the equity method
Aurora Office Automation Corporation	Huxen Corporation	Taiwan	Agency of MFPs and communications products	359,451	359,451	11,170	7.73	536,72	568,211	43,923		42,44	Investee of Aurora Office Automation accounted for using the equity method
General Integration Technology Co., Ltd.	Ever Young Biodimension Corporation	Taiwan	Wholesale of precision instruments	8,250	8,250	825	25.00	4,12	(6,777)	(1,694)			Investee of General Integration accounted for using the equity method

Aurora Corporation

Information on Investments in Mainland China
For the Year Ended December 31, 2020

Unit: NT\$ thousand, US\$ thousand, and RMB thousand unless specified otherwise

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	The Company's Direct or Indirect Ownership (%)	Investment Profit (Loss) Recognized for the Period (Note 2)	Carrying Amount of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Aurora (China) Investment Co., Ltd.	Investment holding	\$ 2,569,980 (US\$76,500)	Note 1 (2)	\$ 2,177,439 (US\$67,350)	\$	\$	\$ 2,177,439 (US\$67,350)	\$ 825,957	88.04	\$ 727,173 Note 2 (2)	\$ 8,302,71	\$
Aurora Office Equipment Co., Ltd. Shanghai	Production and sales of MFPs	1,121,340 (US\$33,000)	Note 1 (2)	Note 3			Note 3	61,060	88.04	53,757 Note 2 (2)	1,208,30	
Aurora (China) Co., Ltd.	Manufacturing and sale of office furniture	1,007,266 (US\$30,000)	Note 1 (2)	Note 3			Note 3	748,166	88.04	658,685 Note 2 (2)	5,832,60	
Aurora Office Automation Sales Co., Ltd. Shanghai	Sales, lease, and agency of Aurora brand products	1,603,064 (RMB\$350,000)	Note 1 (2)	Note 3			Note 3	369,797	88.04	325,569 Note 2 (2)	2,722,40	
Aurora (Shanghai) Cloud Technology Co., Ltd.	Sale of printing and office equipment and furniture and consulting service	47,110 (RMB10,000)	Note 1 (3)	Note 3			Note 3	(1,610)	61.63	(992) Note 2 (2)	90	
Huxen (China) Co., Ltd.	Sales, maintenance, and lease of printers	1,922,054 (RMB\$400,000)	Note 1(1)	583,044 (RMB\$120,000)			583,044 (RMB\$120,000)	75,148	27.34	22,545 Note 2 (2)	642,00	
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	Sales, lease, and maintenance of 3D printers	114,700 (RMB\$25,000)	Note 1 (3)	Note 3			Note 3	(10,240)	17.61	(2,048) Note 2 (2)	13,10	
Aurora Home Furniture Co., Ltd.	Production and sales of furniture	243,020 (RMB\$50,000)	Note 1 (2)	Note 3			Note 3	20,418	88.04	17,976 Note 2 (2)	322,00	
Aurora Machinery Equipment (Shanghai) Co., Ltd.	Wholesale of mechanical and electronic equipment, internet communication equipment, and computer software and hardware	112,549 (RMB\$25,000)	Note 1(1)	112,549 (RMB\$25,000)			112,549 (RMB\$25,000)	(23,720)	86.50	(20,518) Note 2 (2)	41,00	
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Reinvestment and property lease	888,500 (RMB\$200,000)	Note 1 (2)	Note 3			Note 3	16,427	88.04	14,462 Note 2 (2)	892,80	
Aurora (Shanghai) Electronic Commerce Co., Ltd.	Sales on e-commerce platforms	20,955 (RMB\$5,000)	Note 1 (2)	Note 3			Note 3	(2,839)	61.63	(1,750) Note 2 (2)	9,90	

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period (Note 4)	Amount of Investments Authorized by Investment Commission, M.O.E.A. (Note 4)	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A. (Note 5)
\$ 2,873,032 (US\$ 67,350, RMB\$ 145,000)	\$ 2,881,734 (US\$ 67,350, RMB\$ 145,000)	\$5,354,488

Note 1: Methods of investments are divided into the following three types. Specify the type.

1. Direct investment in mainland China.
2. Investment in mainland China through Aurora (Bermuda) Investment Ltd.
3. Others.

Note 2: Investment profit (loss) recognized for the period:

1. Indicate if no investment profit (loss) is recognized as an investee is under preparation.
2. Indicate if investment profit (loss) is recognized on the following basis:
 - (1) Financial statements audited by international accounting firms cooperating with accounting firms in the Republic of China.
 - (2) Financial statements audited by the parent company's CPAs in Taiwan.
 - (3) Others.

Note 3: The Company invested in Aurora (China) Investment Co., Ltd. directly through Aurora (Bermuda) Investment Ltd. (with 88.04% equity held by the Company) established in Bermuda. Aurora (China) Investment Co., Ltd. then invested in Aurora (Jiang Su) Enterprise Development Co., Ltd., Aurora Office Equipment Co., Ltd. Shanghai, and Aurora (China) Co., Ltd. Then, Aurora (China) Co., Ltd. invested in Aurora Office Automation Sales Co., Ltd. Shanghai, Aurora Home Furniture Co., Ltd., Aurora (Shanghai) Cloud Technology Co., Ltd., and Aurora (Shanghai) Electronic Commerce Co., Ltd. Then, Aurora Office Automation Sales Co., Ltd. Shanghai invested in Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.

Note 4: Based on the prevailing exchange rate approved by the Investment Commission, Ministry of Economic Affairs, the accumulated amount of investments remitted from Taiwan to mainland China in the foreign currency at the end of the period did not exceed the amount of investments in the foreign currency approved by the Investment Commission.

Note 5: The net worth of the Group as of December 31, 2020 was NT\$8,924,147 thousand. In accordance with the "Directions Governing the Examination of Investment or Technical Cooperation in Mainland China," the cap amount should be NT\$5,354,488 thousand (NT\$8,924,147 thousand x 60%).

Aurora Corporation

Major Transactions with Any Investee Company in mainland China Directly or Indirectly through a Third Region, and Their Prices, Payment terms, Unrealized Gains (Losses), and Other Information
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Investee Company	Relationship with the Company	Type of Transaction	Amount	Transaction Term			Notes and Accounts Receivable (Payable)		Unrealized gains (losses)	Remark
				Price	Payment Terms	Difference with General Transactions	Balance	Percentage (%) (Note)		
Aurora Office Automation Sales Co., Ltd. Shanghai	The Company's sub-subsiidiary	Sales	(\$ 1,755,455)	According to market conditions	Due within 120 days	No material difference	\$ -	-	\$ -	
		Purchases	279,272	"	Due within 120 days	"	(33)	-	-	
Aurora (China) Co., Ltd.	The Company's sub-subsiidiary	Purchases	365,375	"	Due within 60 days	"	(73,258)	(15%)	-	

Note: The above percentage is calculated based on the ratio of the balance of notes and accounts receivable (payable) with related parties to the balance of the Company's notes and accounts receivable (payable).

Aurora Corporation**Information on Major Shareholders
December 31, 2020**

Name of Major Shareholders	Shareholding	
	Shares	Percentage of Ownership (%)
Aurora Holdings Incorporated	101,856,312	43.12
Chen Yung-Tai	21,269,000	9.00
Aurora Leasing Corporation	20,791,276	8.80
Aurora Office Automation Corporation	12,496,797	5.29

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

STATEMENTS OF SIGNIFICANT ACCOUNTING SUBJECTS

<u>ITEM</u>	<u>NUMBER/INDEX</u>
Statements of Assets, Liabilities and Equity Items	
Cash Statement	Note VI
Statement of Notes Receivable	Statement 1
Statement of Accounts Receivable/Accounts Receivable - Related Parties	Statement 2
Statement of Other Receivables	Note VII
Statement of Inventories	Note VIII
Statement of Other Current Assets	Note XIV
Statement of Changes in Investments Accounted for Using the Equity Method	Statement 3
Statement of Changes in Property, Plant, and Equipment	Note X
Statement of Changes in Accumulated Depreciation of Property, Plant, and Equipment	Note X
Statement of Changes in Right-of-use Assets	Note XI
Statement of Changes in Accumulated Depreciation of Right-of-use Assets	Note XI
Statement of Changes in Investment Properties	Note XII
Statement of Changes in Accumulated Depreciation of Investment Properties	Note XII
Statement of Changes in Intangible Assets	Note XIII
Statement of Deferred Income Tax Assets	Note XXII
Statement of Short-term Loans	Statement 4
Statement of Accounts Payable	Statement 5
Statement of Other Payables	Note XVII
Statement of Other Current Liabilities	Note XVII
Statement of Long-term Loans	Statement 6
Statement of Profit or Loss Items	
Statement of Operating Revenue	Statement 7
Statement of Operating Costs	Statement 8
Statement of Selling and Marketing Expenses	Statement 9
Statement of General and Administrative Expenses	Statement 9
Statement of Finance Costs	Note XXI
Statement of Employee Benefits and Depreciation and Amortization Expenses by Function	Statement 10

Aurora Corporation

Statement of Notes Receivable

December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Company A	Loans	\$ 5,250
Others (Note)	"	77,798
Less: loss allowance		<u>-</u>
		<u>\$ 83,048</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Aurora Corporation

Statement of Accounts Receivable/Accounts Receivable - Related Parties

December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Non-related party		
Company A	Loans	\$ 1,284
Company B	"	11,909
Others (Note)	"	142,338
Less: loss allowance		1,516
		<u>\$154,015</u>
Related party		
Aurora Leasing Corporation	Loans	\$ 63,262
Others (Note)	"	9,230
		<u>\$ 72,492</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Aurora Corporation

Statement of Changes in Investments Accounted for Using the Equity Method
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Investee	Beginning balance		Increase (Note 1)		Decrease (Note 2)		Investment Profit (Loss)	Deferred Unrealized Gains	Ending balance			Market Value/Net Equity Value (Note 3)		Guarantee or Pledge	Remark
	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount			Number of Shares (in Thousands)	Percentage of Ownership (%)	Amount	Unit Price	Total		
Listed companies															
Huxen Corporation	47,011	\$ 1,421,769	-	\$ 8,111	-	\$ 191,228	\$ 184,839	\$ 3,636	47,011	32.53	\$ 1,427,127	51.5	\$ 2,421,045	None	-
Unlisted companies															
Aurora (Bermuda) Investment Ltd.	67,350	6,137,168	-	123,153	-	-	803,422	-	67,350	88.04	7,063,743	107.43	7,235,343	None	-
Aurora Office Automation Corporation	82,278	888,446	-	288,822	-	288,534	187,333	-	82,278	91.13	1,076,067	25.87	2,128,299	None	-
General Integration Technology Co., Ltd.	5,465	132,697	-	98	-	3,279	(388)	-	5,465	55	129,128	18.22	99,590	None	-
KM Developing Solutions Co., Ltd.	7,000	100,626	-	-	-	18,200	22,521	-	7,000	70	104,947	14.99	104,947	None	-
Aurora Machinery Equipment (Shanghai) Co., Ltd.	17,500	57,096	-	583	-	-	(16,603)	-	17,500	70	41,076	2.35	41,076	None	-
Ever Young Biodimension Corporation	858	6,050	-	-	-	-	(1,766)	-	858	26	4,284	5	4,284	None	-
Aurora Development Corp.	32,498	466,468	-	10,385	-	3,250	22,977	-	32,498	46.67	496,580	15.28	496,580	None	-
Aurora Telecom Co., Ltd.	13,165	<u>256,095</u>	-	-	-	-	(22,591)	-	13,165	30.4	<u>233,504</u>	8.03	<u>105,676</u>	None	-
		<u>\$ 9,466,415</u>		<u>\$431,152</u>		<u>\$504,491</u>	<u>\$ 1,179,744</u>	<u>\$ 3,636</u>			<u>\$ 10,576,456</u>		<u>\$ 12,636,840</u>		

Note 1: The increase of Huxen Corporation, General Integration Technology Co., Ltd. and Aurora Development Corp. for the current period is due to the recognition of changes in equity of the investees in proportion to their shareholdings. The increase of Aurora (Bermuda) Investment Ltd. and Aurora Machinery Equipment (Shanghai) Co., Ltd. for the current period is attributable to the cumulative translation adjustments of long-term foreign currency equity investments. The increase of Aurora Office Automation Corporation for the current period is due to the distribution of the dividends of NT\$68,330 thousand, which are cash dividends deemed to be treasury stocks distributed by the Company to Aurora Office Automation Corporation, and the recognition of the change in equity of the investees due to the shareholding percentage, which amounts to NT\$220,492 thousand.

Note 2: The decrease of Huxen Corporation for the current period is due to cash dividends received from investees of NT\$178,640 thousand and recognition of changes in equity of investees in proportion to the shareholding of NT\$12,588 thousand. The decrease of General Integration Technology Co., Ltd., KM Developing Solutions Co., Ltd., and Aurora Development Corp. for the current period is due to cash dividends received from the investees. The decrease of Aurora Office Automation Corporation for the current period is due to cash dividends received from the investees of NT\$287,971 thousand and the recognition of changes in equity of the investees of NT\$563 thousand in proportion to the shareholding percentage.

Note 3: Market price refers to the closing price on December 31, 2020. Net equity value is mainly based on the financial statements of the investee and the Company's shareholding percentage.

Aurora Corporation

Statement of Short-term Loans
December 31, 2020

(In Thousands of New Taiwan Dollars)

Type of Loans	Description	Ending balance	Contract Period (YYYY/MM/DD)	Interest Rate	Line of credit	Pledge or Guarantee
Credit loans						
	Sumitomo Mitsui Banking Corporation	\$ 560,000	2020/10/28~2021/01/28	0.76%	570,600	Promissory note
	Bank of China	400,000	2020/12/07~2021/01/07	0.69%	400,000	"
	Cathay United Bank	300,000	2020/12/11~2021/01/11	0.76%	300,000	"
	Standard Chartered Bank	300,000	2020/12/31~2021/01/28	0.70%	450,000	"
	Bank of Taiwan	250,000	2020/11/23~2021/01/25	0.79%	500,000	"
	Bank of Communications	250,000	2020/12/08~2021/01/05	0.77%	250,000	"
	Taipei Fubon Bank	<u>200,000</u>	2020/09/04~2021/03/04	0.75%	450,000	"
		<u>2,260,000</u>				
Loans for material purchase						
	Chang Hwa Bank	18,518	2020/12/11~2021/06/23	0.79%~0.81%	250,000	Promissory note
	Hua Nan Commercial Bank	5,071	2020/12/10~2021/06/04	0.80%~0.81%	500,000	"
	Bank of Taiwan	<u>63</u>	2020/12/11~2021/06/11	0.74%	500,000	"
		<u>\$ 2,283,652</u>				

Aurora Corporation**Statement of Accounts Payable
December 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Summary	Amount
Non-related party		
Others (Note)	Loans	\$331,653
Related party		
Others (Note)	Loans	<u>987</u>
		<u>\$332,640</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Aurora Corporation

Statement of Long-term Loans
December 31, 2020
(In Thousands of New Taiwan Dollars)

Creditor	Summary	Borrowing Amount	Contract Period (YYYY/MM/DD)	Interest Rate (%)	Pledge or Guarantee
Bank Sinopac	Secured loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	\$ 500,000	2020/12/31~2022/06/30	1%	Promissory note. Please refer to Note XXVIII for collateral.
Bank Sinopac	Secured loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	70,000	”	”	”
Bank Sinopac	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	80,000	2020/12/31~2022/06/30	1%	Promissory note
Mega International Commercial Bank	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	150,000	2020/09/22~2022/09/21	0.85%	”
Bank of Kaohsiung	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	<u>200,000</u>	2020/09/24~2022/09/24	0.85%	”
		<u>\$ 1,000,000</u>			

Aurora Corporation**Statement of Net Operating Revenue
For the Year Ended December 31, 2020
(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Quantity (Set)</u>	<u>Amount</u>
Printers	181,662	\$ 619,897
System furniture		1,098,461
Rental and revenue from printing service		742,566
Other commodities		71,116
Supplies		<u>642,573</u>
		<u>\$ 3,174,613</u>

Aurora Corporation

Statement of Operating Costs
 For the Year Ended December 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Amount
Cost of self-produced goods sold	
Manufacturing overheads	
Direct raw materials consumed	
Inventory at beginning of period	\$ 11,027
Purchase	190,013
Others	(516)
Less: inventory at end of period	(16,301)
Total direct raw materials consumed	184,223
Director labor	24,166
Manufacturing overheads	52,488
Manufacturing costs	260,877
Add: work-in-process at beginning of period	3,973
Less: work-in-process at end of period	(7,824)
	<u>257,026</u>
Acquired cost of sales	
Add: finished products at beginning of period	433,471
Purchase	1,451,744
Less: finished products at end of period	(479,421)
Self-use, leased assets, and other expenses	(106,108)
	<u>1,299,686</u>
Cost of goods sold	1,556,712
Rental and service costs	2,415
Depreciation expenses - leased assets	133,517
Operating costs	<u>\$ 1,692,644</u>

Aurora Corporation

Statement of Operating Expenses
 For the Year Ended December 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Amount	
	Selling and marketing expenses	General and administrative expenses
Salary expenses	\$ 445,471	\$ 234,519
Depreciation expenses	36,597	67,609
Insurance expenses	45,418	22,002
Others (Note)	132,812	87,642
	<u>\$ 660,298</u>	<u>\$ 411,772</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Aurora Corporation

Statement of Employee Benefits and Depreciation and Amortization Expenses by Function
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	2020				2019			
	Operation Costs	Operation Expenses	Non-operation Expenses	Total	Operation Costs	Operation Expenses	Non-operation Expenses	Total
Employee benefits (Note)								
Salaries	\$ 30,058	\$ 574,294	\$ -	\$ 604,352	\$ 29,492	\$ 557,971	\$ -	\$ 587,463
Labor and health insurance	4,259	65,054	-	69,313	4,327	64,452	-	68,779
Pensions	1,534	37,235	-	38,769	1,532	38,302	-	39,834
Remuneration Paid to Directors	-	10,861	-	10,861	-	10,022	-	10,022
Others	5,379	126,015	-	131,394	5,974	110,352	-	116,326
	<u>\$ 41,230</u>	<u>\$ 813,459</u>	<u>\$ -</u>	<u>\$ 854,689</u>	<u>\$ 41,325</u>	<u>\$ 781,099</u>	<u>\$ -</u>	<u>\$ 822,424</u>
Depreciation	<u>\$ 142,568</u>	<u>\$ 104,206</u>	<u>\$ 474</u>	<u>\$ 247,248</u>	<u>\$ 141,523</u>	<u>\$ 103,059</u>	<u>\$ 475</u>	<u>\$ 245,057</u>
Amortization	<u>\$ 215</u>	<u>\$ 7,275</u>	<u>\$ -</u>	<u>\$ 7,490</u>	<u>\$ 197</u>	<u>\$ 8,241</u>	<u>\$ -</u>	<u>\$ 8,438</u>

Note 1: As of December 31, 2020 and 2019, the number of employees of the Company was 1,055 and 1,065, respectively. The number of directors who did not concurrently serve as employees was 6 and 7, respectively.

Note 2: For companies whose shares are listed on the TWSE/TPEX, the following information should also be disclosed:

- (1) The average employee benefits expense for the current year is NT\$804 thousand ("Total employee benefit expenses for the current year - Total Directors' remuneration" / "Number of employees for the current year - Number of Directors who do not concurrently serve as employees")

The average employee benefits expense for the previous year is NT\$768 thousand ((Total employee benefit expenses for the previous year - Total Directors' remuneration) / (Number of employees for the previous year - Number of Directors who do not concurrently serve as employees))

- (2) The average employee salary expense for the current year is NT\$576 thousand (Total employee salary expenses for the current year / (Number of employees for the current year - Number of Directors who do not concurrently serve as employees))

- (3) The average employee salary expense for the previous year was NT\$555 thousand (Total salary expense for the previous year / (Number of employees in the previous year - Number of Directors who do not concurrently serve as employees)).

- (4) Change in average employee salary expense is 3.8% ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).

- (5) The Company has established the Audit Committee; therefore, no supervisors were hired and there is no remuneration for supervisors.

Note 3. The Company's remuneration policy:

- (1) Directors and supervisors: They are all remunerated in accordance with the relevant provisions of the Company's Articles of Incorporation. Their remuneration is approved based on the principle of fairness and impartiality, as well as the performance of each member. The remuneration is determined by the resolutions of the Board of Directors.
- (2) Managerial officers: The payment standard and combination are divided into fixed and variable remuneration. Fixed remuneration is ratified based on the responsibility of the position and company-wide operational goals, while variable remuneration is paid based on the achieved operating performance and contribution.
- (3) Employees: Their salary consists of fixed and variable salary. Fixed salary is determined based on the value created by the job positions, their level of professionalism and complexity, and their experience in their job positions, etc., with reference to the salary level of the industry.

The variable salary includes year-end bonuses, appraisal bonuses, and profits distributed to the employees, which are allocated by the Board of Directors based on the Company's annual profitability.

- (4) Employee salary adjustment: In accordance with the Company's performance appraisal method, the salary adjustment range is determined by factors such as the assessment indicators of the employees' job responsibilities and the degree of accomplishment of the work plan every year. The direct supervisors of the employees are tasked to perform comprehensive assessment to decide the range of salary adjustment while considering the Company's operating environment.

Relationship between Operating Performance and Remuneration

Remuneration of the Company is based on the results of operating performance to align individual performances with the overall operating performance.

f. Effect on the Financial Position of Any Financial Difficulties Experienced by Aurora and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

7. Review and Analysis of Financial Position and Operating Performance, and Listing of Risks

a. Financial Position

Comparative Analysis of Financial Position

Unit: NT\$1,000

Item \ Year	2019	2020	Increase (Decrease)	
			Amount	%
Current Assets	10,392,354	10,895,709	503,355	4.84
Funds and Investment	3,039,586	3,156,926	117,340	3.86
Property, Plant, and Equipment	1,939,676	2,315,741	376,065	19.39
Intangible Assets	168,654	177,009	8,355	4.95
Other Assets	1,569,506	1,517,524	(51,982)	(3.31)
Total Assets	17,109,776	18,062,909	953,133	5.57
Current Liabilities	6,082,773	6,619,633	536,860	8.83
Long-term Loans	1,480,000	1,340,000	(140,000)	(9.46)
Other Liabilities	1,173,270	1,179,129	5,859	0.50
Total Liabilities	8,736,043	9,138,762	402,719	4.61
Capital Stock	2,362,025	2,362,025	0	0.00
Capital Surplus	1,920,710	1,941,799	21,089	1.10
Retained Earnings	3,973,659	4,087,994	114,335	2.88
Other Equity	117,339	532,329	414,990	353.67
Total Equity	8,373,733	8,924,147	550,414	6.57

- **Analysis of increase (decrease) by 20% or more:**

The decrease in other equity was mainly due to the increase in the unrealized gains and losses on financial assets and gains on exchange differences on translation of financial statements of foreign operations.

- **Effect of changes in the financial position: None.**

- **Measures to be taken in response: N/A.**

b. Financial Performance

Comparative Analysis of Financial Performance

Unit: NT\$1,000

Item \ Year	2019	2020	Increase (Decrease)	
			Amount	%
Total Operating Revenue	13,643,478	12,985,917	(657,561)	(4.82)
Less: Sales Return	21,711	25,470	3,759	17.31
Sales Allowance	16,654	9,473	(7,181)	(43.12)
Net Operating Revenue	13,605,113	12,950,974	(654,139)	(4.81)
Operating Costs	7,569,044	7,152,644	(416,400)	(5.50)
Gross Profit	6,036,069	5,798,330	(237,739)	(3.94)
Realized (Unrealized) Gains on Sales	61,645	76,297	14,652	23.77
Net Gross Profit	6,097,714	5,874,627	(223,087)	(3.66)
Operating Expenses	4,727,061	4,357,247	(369,814)	(7.82)
Operating Income	1,370,653	1,517,380	146,727	10.70
Non-operating Income and Expenses	562,087	508,048	(54,039)	(9.61)
Income before Tax	1,932,740	2,025,428	92,688	4.80
Income Tax Expense	430,984	466,693	35,709	8.29
Net Income	1,501,756	1,558,735	56,979	3.79

● **Analysis of increase (decrease) by 20% or more:**

The increase in realized (unrealized) gains on sales was mainly due to the decrease in sales for the year and the increase in realized gains from the past.

● **Sales volume forecast and the basis therefor, and the effect on the financial operations and measures to be taken in response: Please refer to "Letter to Shareholders."**

c. Cash Flows

1) Cash Flow Analysis for the Current Year

Unit: NT\$1,000

Item \ Year	2019	2020	Change, by Amount	Change, by Percentage
Cash and Cash Equivalents at Beginning of Year	6,780,332	5,764,661	(1,015,671)	(14.98)
Net Cash Flows Generated from Operating Activities	1,101,732	1,875,427	773,695	70.23
Net Cash Flows Used in Investing Activities	(510,529)	(409,651)	100,878	19.76
Net Cash Flows Used in Financing Activities	(1,373,532)	(1,907,932)	(534,400)	38.91
Effect of Exchange Rate Changes	(233,342)	121,620	354,962	(152.12)
Cash and Cash Equivalents at End of Year	5,764,661	5,444,125	(320,536)	(5.56)

The increase in net cash flows generated from investing activities was mainly due to the decrease in accounts payable and other payables.

The increase in net cash flows used in financing activities was mainly due to the repayment of loans and short-term notes.

2) Corrective Measures to Be Taken in Response to Illiquidity and Liquidity Analysis: None.

3) Liquidity Analysis for the Coming Year

Cash at Beginning of Year	Net Cash Flows from Operating Activities	Cash Flows Used	Cash Surplus (Inadequacy)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
5,444,125	1,691,203	(3,636,598)	3,498,730	—	—

d. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

1) Utilization of Major Capital Expenditures and Sources of Capital in the Most Recent 2 Years and Forecast of Capital Expenditures in the Next Five Years: None.

2) Projected Potential Benefits

a) Projected increase in production and sales volume, value, and gross margin: N/A.

b) Other benefits: N/A.

e. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year

1) Reinvestment Policy

Aurora mainly reinvests in businesses which closely correlate to Aurora's major lines of business or high-performing businesses with promising prospects. Investments are assessed, made, and managed in accordance with the "Procedures for Acquisition or Disposal of Assets."

2) Gains on investment accounted for using the equity method reached NT\$249,645 thousand in 2020, which was mainly due to the gains on reinvestments.

3) Plan for Improving Re-investment Profitability and Investment Plans for the Coming Year

Aurora will continue to focus on the major lines of business and increase capital expenditures only on major lines of business. There will be no investment plan for business outside the major lines of business.

f. Risk Analysis and Assessment for the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

1) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

a) Interest rate: Currently, the domestic interest rate, as well as the lending rate, remains low, resulting in a decrease in interest expenses. It is conducive to the company's profit.

b) Exchange rate: Foreign-currency liabilities are mainly denominated in the US dollar. Aurora will closely monitor the trends in foreign exchange markets and take appropriate measures for hedging.

c) Inflation: The domestic market is Aurora's main sales territory. The Directorate General of Budget, Accounting and Statistics has forecast that the economic growth rate in 2021 will be about 4.64% with stable commodity prices. Aurora has always been expert in offering general marketing and exquisite service. As Aurora has built strong relationships with customers, inflation is expected to be under control without having a significant impact on the profit (loss).

2) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future

a) Aurora did not engage in high-risk or highly leveraged investments.

b) Aurora has drawn up the "Procedures for Loaning of Funds to Others," "Procedures for Making of Endorsements/Guarantees," and "Procedures for Acquisition or Disposal of Assets." Relevant operations were handled in accordance with the said regulations, along with the internal control and audit work carried out to manage relevant risks.

- 3) R&D Work to Be Carried Out in the Future and Further Expenditures Expected for R&D Work: Please refer to "5. Operational Highlights."
- 4) Effect on the Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response
The financial operations of Aurora were not affected by important policies adopted and changes in the legal environment at home and abroad.
- 5) Effect on the Financial Operations of Developments in Science and Technology and Industrial Change, and Measures to Be Taken in Response
The financial operations of Aurora were not affected by any developments in science and technology.
- 6) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response
The financial operations of Aurora were not affected by any changes in the corporate image.
- 7) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response
Aurora did not engage in any mergers and acquisitions.
- 8) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response
Aurora did not engage in any plant expansion.
- 9) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response
As the sales of Konica Minolta's and Sharp's printers have achieved economies of scale, the amount of purchase from such suppliers accounted for about 25% of the total purchase. Aurora has maintained long-term relationships with Konica Minolta and Sharp and has signed OEM and distribution contracts with them respectively. Therefore, the risk of consolidation of purchasing operations was low.
- 10) Effect on and Risk to Aurora in the Event a Major Quantity of Shares Belonging to a Director or Shareholder Holding Greater than a 10% Stake in Aurora Has Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response
No major quantity of shares belonging to a director or shareholder holding greater than a 10% stake in Aurora was transferred or otherwise changed hands.
- 11) Effect on and Risk to Aurora Associated with Any Change in Governance Personnel or Top Management, and Measures to Be Taken in Response
There was no change in governance personnel or top management of Aurora.
- 12) Major Litigious, Non-litigious or Administrative Disputes that May Materially Affect the Shareholders' Equity or Prices of Securities: None.
- 13) Information Security Risk Assessment and Measures to Be Taken in Response
 - a) To implement information security management, Aurora has formulated the "Information Security Regulations" and "Computer Room Regulations" and set up an information department to be in charge of executing information work plans, deploying network firewalls and monitoring systems to control access and records, and updating anti-virus and vulnerability scanner software on a yearly basis to reduce

information security risks.

- b) Each year, internal and external auditors conduct the scheduled and unscheduled audit work on the information security management system to evaluate the information security operations, risk controls, and incident management improvements, and report to the Board of Directors on a regular basis, so as to ensure the information security of business activities.

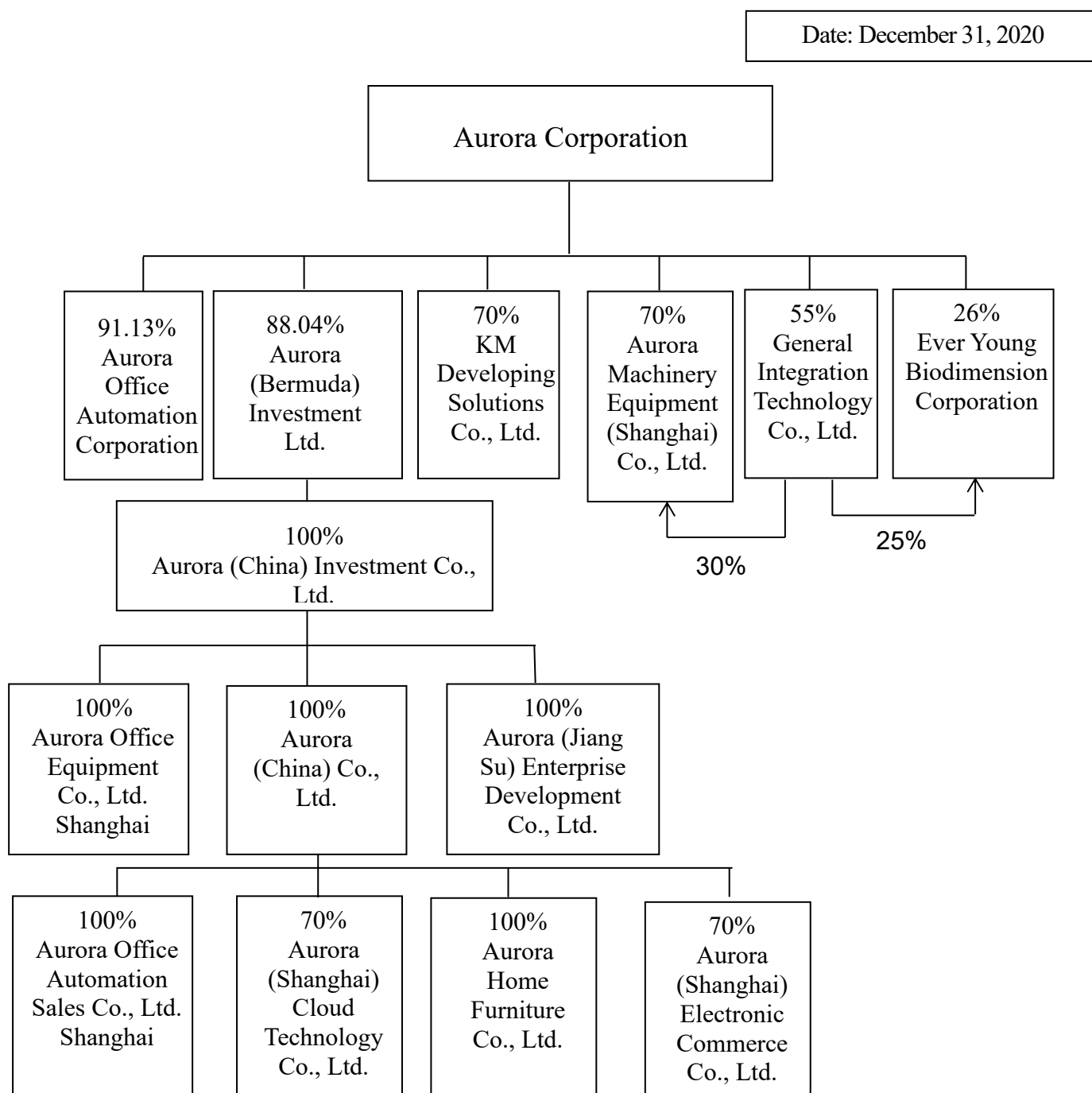
g. Other Important Matters: None.

8. Special Disclosure

a. Information on Affiliates

1) Consolidated Business Report of Affiliates

a) Organizational chart of affiliates



b) Basic information of affiliates

December 31, 2020

Unit: NT\$1,000

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Aurora Office Automation Corporation	1975.11.07	13F, No. 2, Section 5, Xinyi Road, Taipei City	NT\$902,902 thousand	Sale and maintenance of MFPs
Aurora (Bermuda) Investment Ltd.	1995.04.28	Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda	US\$76,500 thousand	Investment holding
Aurora (China) Investment Co., Ltd.	1999.04.23	36~37F, No. 99, Fucheng Road, Pudong New Area, Shanghai, China	US\$76,500 thousand	Investment holding
Aurora Office Equipment Co., Ltd. Shanghai	1993.08.31	No. 388, Jiaxin Road, Malu Town, Jiading District, Shanghai, China	US\$33,000 thousand	Manufacturing and sale of computers, MFPs, and communications equipment
Aurora (China) Co., Ltd.	2000.01.25	No. 369, Shenxia Road, Jiading District, Shanghai, China	US\$30,000 thousand	Manufacturing and sale of office furniture
Aurora Office Automation Sales Co., Ltd. Shanghai	2003.11.03	No. 399, Hujiafu Road, Jiading District, Shanghai, China	RMB350,000 thousand	Sale, lease, and agency of Aurora Brand products
Aurora (Shanghai) Cloud Technology Co., Ltd.	2016.11.11	294H, Building 2, No. 750, Linyuan Street, Zhujing Town, Jinshan District, Shanghai, China	RMB10,000 thousand	Sale of printing and office equipment and furniture and consulting service
Aurora Home Furniture Co., Ltd.	2012.08.20	No. 388, Jiaxin Road, Malu Town, Jiading District, Shanghai, China	RMB50,000 thousand	Production and sale of furniture
General Integration Technology Co., Ltd.	1992.08.11	No. 343, Chongqing Road, Heyuan Village, Xitun District, Taichung City	NT\$99,360 thousand	Sale and maintenance of MFPs
KM Developing Solutions Co., Ltd.	2016.04.01	16F, No. 2, Section 5, Xinyi Road, Xinyi District, Taipei City	NT\$100,000 thousand	Wholesale and retail of information software, computers, and office equipment
Ever Young Biodimension Corporation	2016.11.17	4F, No. 343, Chongqing Road, Xitun District, Taichung City	NT\$33,000 thousand	Wholesale of precision instruments
Aurora Machinery Equipment (Shanghai) Co., Ltd.	2018.08.03	Room 522, No. 1, Jilong Road, Shanghai Free-Trade Zone, China	RMB25,000 thousand	Wholesale of mechanical and electronic equipment, internet communication equipment, and computer software and hardware
Aurora (Jiang Su) Enterprise Development Co., Ltd.	2019.05.16	North of Bihua Road and west of Jindu Road, Nantong High-tech Industrial Development Zone	RMB200,000 thousand	Reinvestment and property lease
Aurora (Shanghai) Electronic Commerce Co., Ltd.	2015.12.16	299A, Building 2, No. 750, Linyuan Street, Zhujing Town, Jinshan District, Shanghai, China	RMB5,000 thousand	E-platform

c) Where there is considered to be a controlled and subordinate relation, information of the same shareholders: None.

d) Overall business scope of affiliates: A full range of trading and manufacturing services.

e) Information on directors, supervisors, and presidents of affiliates

December 31, 2020

Unit: NT\$1,000; share; %

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
Aurora Office Automation Corporation	Chairman Supervisor President	Representative of Aurora: Chen Cheng-Sen Chen Chen-Mei Chen Cheng-Sen	82,277,763	91.13%
Aurora (Bermuda) Investment Ltd.	Chairman Director Director	Yuan Hui-Hua Chen Yung-Tai Wu Chun	US\$67,350 thousand	88.04%
Aurora (China) Investment Co., Ltd.	Chairman Director Director Supervisor	Yuan Hui-Hua Chen Yung-Tai Wu Chun Ma Chih-Hsien	US\$76,500 thousand	100.00%
Aurora Office Equipment Co., Ltd. Shanghai	Chairman Director Director Supervisor	Yuan Hui-Hua Chen Yung-Tai Wu Chun Ma Chih-Hsien	US\$33,000 thousand	100.00%
Aurora (China) Co., Ltd.	Chairman Director Director Supervisor	Yuan Hui-Hua Chen Yung-Tai Chou Chi-Cheng Ma Chih-Hsien	US\$30,000 thousand	100.00%
Aurora Office Automation Sales Co., Ltd. Shanghai	Chairman Director Director Supervisor	Yuan Hui-Hua Chen Yung-Tai Chou Chi-Cheng Wu Chun	RMB350,000 thousand	100.00%
Aurora (Shanghai) Cloud Technology Co., Ltd.	Chairman Director Director Supervisor	Wu Chun Yuan Hui-Hua Tseng Yuan-Chi Ma Chih-Hsien	RMB10,000 thousand	70.00%
Aurora Home Furniture Co., Ltd.	Chairman Director Director Supervisor	Lo Wan-Jen Yuan Hui-Hua Chou Chi-Cheng Ma Chih-Hsien	RMB50,000 thousand	100.00%
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Chairman Director Director Supervisor	Yuan Hui-Hua Chou Chi-Cheng Lo Wan-Jen Wu Chun	RMB200,000 thousand	100.00%
General Integration Technology Co., Ltd.	Chairman Director Director Supervisor	Chi Chung-Nan Representative of Aurora: Yuan Hui-Hua Representative of Aurora: Chen Cheng-Sen Chen Li-Chen	5,464,800	55.00%
KM Developing Solutions Co., Ltd.	Chairman Director Director Supervisor	Representative of Aurora: Ma Chih-Hsien Representative of Aurora: Yuan Hui-Hua Representative of Konica Minolta Inc., Japan: Yuji Nakata Chen Cheng-Sen	7,000,000	70.00%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
Ever Young Biodimension Corporation	Chairman	Yang Li-Hui	1,683,000	51.00%
	Director	Representative of Aurora: Yuan Hui-Hua		
	Director	Representative of Aurora: Chen Cheng-Sen		
	Director	Representative of General Integration Technology Co., Ltd.: Chi Chung-Nan		
	Director	Representative of General Integration Technology Co., Ltd.: Chang Min-Nan		
	Director	Fang Hsin-Yuan		
	Director	Wang Hsu-Wen		
	Supervisor	Chen Li-Chen		
Aurora Machinery Equipment (Shanghai) Co., Ltd.	Chairman	Chi Chung-Nan	RMB25,000 thousand	100.00%
	Director	Yuan Hui-Hua		
	Director	Chou Chi-Cheng		
	Supervisor	Ma Chih-Hsien		
Aurora (Shanghai) Electronic Commerce Co., Ltd.	Chairman	Yuan Hui-Hua	RMB5,000 thousand	70.00%
	Supervisor	Chen Chi		

f) Operating status of affiliates

December 31, 2020

Unit: NT\$1,000

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Profit or Loss (after Tax)	Earnings Per Share (NT\$) (after Tax)
Aurora (Bermuda) Investment Ltd.	2,328,350	11,051,269	2,821,323	8,229,946	8,637,151	839,165	824,634	10.78
Aurora Office Automation Corporation	902,902	3,172,339	836,885	2,335,454	830,161	162,001	279,885	3.10
General Integration Technology Co., Ltd.	99,360	313,933	132,860	181,073	126,253	(4,819)	(702)	(0.07)
KM Developing Solutions Co., Ltd.	100,000	226,200	76,275	149,925	312,181	39,074	32,174	3.22
Ever Young Biodimension Corporation	33,000	32,117	15,627	16,490	14,613	(8,029)	(6,777)	(2.05)
Aurora Machinery Equipment (Shanghai) Co., Ltd.	112,549	99,380	40,707	58,673	73,914	(27,048)	(23,720)	(0.95)

Note: The operating status of Aurora (Bermuda) Investment Ltd. is based on the consolidated financial statements that consist of the following subsidiaries:

- Aurora (China) Investment Co., Ltd. and its subsidiaries;
 - (1) Aurora (China) Co., Ltd.
 - (2) Aurora Office Equipment Co., Ltd. Shanghai
 - (3) Aurora (Jiang Su) Enterprise Development Co., Ltd.
 - (4) Aurora Office Automation Sales Co., Ltd. Shanghai
 - (5) Aurora (Shanghai) Cloud Technology Co., Ltd.
 - (6) Aurora Home Furniture Co., Ltd.
 - (7) Aurora (Shanghai) Electronic Commerce Co., Ltd.

2) Consolidated Financial Statements of Affiliates

Declaration of Consolidated Financial Statements of Affiliates

In 2020 (from January 1 to December 31, 2020), pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," Aurora's entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements of Affiliates will not be prepared.

Sincerely,

Company: Aurora Corporation

Chairman: Yuan Hui-Hua

March 16, 2021

3) Reports on Affiliations: None.

- b. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.
- c. Holding or Disposal of Shares in Aurora by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Unit: NT\$1,000; share; %

Name of Subsidiary	Paid-in Capital	Source of Capital	Aurora's Ownership (%)	Date of Acquisition or Disposal	Amount and Number of Shares Acquired	Amount and Number of Shares Disposed of	Investment Income	Shares Held and Amount Up to the Date of Publication of the Annual Report	Pledge	Making of Endorsements /Guarantees to Subsidiary	Loaning of Funds to Subsidiary
Aurora Office Automation Corporation	NT\$902,902 thousand	Private capital	91.13%	As of the date of publication of the Annual Report	-	-	-	12,496,797 shares NT\$1,154,704	-	-	-

- d. Other Supplementary Information: None.
- e. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

Aurora Corporation

Chairman: Yuan Hui-Hua