

Stock Code: 2373

Aurora Corporation

Parent Company Only Financial Statements and Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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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>

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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		Retained earnings				Other equity		Treasury shares	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
	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

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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

	December 31, 2020	December 31, 2019
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

	December 31, 2020	December 31, 2019
<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>

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	<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>

	Self-owned Land	Housing and Construction	Machinery	Office Equipment	Total
<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
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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 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

	<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

Type/Name of Related Party	2020	2019
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
	\$ 516,257	\$ 557,670

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

Type/Name of Related Party	2020	2019
Subsidiary	\$ 46,535	\$ 42,345
Associate	37,802	41,247
Joint venture	-	815
	\$ 84,337	\$ 84,407

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

Type/Name of Related Party	2020	2019
Huxen	\$ 32,326	\$ 32,132
Aurora Leasing	23,431	22,638
Aurora Office Automation	21,207	20,969
Associate	574	-
	\$ 77,538	\$ 75,739

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

e) Operating expenses

Type/Name of Related Party	2020	2019
Investor of significant influence	\$ 2,321	\$ 18,404
Associate	1,412	16,559
Subsidiary	1,194	5,112
	\$ 4,927	\$ 40,075

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

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<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
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	829	28.53 (USD:NTD)	23,652

December 31, 2019

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
RMB	\$ 1,497,755	4.305 (RMB:NTD)	\$ 6,194,264
<u>Foreign currency liabilities</u>			
<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 endorseees/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	-	\$100,844	\$100,000	\$ 844	-	\$ -	-	\$ -
	Structured deposits	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-	-	-	-	-	160,000	-	161,411	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	-	115,765	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	-	201,764	200,000	1,764	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	-	-	-	-	100,000	-	100,834	100,000	834	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-	-	-	-	-	200,000	-	201,521	200,000	1,521	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-	-	-	-	-	100,000	-	100,902	100,000	902	-	-	-	-
	"Caifubanchejinqu No. 3"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	150,000	-	151,387	150,000	1,387	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-	-	-	-	-	110,000	-	110,912	110,000	912	-	-	-	-
	Maturity of structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-	-	-	-	-	110,000	-	110,820	110,000	820	-	-	-	-
	"Lingdong 75 Days"	Financial assets at fair value through profit or loss - current	Agricultural Bank of China	None	RMB	-	-	-	-	-	100,000	-	100,659	100,000	659	-	-	-	-

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 (China) Co., Ltd.	"Lingdong 75 Days"	Financial assets at fair value through profit or loss - current	Agricultural Bank of China	None	RMB	-	-	-	-	-	80,000	-	80,537	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	-	131,128	130,000	1,128	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	150,000	-	151,269	150,000	1,269	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	90,000	-	90,768	90,000	768	-	-	-	-
	"Bank of China - Zhifu"	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	-	-	-	-	90,000	-	90,763	90,000	763	-	-	-	-
	"Jinxueqiu Select"	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	100,000	-	100,878	100,000	878	-	-	-	-
	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	90,000	-	90,547	90,000	547	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	150,000	-	150,942	150,000	942	-	-	-	-
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	150,000	-	151,390	150,000	1,390	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	160,000	-	161,440	160,000	1,440	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	115,000	-	115,792	115,000	792	-	-	-	-

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	\$ 7,063,743	\$ 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

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)	\$ 8,302,723	\$ -
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)	1,208,363	-
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)	5,832,606	-
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)	2,722,481	-
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)	932	-
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)	642,007	-
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)	13,189	-
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)	322,086	-
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)	41,076	-
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)	892,834	-
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)	9,975	-

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

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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)**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Non-related party		
Company A	Loans	\$ 1,284
Company B	"	11,909
Others (Note)	"	142,338
Less: loss allowance		<u>1,516</u>
		<u>\$154,015</u>
Related party		
Aurora Leasing Corporation	Loans	\$ 63,262
Others (Note)	"	<u>9,230</u>
		<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)	<u>132,812</u>	<u>87,642</u>
	<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.