

# Aurora Corporation and Subsidiaries

## Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

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## Declaration of Consolidated Financial Statements of Affiliates

In 2021 (from January 1, 2021 to December 31, 2021), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Aurora hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required. Sincerely,

Company: Aurora Corporation

Chairman: Yuan Hui-Hua

March 6, 2022

## Independent Auditors' Report

To Aurora Corporation:

### Opinions

Aurora Corporation and its subsidiaries' Consolidated Balance Sheets as of December 31, 2021 and 2020, in addition to the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2021 and 2020, have been audited by the CPAs.

In our opinion, the Consolidated Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission in all material aspects, and are considered to have reasonably expressed the consolidated financial conditions of Aurora Corporation and its subsidiaries as of December 31, 2021 and 2020, as well as the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2021 and 2020.

### Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Aurora Corporation and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of Aurora Corporation and its subsidiaries for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of Aurora Corporation and its subsidiaries for the year ended December 31, 2021 are stated as follows:

#### Sales revenue

The main businesses of Aurora Corporation and its subsidiaries include the trade and lease of Multi-Functional Photocopiers (MFPs) and sales of system furniture. In particular, sales revenue from sales of system furniture in Taiwan and mainland China increased significantly in 2021 as compared to that in 2020; such increase in the overall impact to the financial statements is material.

The main risk lies in whether revenue actually occurs. Accordingly, we identify the risk of

revenue recognition arising from fraud as a key audit matter in accordance with the Statements on Auditing Standards in relation to significant risk.

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

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

### **Other Matters**

We have also audited the Parent Company Only Financial Statements of Aurora Corporation for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

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

In preparing the Consolidated Financial Statements, the management is responsible for assessing Aurora Corporation and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Aurora Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Aurora Corporation and its subsidiaries' financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Aurora Corporation and its subsidiaries.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Aurora Corporation and its subsidiaries' ability to operate as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Aurora Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Aurora Corporation and its subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Consolidated Financial Statements of Aurora Corporation and its subsidiaries.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of Aurora Corporation and its subsidiaries' Consolidated Financial Statements for the year ended December 31, 2021. 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, 2022

**Aurora Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2021 and 2020**  
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 2,693,853	15	\$ 5,444,125	30
1110	Financial assets at fair value through profit or loss - current (Notes IV and VII)	76,650	-	77,420	-
1136	Financial assets at amortized cost - current (Notes IV and VIII)	4,298,602	24	1,873,326	10
1150	Notes receivable (Notes IV and X)	197,317	1	190,720	1
1170	Accounts receivable (Notes IV and X)	1,167,628	6	1,303,845	7
1180	Accounts receivable - related parties (Notes IV, X and XXXI)	97,786	1	102,688	1
1200	Other receivables (Notes IV, X, and XXXI)	143,379	1	109,530	1
1220	Current tax assets (Notes IV and XXVI)	48,537	-	49,332	-
130X	Inventories (Notes IV and XI)	1,654,021	9	1,463,649	8
1479	Other current assets (Note XVIII)	279,688	1	281,074	2
11XX	Total current assets	<u>10,657,461</u>	<u>58</u>	<u>10,895,709</u>	<u>60</u>
	<b>Non-current assets</b>				
1550	Investments accounted for using the equity method (Notes IV and XIII)	3,188,820	18	3,156,926	17
1560	Contract assets - non-current (Notes IV and XXIV)	83,476	1	19,590	-
1600	Property, plant, and equipment (Notes IV, XIV, XXXI, and XXXII)	2,543,920	14	2,315,741	13
1755	Right-of-use assets (Notes IV, XV, and XXXI)	681,621	4	641,237	4
1760	Investment properties (Notes IV, XVI, and XXXII)	443,412	2	450,870	3
1805	Goodwill (Notes IV and XVII)	132,874	1	132,801	1
1821	Other intangible assets (Notes IV and XVII)	62,214	-	44,208	-
1840	Deferred tax assets (Notes IV and XXVI)	185,154	1	179,114	1
1920	Refundable deposits (Note XXXI)	152,365	1	150,569	1
1980	Other financial assets - non-current (Notes IX and XXXII)	44,407	-	60,665	-
1990	Other non-current assets (Note XVIII)	75,370	-	15,479	-
15XX	Total non-current assets	<u>7,593,633</u>	<u>42</u>	<u>7,167,200</u>	<u>40</u>
1XXX	Total assets	<u>\$ 18,251,094</u>	<u>100</u>	<u>\$ 18,062,909</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current Liabilities</b>				
2100	Short-term loans (Note XIX)	\$ 3,356,812	18	\$ 2,621,620	14
2110	Short-term notes and bills payable (Note XIX)	-	-	319,651	2
2130	Contract liabilities - current (Notes IV and XXIV)	463,585	3	467,117	3
2170	Accounts payable (Note XX)	1,350,326	7	1,391,425	8
2180	Accounts payable - related parties (Notes XX and XXXI)	1,539	-	1,955	-
2200	Other payables (Notes XXI and XXXI)	1,248,433	7	1,221,392	7
2230	Current tax liabilities (Notes IV and XXVI)	247,253	1	194,294	1
2280	Lease liabilities - current (Notes IV, XV, and XXXI)	237,755	1	310,468	2
2300	Other current liabilities (Note XXI)	94,760	1	91,711	-
21XX	Total current liabilities	<u>7,000,463</u>	<u>38</u>	<u>6,619,633</u>	<u>37</u>
	<b>Non-current liabilities</b>				
2540	Long-term loans (Note XIX)	1,130,000	6	1,340,000	7
2570	Deferred income tax liabilities (Notes IV and XXVI)	299,379	2	258,460	1
2580	Lease liabilities - non-current (Notes IV, XV, and XXXI)	332,112	2	346,260	2
2640	Net defined benefit liabilities - non-current (Notes IV and XXII)	487,419	3	481,453	3
2645	Guarantee deposits received (Note XXXI)	75,087	-	92,956	1
25XX	Total non-current liabilities	<u>2,323,997</u>	<u>13</u>	<u>2,519,129</u>	<u>14</u>
2XXX	Total liabilities	<u>9,324,460</u>	<u>51</u>	<u>9,138,762</u>	<u>51</u>
	<b>Equity attributable to owners of the Company (Note XXIII)</b>				
	<b>Capital Stock</b>				
3110	Capital stock - common shares	2,362,025	13	2,362,025	13
3200	Capital surplus	1,939,269	11	1,941,799	11
	<b>Retained earnings</b>				
3310	Legal reserve	1,880,146	10	1,731,715	10
3320	Special reserve	852,220	5	852,220	5
3350	Unappropriated earnings	1,379,923	7	1,504,059	8
3300	Total retained earnings	4,112,289	22	4,087,994	23
3400	Other equity	(26,242)	-	28,697	-
3500	Treasury shares	(791,826)	(4)	(791,826)	(5)
31XX	Total equity attributable to owners of the Company	<u>7,595,515</u>	<u>42</u>	<u>7,628,689</u>	<u>42</u>
36XX	Non-controlling Interests	1,331,119	7	1,295,458	7
3XXX	Total equity	<u>8,926,634</u>	<u>49</u>	<u>8,924,147</u>	<u>49</u>
	<b>Total liabilities and equity</b>	<u>\$ 18,251,094</u>	<u>100</u>	<u>\$ 18,062,909</u>	<u>100</u>

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

Chairman: Yuan Hui-Hua

General Manager: Chou Ming-Chung

Principal Accounting Officer: Lin Ya-Ling

**Aurora Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Years Ended December 31, 2021 and 2020**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenue (Notes IV, XXIV, and XXXI)				
4110	Sales revenue	\$ 13,607,432	100	\$ 12,985,917	100
4170	Sales returns	21,270	-	25,470	-
4190	Sales discounts and allowances	8,905	-	9,473	-
4000	Total operating revenue	13,577,257	100	12,950,974	100
5000	Operating costs (Notes IV, XI, XXV, and XXXI)	7,567,572	55	7,152,644	55
5900	Gross profit	6,009,685	45	5,798,330	45
5910	Realized gains from sales of associates	29,006	-	76,297	1
5950	Realized gross profit	6,038,691	45	5,874,627	46
	Operating expenses (Notes IV, X, XXV, and XXXI)				
6100	Selling and marketing expenses	2,731,571	20	2,439,433	19
6200	General and administrative expenses	1,845,053	14	1,905,205	15
6450	Expected credit losses (gains)	(6,626)	-	12,609	-
6000	Total operating expenses	4,569,998	34	4,357,247	34
6900	Net operating income	1,468,693	11	1,517,380	12
	Non-operating income and expenses (Notes IV, VII, XIII, XXV, and XXXI)				
7100	Interest income	146,093	1	63,933	-
7190	Other income	156,703	1	127,087	1

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Code		2021		2020	
		Amount	%	Amount	%
7590	Other gains and losses	58,640	-	124,854	1
7050	Finance costs	( 45,385 )	-	( 57,471 )	-
7060	Share of profit or loss associates accounted for using the equity method	<u>235,655</u>	<u>2</u>	<u>249,645</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>551,706</u>	<u>4</u>	<u>508,048</u>	<u>4</u>
7900	Net income before tax	2,020,399	15	2,025,428	16
7950	Income tax expense (Notes IV and XXVI)	<u>494,168</u>	<u>4</u>	<u>466,693</u>	<u>4</u>
8200	Net income	<u>1,526,231</u>	<u>11</u>	<u>1,558,735</u>	<u>12</u>
	Other comprehensive income				
8310	Components that will not be reclassified to profit or loss (Notes IV, XXII, and XXVI)				
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	-	232,144	2
8311	Gains (losses) on re-measurements of defined benefit plans	( 27,020 )	-	( 28,086 )	-
8320	Share of other comprehensive income of associates accounted for using the equity method	13,121	-	( 5,194 )	-
8349	Income tax related to components that will not be reclassified to profit or loss	<u>5,404</u>	<u>-</u>	<u>5,617</u>	<u>-</u>
		( <u>8,495</u> )	<u>-</u>	<u>204,481</u>	<u>2</u>
8360	Components that may be reclassified to profit or loss (Notes IV)				
8361	Exchange differences on translation of financial statements of foreign operations	( 71,528 )	-	151,624	1
8370	Share of other comprehensive income of associates accounted for using the equity method	( <u>4,533</u> )	<u>-</u>	<u>10,038</u>	<u>-</u>
		( <u>76,061</u> )	<u>-</u>	<u>161,662</u>	<u>1</u>

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<u>Code</u>		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8300	Other comprehensive income, net	( <u>84,556</u> )	<u>-</u>	<u>366,143</u>	<u>3</u>
8500	Total comprehensive income	<u>\$ 1,441,675</u>	<u>11</u>	<u>\$ 1,924,878</u>	<u>15</u>
	Net Income Attributable to:				
8610	Owners of the Company	<u>\$ 1,391,539</u>	<u>10</u>	<u>\$ 1,438,309</u>	<u>11</u>
8620	Non-controlling Interests	<u>134,692</u>	<u>1</u>	<u>120,426</u>	<u>1</u>
8600		<u>\$ 1,526,231</u>	<u>11</u>	<u>\$ 1,558,735</u>	<u>12</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	<u>\$ 1,315,711</u>	<u>10</u>	<u>\$ 1,765,942</u>	<u>14</u>
8720	Non-controlling Interests	<u>125,964</u>	<u>1</u>	<u>158,936</u>	<u>1</u>
8700		<u>\$ 1,441,675</u>	<u>11</u>	<u>\$ 1,924,878</u>	<u>15</u>
	Earnings per share (Note XXVII)				
9710	Basic	<u>\$ 6.19</u>		<u>\$ 6.40</u>	
9810	Diluted	<u>\$ 6.18</u>		<u>\$ 6.39</u>	

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

Chairman: Yuan Hui-Hua

General Manager: Chou Ming-Chung

Principal Accounting Officer: Lin Ya-Ling

**Aurora Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the Years Ended December 31, 2021 and 2020**

(In Thousands of New Taiwan Dollars)

Code		Capital Stock	Capital surplus	Retained earnings			Other equity		Treasury shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
				Legal Reserve	Special Reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income				
A1	Balance as of January 1, 2020	\$ 2,362,025	\$ 1,920,710	\$ 1,597,471	\$ 852,220	\$ 1,523,968	(\$ 758,072)	\$ 505,137	(\$ 791,826)	\$ 7,211,633	\$ 1,162,100	\$ 8,373,733
	Appropriation and distribution of earnings for 2019:											
B1	Legal reserve	-	-	134,244	-	( 134,244 )	-	-	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	( 1,369,975 )	-	-	-	( 1,369,975 )	-	( 1,369,975 )
C15	Cash dividends appropriated from capital surplus	-	( 47,241 )	-	-	-	-	-	-	( 47,241 )	-	( 47,241 )
D1	Net income in 2020	-	-	-	-	1,438,309	-	-	-	1,438,309	120,426	1,558,735
D3	Other comprehensive income after tax in 2020	-	-	-	-	( 23,390 )	143,439	207,584	-	327,633	38,510	366,143
D5	Total comprehensive income in 2020	-	-	-	-	1,414,919	143,439	207,584	-	1,765,942	158,936	1,924,878
M1	Changes in capital reserve from dividends paid to subsidiaries	-	68,330	-	-	-	-	-	-	68,330	6,651	74,981
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	6,297	6,297
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	( 38,526 )	( 38,526 )
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	69,391	-	( 69,391 )	-	-	-	-
Z1	Balance as of December 31, 2020	2,362,025	1,941,799	1,731,715	852,220	1,504,059	( 614,633 )	643,330	( 791,826 )	7,628,689	1,295,458	8,924,147
	Appropriation and distribution of earnings for 2020:											
B1	Legal reserve	-	-	148,431	-	( 148,431 )	-	-	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	( 1,346,355 )	-	-	-	( 1,346,355 )	-	( 1,346,355 )
C15	Cash dividends appropriated from capital surplus	-	( 70,860 )	-	-	-	-	-	-	( 70,860 )	-	( 70,860 )
D1	Net income in 2021	-	-	-	-	1,391,539	-	-	-	1,391,539	134,692	1,526,231
D3	Other comprehensive income after tax in 2021	-	-	-	-	( 20,889 )	( 67,542 )	12,603	-	( 75,828 )	( 8,728 )	( 84,556 )
D5	Total comprehensive income in 2021	-	-	-	-	1,370,650	( 67,542 )	12,603	-	1,315,711	125,964	1,441,675
M1	Changes in capital reserve from dividends paid to subsidiaries	-	68,330	-	-	-	-	-	-	68,330	6,651	74,981
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	( 96,954 )	( 96,954 )
Z1	Balance as of December 31, 2021	\$ 2,362,025	\$ 1,939,269	\$ 1,880,146	\$ 852,220	\$ 1,379,923	(\$ 682,175)	\$ 655,933	(\$ 791,826)	\$ 7,595,515	\$ 1,331,119	\$ 8,926,634

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

Chairman: Yuan Hui-Hua

General Manager: Chou Ming-Chung

Principal Accounting Officer: Lin Ya-Ling

**Aurora Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A00010	Net income before tax	\$ 2,020,399	\$ 2,025,428
A20010	Adjustments:		
A20100	Depreciation expenses	839,990	842,956
A20200	Amortization expenses	21,443	16,940
A20300	Expected credit losses(or reversal)	( 6,626)	12,609
A20400	Net gain on financial assets at fair value through profit or loss	( 71,093)	( 156,023)
A20900	Finance costs	45,385	57,437
A21200	Interest income	( 146,093)	( 63,916)
A22300	Share of profit of associates accounted for using the equity method	( 235,655)	( 249,645)
A22500	Loss on disposal of property, plant, and equipment	753	5,184
A22700	Gain on disposal of investment property	( 13,124)	( 8,653)
A23900	Realized gains from associates	( 29,006)	( 76,297)
A29900	Gains on lease modifications	( 880)	( 204)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 6,597)	( 4,004)
A31150	Accounts receivable	143,178	( 300,489)
A31160	Accounts receivable - related parties	4,902	5,187
A31180	Other receivables	( 32,935)	8,034
A31200	Inventories	( 442,571)	( 97,504)
A31240	Other current assets	1,386	( 103,075)
A31125	Contract assets	( 63,886)	( 19,590)
A32150	Accounts payable	( 41,099)	209,942
A32160	Accounts payable - related parties	( 416)	( 10,814)
A32180	Other payables	41,295	162,541
A32230	Other current liabilities	( 483)	31,254
A32240	Net defined benefit liabilities	( <u>21,054</u> )	( <u>32,246</u> )
A33000	Cash generated from operations	2,007,213	2,255,052
A33300	Interest paid	( 59,639)	( 77,920)
A33500	Income tax paid	( <u>373,647</u> )	( <u>301,705</u> )
AAAA	Net cash flows generated from operating activities	<u>1,573,927</u>	<u>1,875,427</u>
	Cash flows from investing activities		

(Continued on the next page)

(Continued from the previous page)

Code		2021	2020
B00020	Disposal of financial assets at fair value through other comprehensive income	-	339,967
B00040	Acquisition of financial assets at amortized cost	( 2,425,276 )	( 644,259 )
B00100	Acquisition of financial assets at fair value through profit or loss	( 14,026,702 )	( 18,515,874 )
B00200	Disposal of financial assets at fair value through profit or loss	14,098,565	18,752,483
B02700	Acquisition of property, plant, and equipment	( 603,874 )	( 641,062 )
B02800	Proceeds from disposal of property, plant, and equipment	1,737	12,106
B03700	Increase in refundable deposits	( 1,796 )	-
B03800	Decrease in refundable deposits	-	16,957
B04500	Acquisition of intangible assets	( 37,807 )	( 24,657 )
B05500	Disposal of investment property	15,664	18,333
B06700	Increase in other non-current assets	-	( 12,040 )
B06800	Decrease in other non-current assets	9,553	-
B07500	Interest received	145,179	64,059
B07600	Dividends received	<u>236,424</u>	<u>224,336</u>
BBBB	Net cash flows used in investing activities	<u>( 2,588,333 )</u>	<u>( 409,651 )</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	735,192	-
C00200	Decrease in short-term loans	-	( 192,648 )
C00500	Increase in short-term notes and bills payable	-	219,659
C00600	Decrease in short-term notes and bills payable	( 319,651 )	-
C01700	Repayments of long-term loans	( 210,000 )	( 140,000 )
C03100	Decrease in guarantee deposits received	( 17,869 )	( 15,242 )
C04020	Repayment of the principal portion of lease liabilities	( 398,767 )	( 405,237 )
C04500	Cash dividends paid	( 1,439,188 )	( 1,380,761 )
C05800	Changes in non-controlling interests	<u>-</u>	<u>6,297</u>
CCCC	Net cash flows used in financing activities	<u>( 1,650,283 )</u>	<u>( 1,907,932 )</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>( 85,583 )</u>	<u>121,620</u>
EEEE	Net decrease in cash and cash equivalents	( 2,750,272 )	( 320,536 )
E00100	Cash and cash equivalents at beginning of period	<u>5,444,125</u>	<u>5,764,661</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,693,853</u>	<u>\$ 5,444,125</u>

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

Chairman: Yuan Hui-Hua

General Manager: Chou Ming-Chung

Principal Accounting Officer: Lin Ya-Ling

## Aurora Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

#### For the Years Ended December 31, 2021 and 2020

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

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#### 1. Company History

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

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

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

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

The Consolidated Financial Statements have been approved by the Board of Directors on March 16, 2022.

#### 3. Application of New and Amended Standards and Interpretations

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

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

- b. FSC-endorsed IFRSs that are applicable from 2022 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
"Annual Improvements to IFRSs 2018-2020 Cycle"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2. 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 3. The amendments apply to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4. The amendments apply to contracts that will not have been completely fulfilled in the annual period beginning after January 1, 2022.

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

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>
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 IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Note 3. 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.

Note 4. The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax for all temporary differences related to leases and decommissioning obligations as of January 1, 2022.

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

#### **4. Summary of Significant Accounting Policies**

##### a. Compliance declaration

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

##### b. Preparation basis

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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



d. Basis of consolidation

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

Please refer to Notes XII and XXXVI (Tables 6 and 7) for details, shareholding ratio, and business activities of subsidiaries.

e. Business combinations

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

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

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

f. Foreign currencies

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence other than a subsidiary or a joint venture.

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

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

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

When associates issue new shares and the Group does not subscribe to such shares to the extent that its original shareholding ratio can be changed, the difference is recorded as an adjustment to capital surplus - changes in the net value of shares in associates accounted for using the equity method and other investments accounted for using the equity method. If the amount of ownership interests in associates 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. The difference in the balance of the capital reserve accounted for using the equity method shall be recognized in retained earnings.

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

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

i. Property, plant, and equipment

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

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

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

j. Investment property

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

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

k. Goodwill

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

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

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

l. Intangible assets

1) Separate acquisition

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

## 2) Derecognition

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

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

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

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

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

### n. Financial instruments

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

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

#### 1) Financial assets

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

##### a) Types of measurement

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

##### i. Financial assets at fair value through profit or loss

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

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

b) Impairment of financial assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Revenue recognition

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

1) Sales revenue of commodities

Sales revenue of commodities comes from the sale of Multi-Functional Photocopiers (MFPs), fax machines, and telecommunication products. When MFPs, fax machines, and telecommunication products are shipped to the locations designated by the customers, the customers have already obtained the rights to establish the price and usage of the commodities and are primarily liable for the resale of the commodities. The customers shall undertake the related obsolescence risk and the Group will recognize revenue and accounts receivable at that time.

2) Service revenue

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

p. Leases

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

1) Where the Group is a lessor:

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

2) Where the Group is a lessee:

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

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

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

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

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. If the assessments on lease terms, amounts expected to be paid under residual value guarantees and purchase option of the underlying assets; or changes in the index or rate which determines the lease payments result in changes in future lease payments, the Group would remeasure the lease liabilities with a corresponding adjustment on the right-of-use assets. However, if the carrying amount of right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. With regard to changes in leases that are not considered separate leases, the remeasurement of lease liabilities as a result of the decrease in the scope of the lease refers to the reduction in right-of-use assets, with the recognition of the gains or losses on partial or complete termination of the lease. The remeasurement of lease liabilities as a result of other amendments refers to the adjustment in right-of-use assets. Lease liabilities are presented separately in the consolidated balance sheets.

q. Benefits after retirement

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

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

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

r. Income Tax

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

1) Income tax in the current year

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

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

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

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



## 2) Deferred income tax

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

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

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

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

## 3) Current and deferred income taxes

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

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

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

The Group has taken into consideration the recent development of the COVID-19 outbreak in Taiwan and its possible impact on the economic environment, and the management will constantly review its estimates and basic assumptions as part of its consideration of cash flow projections, growth rates, discount rates, profitability and other related significant accounting estimates. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

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

## 6. Cash and Cash Equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and working capital	\$ 3,350	\$ 3,355
Checks and demand deposits in banks	1,343,863	4,849,875
Cash equivalents		
Time deposits with original maturity date within 3 months	<u>1,346,640</u>	<u>590,895</u>
	<u>\$ 2,693,853</u>	<u>\$ 5,444,125</u>

Interest rate ranges for time deposits with original maturity date within 3 months as of December 31, 2021 and 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
RMB	1.8%~2.1%	2.025%

## 7. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
— Fund beneficiary certificates	<u>\$ 76,650</u>	<u>\$ 77,420</u>

- a. For the years ended December 31, 2021 and 2020, net income from financial assets at fair value through profit or loss were and NT\$71,093 thousand and NT\$156,023 thousand, respectively.
- b. For securities held by the Group as of December 31, 2021, please refer to Note XXXVI (Table 1).

## 8. Financial Assets at Amortized Cost - Current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Time deposits with original maturity over 3 months	<u>\$ 4,298,602</u>	<u>\$ 1,873,326</u>

Interest rate ranges for time deposits with original maturity over 3 months December 31, 2021 and 2020 as of are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
RMB	2.68%~4.18%	2.63%~4.18%

For securities held by the Group as of December 31, 2021, please refer to Note XXXVI (Table 1).

## 9. Other Financial Assets - Non-current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted bank deposits	\$ 44,407	\$ 60,665

## 10. Notes Receivables, Accounts Receivables, and Other Receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 197,317	\$ 190,720
Less: loss allowance	-	-
	<u>\$ 197,317</u>	<u>\$ 190,720</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 1,192,138	\$ 1,331,669
Less: loss allowance	( 24,510)	( 27,824)
	<u>\$ 1,167,628</u>	<u>\$ 1,303,845</u>
<u>Accounts receivable - related parties</u>		
Measured at amortized cost		
Total carrying amount	\$ 97,786	\$ 102,688
Less: loss allowance	-	-
	<u>\$ 97,786</u>	<u>\$ 102,688</u>
<u>Other receivables</u>		
Rent collected	\$ 65,138	\$ 64,915
Related parties	37,098	9,929
Interest receivable	586	5
Others	40,557	34,681
	<u>\$ 143,379</u>	<u>\$ 109,530</u>
<u>Overdue receivables</u>		
Overdue receivables	\$ 21,882	\$ 26,327
Less: loss allowance	( 21,882)	( 26,327)
	<u>\$ -</u>	<u>\$ -</u>

### Accounts receivable

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

The Group adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The lifetime expected credit losses are calculated based on a provision matrix that takes into account the default history and current financial position of customers, as well as the GDP forecast. Due to the historical experience of credit losses of the Group, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of accounts receivable.

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

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

December 31, 2021

	Not Past Due	1 to 90 Days Past Due	More than 91 Days Past Due	Total
Expected credit loss rate	0.55%	2.36%	22.91%	
Total carrying amount	\$ 988,834	\$ 134,101	\$ 69,203	\$1,192,138
Allowance for loss (expected credit losses during the period)	( 5,483 )	( 3,171 )	( 15,856 )	( 24,510 )
Amortized cost	<u>\$ 983,351</u>	<u>\$ 130,930</u>	<u>\$ 53,347</u>	<u>\$1,167,628</u>

December 31, 2020

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

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

	2021	2020
Beginning balance	\$ 54,151	\$ 43,967
Add (Less): (Reversal of) Impairment loss in the current period	( 6,626 )	12,609
Less: Write-off in the current year	( 798 )	( 3,187 )
Exchange difference	( 335 )	762
Ending balance	<u>\$ 46,392</u>	<u>\$ 54,151</u>

## 11. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commodities		
Office automation products, office supplies, and computer equipment	\$ 956,271	\$ 821,747
System furniture	491,027	474,945
Raw materials	157,000	125,704
Work in process	25,661	24,189
Goods in Transit	<u>24,062</u>	<u>17,064</u>
	<u>\$ 1,654,021</u>	<u>\$ 1,463,649</u>

The costs of goods sold related to inventories for the years ended December 31, 2021 and 2020 were NT\$7,373,527 thousand and NT\$6,890,604 thousand, respectively. Operating costs, including inventory write-down, for the years ended December 31, 2021 and 2020 were NT\$11,401 thousand and NT\$14,527 thousand, respectively.

## 12. Subsidiaries

### a. Subsidiaries included in the consolidated financial statements

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

Name of Investor	Name of Subsidiary	Place of Establishment	Percentage of Ownership		Main Business Activities	Functional Currency
			December 31, 2021	December 31, 2020		
The Company	Aurora (Bermuda) Investment Ltd. (Aurora (Bermuda))	Bermuda	88.04%	88.04%	A holding company. The main operating risks of Aurora (Bermuda) and its subsidiaries are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Aurora Office Automation Corporation (Aurora Office Automation)	Taiwan	91.13%	91.13%	Import/export and wholesale of Multi-Functional Photocopiers (MFPs). The main operating risks are exchange rate risks.	NTD
	General Integration Technology Co., Ltd. (General Integration)	Taiwan	55.00%	55.00%	Manufacturing of molds and machinery and wholesale of precision instruments. The main operating risks are exchange rate risks.	NTD
	KM Developing Solutions Co., Ltd. (KM Developing)	Taiwan	70.00%	70.00%	Wholesale and retail of information software, computer equipment, and Multi-Functional Photocopiers (MFPs). The main operating risks are exchange rate risks.	NTD
	Aurora Machinery Equipment (Shanghai) Co., Ltd. (Aurora Machinery Equipment) (Notes 4)	Mainland China	70.00%	70.00%	Wholesale of mechanical and electronic equipment, ICT equipment, and computer hardware and software. The main operating risks are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Ever Young Biodimension Corporation (Ever Young Biodimension) (Note 1)	Taiwan	26.00%	26.00%	Wholesale of precision instruments. The main operating risks are interest risks.	NTD
General Integration	Ever Young Biodimension (Note 1)	Taiwan	25.00%	25.00%	Wholesale of precision instruments. The main operating risks are interest risks.	NTD
	Aurora Machinery Equipment (Note 4)	Mainland China	30.00%	30.00%	Wholesale of mechanical and electronic equipment, ICT equipment, and computer hardware and software. The main operating risks are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
Aurora (Bermuda)	Aurora (China) Investment Co., Ltd. (Aurora (China) Investment)	Mainland China	100.00%	100.00%	A holding company. The main operating risks of Aurora (Bermuda) and its subsidiaries are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB

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Name of Investor	Name of Subsidiary	Place of Establishment	Percentage of Ownership		Main Business Activities	Functional Currency
			December 31, 2021	December 31, 2020		
Aurora (China) Investment	Aurora Office Equipment Co., Ltd. (Shanghai) (Aurora Office Equipment)	Mainland China	100.00%	100.00%	Manufacturing and sales of Multi Functional Photocopiers (MFPs). The main operating risks of Aurora (Bermuda) and its subsidiaries are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Aurora (China) Co., Ltd. (Aurora (China))	Mainland China	100.00%	100.00%	Manufacture and sales of office furniture.. The main operating risks are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Aurora (Jiang Su) Enterprise Development Co., Ltd. (Aurora (Jiang Su)) (Note 2)	Mainland China	66.67%	100.00%	A holding company and property lease. The main operating risks of Aurora (Bermuda) and its subsidiaries are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
Aurora (China)	Aurora Office Automation Sales Co., Ltd. Shanghai	Mainland China	100.00%	100.00%	Sales, lease, and agency of Aurora brand products. The main operating risks of Aurora (Bermuda) and its subsidiaries are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Aurora (Shanghai) Cloud Technology Co., Ltd. (Aurora Cloud)	Mainland China	70.00%	70.00%	Sale and consulting service of printing and office equipment and furniture and consulting service. The main operating risks are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Aurora Home Furniture Co., Ltd. (Aurora Home)	Mainland China	100.00%	100.00%	Manufacturing and sales of furniture. The main operating risks of Aurora (Bermuda) and its subsidiaries are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Aurora (Shanghai) Electronic Commerce Co., Ltd. (Aurora Electronic Commerce) (Note 3)	Mainland China	70.00%	70.00%	E-commerce platform sales. The main operating risks are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB
	Aurora (Jiang Su) Enterprise Development Co., Ltd. (Aurora (Jiang Su)) (Note 2)	Mainland China	33.33%	-	A holding company and property lease. The main operating risks of Aurora (Bermuda) and its subsidiaries are political risks and exchange rate risks arising from government orders and cross-strait movements.	RMB

Note 1. The Company's shareholding in Ever Young Biodimension is 26%, and General Integration holds 25% of Ever Young Biodimension's shares, totaling over 50% of the voting rights of Ever Young Biodimension. As the Group has control over Ever Young Biodimension, it is classified as a subsidiary.

Note 2. In June 2019, Aurora (China) Investment invested RMB200,000 thousand in establishing 100%-owned Aurora (Jiang Su). In December 2021, Aurora (China) Co., Ltd. increased the capital of Aurora (Jiang Su) by RMB100,000 thousand. As of December 2021, the paid-in capital of Aurora (Jiang Su) was RMB300,000.

Note 3. In May 2020, Aurora (China) Co., Ltd. invested RMB3,500 thousand in Aurora (Shanghai) Electronic Commerce Co., Ltd., and the shareholding percentage was 70%.

Note 4. The financial statements of Aurora Machinery Equipment were not audited by the CPAs; however, the management of the Group believed that this fact would not cause any significant difference.

Please refer to Note XXXVI (Tables 6 and 7) for information on the main business premises and countries of registration.

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

c. Information on subsidiaries with material non-controlling interests

Name of Subsidiary	Percentage of Shares and Voting Rights Held by Non-controlling Interests	
	December 31, 2021	December 31, 2020
Aurora (Bermuda) and its subsidiaries	11.96%	11.96%
Aurora Office Automation	8.87%	8.87%

Name of Subsidiary	Profit or Loss Allocated to Non-controlling Interests		Non-controlling Interests	
	2021	2020	December 31, 2021	December 31, 2020
Aurora (Bermuda) and its subsidiaries (excluding non-controlling interests of its subsidiaries)	\$ 96,878	\$ 98,952	\$1,011,659	\$ 982,911
Aurora Office Automation	24,945	24,826	204,353	207,155

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

Aurora (Bermuda) and its subsidiaries

	December 31, 2021	December 31, 2020
Current Assets	\$ 8,911,543	\$ 9,221,734
Non-current assets	2,221,909	1,831,853
Current Liabilities	( 2,370,661 )	( 2,497,127 )
Non-current liabilities	( 297,098 )	( 333,467 )
Equity	<u>\$ 8,465,693</u>	<u>\$ 8,222,993</u>

Equity attributable to:

Owners of the Company	\$ 7,447,029	\$ 7,235,407
Non-controlling interests of Aurora (Bermuda)	1,011,659	982,911
Non-controlling interests of Aurora (Bermuda)'s subsidiaries	<u>7,005</u>	<u>4,675</u>
	<u>\$ 8,465,693</u>	<u>\$ 8,222,993</u>

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	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 9,236,222</u>	<u>\$ 8,637,151</u>
Net income	\$ 812,383	\$ 824,635
Other comprehensive income	( <u>66,253</u> )	<u>140,105</u>
Total comprehensive income	<u>\$ 746,130</u>	<u>\$ 964,740</u>
Net Income Attributable to:		
Owners of the Company	\$ 713,142	\$ 728,405
Non-controlling interests of Aurora (Bermuda)	96,878	98,952
Non-controlling interests of Aurora (Bermuda)'s subsidiaries	<u>2,363</u>	( <u>2,722</u> )
	<u>\$ 812,383</u>	<u>\$ 824,635</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 654,842	\$ 851,558
Non-controlling interests of Aurora (Bermuda)	88,958	115,682
Non-controlling interests of Aurora (Bermuda)'s subsidiaries	<u>2,330</u>	( <u>2,500</u> )
	<u>\$ 746,130</u>	<u>\$ 964,740</u>
Cash flows from:		
Operating activities	\$ 949,427	\$ 1,171,701
Investing activities	( 2,824,764 )	( 910,775 )
Financing activities	( <u>806,070</u> )	( <u>736,473</u> )
Net cash flows used	<u>( \$ 2,681,407 )</u>	<u>( \$ 475,547 )</u>
Dividends paid to non-controlling interests		
Aurora (Bermuda)	<u>\$ 60,210</u>	<u>\$ -</u>



Aurora Office Automation

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current Assets	\$ 523,251	\$ 559,297
Non-current assets	2,678,622	2,613,041
Current Liabilities	( 318,830)	( 412,168)
Non-current liabilities	( 579,172)	( 424,716)
Equity	<u>\$ 2,303,871</u>	<u>\$ 2,335,454</u>
Equity attributable to:		
Owners of the Company	\$ 2,099,518	\$ 2,128,299
Non-controlling interests of Aurora Office Automation	<u>204,353</u>	<u>207,155</u>
	<u>\$ 2,303,871</u>	<u>\$ 2,335,454</u>
	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 824,968</u>	<u>\$ 830,161</u>
Net income	\$ 281,230	\$ 279,885
Other comprehensive income	<u>3,201</u>	<u>226,340</u>
Total comprehensive income	<u>\$ 284,431</u>	<u>\$ 506,225</u>
Net Income Attributable to:		
Owners of the Company	\$ 256,285	\$ 255,059
Non-controlling interests of Aurora Office Automation	<u>24,945</u>	<u>24,826</u>
	<u>\$ 281,230</u>	<u>\$ 279,885</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 259,202	\$ 461,323
Non-controlling interests of Aurora Office Automation	<u>25,229</u>	<u>44,902</u>
	<u>\$ 284,431</u>	<u>\$ 506,225</u>
Cash flows from:		
Operating activities	\$ 142,905	\$ 196,501
Investing activities	110,996	456,537
Financing activities	( 295,099)	( 627,189)
Net cash inflows (outflows)	<u>(\$ 41,198)</u>	<u>\$ 25,849</u>
Dividends paid to non-controlling interests		
Aurora Office Automation	<u>\$ 28,044</u>	<u>\$ 28,044</u>

### 13. Investments Accounted for Using the Equity Method

a. Investments in associates

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Significant associates</u>		
Listed companies		
Huxen Corporation	\$ 1,819,165	\$ 1,771,646
<u>Individually insignificant associates</u>		
Unlisted companies		
Aurora Development Corp.	494,848	496,580
Huxen (China) Co., Ltd.	653,893	642,007
Aurora Telecom Co., Ltd.	214,064	233,504
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	<u>6,850</u>	<u>13,189</u>
	<u>\$ 3,188,820</u>	<u>\$ 3,156,926</u>

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

<u>Name of Company</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Huxen Corporation	40.26%	40.26%
Aurora Development Corp.	46.67%	46.67%
Huxen (China) Co., Ltd.	30.00%	30.00%
Aurora Telecom Co., Ltd.	30.40%	30.40%
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	20.00%	20.00%

Please refer to Note XXXVI (Tables 6 and 7) for the aforementioned associates' nature of business, main business premises, and countries of registration.

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

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

<u>Name of Company</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Huxen Corporation	<u>\$ 2,984,665</u>	<u>\$ 2,996,302</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, 2021</u>	<u>December 31, 2020</u>
Current Assets	\$ 1,252,341	\$ 1,232,685
Non-current assets	4,958,409	4,880,103
Current Liabilities	( 1,284,301 )	( 1,213,982 )
Non-current liabilities	( 700,588 )	( 718,985 )
Equity	<u>\$ 4,225,861</u>	<u>\$ 4,179,821</u>
Percentage of shares held by the Group	40.26%	40.26%
Interests of the Group	\$ 1,701,332	\$ 1,682,796
Unrealized gains (losses) on transactions with investees	( 90,038 )	( 92,358 )
Unrealized gains (losses) on transactions between investees	( 175,371 )	( 202,056 )
Goodwill	<u>383,242</u>	<u>383,264</u>
Investment carrying amount	<u>\$ 1,819,165</u>	<u>\$ 1,771,646</u>

	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 1,415,003</u>	<u>\$ 1,409,767</u>
Net income	\$ 549,456	\$ 568,211
Other comprehensive income	<u>16,770</u>	( <u>13,763</u> )
Total comprehensive income	<u>\$ 566,226</u>	<u>\$ 554,448</u>
Dividends received from the associate	<u>\$ 209,450</u>	<u>\$ 221,086</u>

Information on individually insignificant associates is summarized below:

	<u>2021</u>	<u>2020</u>
The Group's share of:		
Net income	\$ 14,444	\$ 20,883
Other comprehensive income	( 2,989 )	<u>21,070</u>
Total comprehensive income	<u>\$ 11,455</u>	<u>\$ 41,953</u>

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

1) Share of profit (loss) of associates accounted for using the equity method:

	2021		2020	
	Profit or Loss of Investee	Investment Profit or Loss Recognized by the Group	Profit or Loss of Investee	Investment Profit or Loss Recognized by the Group
Huxen Corporation	\$ 549,456	\$ 221,211	\$ 568,211	\$ 228,762
Aurora Development Corp.	50,149	23,405	49,233	22,977
Huxen (China) Co., Ltd.	55,707	16,712	75,148	22,545
Aurora Telecom Co., Ltd.	( 63,946 )	( 19,440 )	( 74,310 )	( 22,591 )
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	( 31,163 )	( <u>6,233</u> )	( 10,240 )	( <u>2,048</u> )
		<u>\$ 235,655</u>		<u>\$ 249,645</u>

2) Share of other comprehensive income of associates accounted for using the equity method:

	2021		2020	
	Other Comprehensive Income of Investee	Other Comprehensive Income Recognized by the Group	Other Comprehensive Income of Investee	Other Comprehensive Income Recognized by the Group
Huxen Corporation	\$ 16,770	\$ 6,752	( \$ 13,763 )	( \$ 5,541 )
Aurora Development Corp.	3,935	1,837	22,251	10,385
Huxen (China) Co., Ltd.	( 16,086 )	( <u>4,826</u> )	35,618	<u>10,685</u>
		<u>\$ 3,763</u>		<u>\$ 15,529</u>

#### 14. Property, plant, and equipment

	December 31, 2021	December 31, 2020
For self-use	\$ 2,110,708	\$ 1,899,174
Operating lease	<u>433,212</u>	<u>416,567</u>
	<u>\$ 2,543,920</u>	<u>\$ 2,315,741</u>

a. For self-use

	Self-owned Land	Housing and Construction	Machinery	Transportation Equipment	Office Equipment	Construction in Process	Total
<u>Cost</u>							
Balance as of January 1, 2021	\$ 621,068	\$ 1,528,719	\$ 665,201	\$ 33,248	\$ 546,985	\$ 445,620	\$ 3,840,841
Addition	-	42,725	24,879	710	30,731	437,245	536,290
Inventories transferred to property, plant, and equipment	-	-	-	-	20,706	-	20,706
Property, plant, and equipment transferred to inventories	-	-	-	-	( 9,720 )	-	( 9,720 )
Disposal and obsolescence	-	( 4,528 )	( 4,583 )	( 1,481 )	( 33,284 )	-	( 43,876 )
Reclassifications	-	3,093	8,861	781	1,664	( 130,676 )	( 116,277 )
Conversion adjustment	-	( 9,913 )	( 4,534 )	( 248 )	( 2,816 )	( 3,090 )	( 20,601 )
Balance as of December 31, 2021	<u>621,068</u>	<u>1,560,096</u>	<u>689,824</u>	<u>33,010</u>	<u>554,266</u>	<u>749,099</u>	<u>4,207,363</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2021	-	1,047,280	483,467	28,421	382,499	-	1,941,667
Depreciation expenses	-	77,842	45,194	1,122	91,511	-	215,669
Property, plant, and equipment transferred to inventories	-	-	-	-	( 6,029 )	-	( 6,029 )
Disposal and obsolescence	-	( 4,528 )	( 3,365 )	( 1,335 )	( 32,721 )	-	( 41,949 )
Conversion adjustment	-	( 6,904 )	( 3,381 )	( 210 )	( 2,208 )	-	( 12,703 )
Balance as of December 31, 2021	-	<u>1,113,690</u>	<u>521,915</u>	<u>27,998</u>	<u>433,052</u>	-	<u>2,096,655</u>
Net amount as of December 31, 2021	<u>\$ 621,068</u>	<u>\$ 446,406</u>	<u>\$ 167,909</u>	<u>\$ 5,012</u>	<u>\$ 121,214</u>	<u>\$ 749,099</u>	<u>\$ 2,110,708</u>
<u>Cost</u>							
Balance as of January 1, 2020	\$ 543,199	\$ 1,522,958	\$ 634,078	\$ 31,818	\$ 570,122	\$ 14,531	\$ 3,316,706
Addition	77,869	16,880	49,993	1,439	68,891	425,990	641,062
Inventories transferred to property, plant, and equipment	-	-	-	-	5,655	-	5,655
Property, plant, and equipment transferred to inventories	-	-	-	-	( 23,438 )	-	( 23,438 )
Disposal and obsolescence	-	( 37,186 )	( 28,890 )	( 553 )	( 80,338 )	-	( 146,967 )
Reclassifications	-	4,564	-	-	-	( 4,564 )	-
Conversion adjustment	-	21,503	10,020	544	6,093	9,663	47,823
Balance as of December 31, 2020	<u>621,068</u>	<u>1,528,719</u>	<u>665,201</u>	<u>33,248</u>	<u>546,985</u>	<u>445,620</u>	<u>3,840,841</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2020	-	997,630	452,016	27,609	373,331	-	1,850,586
Depreciation expenses	-	68,700	46,083	901	94,373	-	210,057
Property, plant, and equipment transferred to inventories	-	-	-	-	( 16,721 )	-	( 16,721 )
Disposal and obsolescence	-	( 34,329 )	( 22,183 )	( 550 )	( 73,436 )	-	( 130,498 )
Conversion adjustment	-	15,279	7,551	461	4,952	-	28,243
Balance as of December 31, 2020	-	<u>1,047,280</u>	<u>483,467</u>	<u>28,421</u>	<u>382,499</u>	-	<u>1,941,667</u>
Net amount as of December 31, 2020	<u>\$ 621,068</u>	<u>\$ 481,439</u>	<u>\$ 181,734</u>	<u>\$ 4,827</u>	<u>\$ 164,486</u>	<u>\$ 445,620</u>	<u>\$ 1,899,174</u>

No indication of impairment was identified in 2021 and 2020.

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

Housing and Construction

Warehouses	20 years
Plants and buildings	20~55 years
Mechanical and electrical engineering	25~30 years
Housing improvements	10~34 years
Machinery	
Monitoring instruments and water softeners	2~15 years
Air compressors	3~16 years
Transportation Equipment	4~5 years
Office Equipment	1~15 year(s)

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

b. Operating leases - office equipment

	From January 1, 2021 to December 31, 2021	From January 1, 2020 to December 31, 2020
<u>Cost</u>		
Beginning balance	\$ 1,231,633	\$ 1,303,913
Inventories transferred to property, plant, and equipment	247,726	177,200
Property, plant, and equipment transferred to inventories	( 74,820)	( 126,665)
Disposal and obsolescence	( 96,207)	( 122,660)
Effect of exchange rate changes	( 32)	( 155)
Ending balance	<u>1,308,300</u>	<u>1,231,633</u>
<u>Accumulated depreciation</u>		
Beginning balance	815,066	830,357
Depreciation expenses	217,974	215,873
Property, plant, and equipment transferred to inventories	( 62,278)	( 109,184)
Disposal and obsolescence	( 95,644)	( 121,839)
Effect of exchange rate changes	( 30)	( 141)
Ending balance	<u>875,088</u>	<u>815,066</u>
Ending net amount	<u>\$ 433,212</u>	<u>\$ 416,567</u>

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Year 1	\$ 119,490	\$ 118,426
Year 2	43,510	41,963
Year 3	16,486	20,926
Year 4	6,956	8,301
Year 5	2,742	2,534
Over 5 years	<u>357</u>	<u>9</u>
	<u>\$ 189,541</u>	<u>\$ 192,159</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

## 15. Lease Agreements

### a. Right-of-use assets

	2021		
	Land and Buildings	Transportation Equipment	Total
<u>Cost</u>			
Beginning balance	\$ 1,126,086	\$ 43,167	\$ 1,169,253
Addition	490,220	9,964	500,184
Disposal and obsolescence	( 371,951)	( 7,029)	( 378,980)
Conversion adjustment	( 6,319)	-	( 6,319)
Ending balance	<u>1,238,036</u>	<u>46,102</u>	<u>1,284,138</u>
<u>Accumulated depreciation</u>			
Beginning balance	512,759	15,257	528,016
Depreciation expenses	385,429	16,000	401,429
Disposal and obsolescence	( 317,361)	( 6,551)	( 323,912)
Conversion adjustment	( 3,016)	-	( 3,016)
Ending balance	<u>577,811</u>	<u>24,706</u>	<u>602,517</u>
Ending net amount	<u>\$ 660,225</u>	<u>\$ 21,396</u>	<u>\$ 681,621</u>
	2020		
	Land and Buildings	Transportation Equipment	Total
<u>Cost</u>			
Beginning balance	\$ 950,181	\$ 26,471	\$ 976,652
Addition	412,949	25,517	438,466
Disposal and obsolescence	( 251,694)	( 8,821)	( 260,515)
Conversion adjustment	14,650	-	14,650
Ending balance	<u>1,126,086</u>	<u>43,167</u>	<u>1,169,253</u>
<u>Accumulated depreciation</u>			
Beginning balance	265,949	8,414	274,363
Depreciation expenses	396,680	14,985	411,665
Disposal and obsolescence	( 157,689)	( 8,142)	( 165,831)
Conversion adjustment	7,819	-	7,819
Ending balance	<u>512,759</u>	<u>15,257</u>	<u>528,016</u>
Ending net amount	<u>\$ 613,327</u>	<u>\$ 27,910</u>	<u>\$ 641,237</u>

b. Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liabilities		
Current	<u>\$ 237,755</u>	<u>\$ 310,468</u>
Non-current	<u>\$ 332,112</u>	<u>\$ 346,260</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land and Buildings	0.747%~5.005%	0.783%~5.655%
Transportation Equipment	0.747%~0.862%	0.783%~0.862%

c. Major lease activities and terms

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

In May 2020, Aurora (Jiang Su), a subsidiary of the Group, acquired the land use right of Nantong City, Jiangsu Province for the construction of the plant. The term of use of the land is 50 years from May 2020 to May 2070 as stipulated in the contract.

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 XIV and XVI.

	<u>2021</u>	<u>2020</u>
Short-term lease expenses	( <u>\$ 4,324</u> )	( <u>\$ 3,635</u> )
Total cash flows on lease		
- Repayment of lease liabilities	(\$ 398,767)	(\$ 405,237)
- Interest expenses paid	( 14,512)	( 18,993)
	<u>(\$ 413,279)</u>	<u>(\$ 424,230)</u>

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



## 16. Investment property

	2021			2020		
	Land	Housing and Construction	Total	Land	Housing and Construction	Total
<u>Cost</u>						
Beginning balance	\$ 368,549	\$ 173,413	\$ 541,962	\$ 369,363	\$ 185,532	\$ 554,895
Disposal and obsolescence	( 1,109)	( 7,140)	( 8,249)	( 814)	( 12,119)	( 12,933)
Ending balance	<u>367,440</u>	<u>166,273</u>	<u>533,713</u>	<u>368,549</u>	<u>173,413</u>	<u>541,962</u>
<u>Accumulated depreciation</u>						
Beginning balance	-	88,657	88,657	-	86,549	86,549
Depreciation expenses	-	4,918	4,918	-	5,361	5,361
Disposal and obsolescence	-	( 3,274)	( 3,274)	-	( 3,253)	( 3,253)
Ending balance	-	<u>90,301</u>	<u>90,301</u>	-	<u>88,657</u>	<u>88,657</u>
<u>Accumulated impairment</u>						
Beginning balance	\$ -	\$ 2,435	\$ 2,435	\$ -	\$ 2,435	\$ 2,435
Reclassification	-	( 2,435)	( 2,435)	-	-	-
Ending balance	-	-	-	-	<u>2,435</u>	<u>2,435</u>
Ending net amount	<u>\$ 367,440</u>	<u>\$ 75,972</u>	<u>\$ 443,412</u>	<u>\$ 368,549</u>	<u>\$ 82,321</u>	<u>\$ 450,870</u>

The investment property is subject to a lease term of 2 to 5 years. Lessees have no preferential right to purchase the investment property at the end of the lease term.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Year 1	\$ 19,652	\$ 45,314
Year 2	16,465	6,044
Year 3	13,608	3,333
Year 4	13,608	-
Year 5	<u>4,536</u>	<u>-</u>
	<u>\$ 67,869</u>	<u>\$ 54,691</u>

Lease commitments for lease periods beginning after the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lease commitments for investment properties	<u>\$ 8,160</u>	<u>\$ -</u>

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

Main buildings	30~55 years
Decoration	5~10 years

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value	<u>\$ 590,357</u>	<u>\$ 611,079</u>

## 17. Intangible assets

### a. Goodwill

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Carrying amount</u>		
Goodwill	<u>\$ 132,874</u>	<u>\$ 132,801</u>

No indication of impairment was identified in 2021 and 2020.

### b. Other intangible assets

	<u>2021</u>			<u>2020</u>		
	<u>Trademark right</u>	<u>Computer Software</u>	<u>Total</u>	<u>Trademark right</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>						
Beginning balance	\$ 808	\$ 101,351	\$ 102,159	\$ 2,531	\$ 96,279	\$ 98,810
Addition	-	37,807	37,807	-	24,657	24,657
Disposal and obsolescence	-	( 4,824)	( 4,824)	( 1,723)	( 20,933)	( 22,656)
Reclassifications	-	1,863	1,863	-	-	-
Conversion adjustment	-	( 552)	( 552)	-	1,348	1,348
Ending balance	<u>808</u>	<u>135,645</u>	<u>136,453</u>	<u>808</u>	<u>101,351</u>	<u>102,159</u>
<u>Accumulated amortization</u>						
Beginning balance	788	57,163	57,951	2,470	60,414	62,884
Amortization expenses	20	21,423	21,443	41	16,899	16,940
Disposal and obsolescence	-	( 4,824)	( 4,824)	( 1,723)	( 20,933)	( 22,656)
Conversion adjustment	-	( 331)	( 331)	-	783	783
Ending balance	<u>808</u>	<u>73,431</u>	<u>74,239</u>	<u>788</u>	<u>57,163</u>	<u>57,951</u>
Ending net amount	<u>\$ -</u>	<u>\$ 62,214</u>	<u>\$ 62,214</u>	<u>\$ 20</u>	<u>\$ 44,188</u>	<u>\$ 44,208</u>

No indication of impairment was identified in 2021 and 2020.

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

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

**18. Other Assets**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayments for goods	\$ 227,439	\$ 232,290
Prepayments for premises	67,584	-
Other prepayments	45,709	41,937
Prepayments for equipment	3,240	10,741
Others	<u>11,086</u>	<u>11,585</u>
	<u>\$ 355,058</u>	<u>\$ 296,553</u>
Current	\$ 279,688	\$ 281,074
Non-current	<u>75,370</u>	<u>15,479</u>
	<u>\$ 355,058</u>	<u>\$ 296,553</u>

**19. Loans**

## a. Short-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit loans	\$ 3,235,000	\$ 2,557,000
Loans for material purchase	<u>121,812</u>	<u>64,620</u>
	<u>\$ 3,356,812</u>	<u>\$ 2,621,620</u>
Credit loans:		
NTD	0.66%~1.10%	0.69%~1.28%
Loans for material purchase:		
USD	0.64%~0.89%	0.72%~0.81%

1) Please refer to Note XXXII for assets pledged as collateral for the above-mentioned loans.

2) Please refer to Note XXXIII (II) for guaranteed notes issued to financial institutions.

## b. Short-term notes and bills payable

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

December 31, 2020

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

c. Long-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured loans</u>		
Bank loans (1)	\$ 250,000	\$ 820,000
<u>Unsecured loans</u>		
Bank loans (2)	<u>880,000</u>	<u>520,000</u>
	<u>\$ 1,130,000</u>	<u>\$ 1,340,000</u>

- 1) Loans are secured by pledge of land and buildings held by the Group (see Note XXXII), with interest accruing at floating rates and the remaining maturity period of not more than 2 years as of December 31, 2021 and 2020. The rate ranges were 0.71% and 0.71%~1.00% 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, 2021 and 2020, the rate ranges were 0.71%~0.83% and 0.81%~1.00% per annum, respectively. Interest is paid on a monthly basis, and the principal is paid at maturity for subsequent borrowing.

**20. Accounts payable**

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

**21. Other Liabilities**

a. Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 561,630	\$ 531,573
Incentives payable	212,435	163,286
Business taxes payable	116,136	135,667
Advertising fees payable	69,088	109,140
Related parties	65,242	65,034
Holiday benefits payable	9,694	9,795
Others	<u>214,208</u>	<u>206,897</u>
	<u>\$ 1,248,433</u>	<u>\$ 1,221,392</u>

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

b. Other current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Temporary credits	\$ 86,561	\$ 85,529
Receipts under custody	<u>8,199</u>	<u>6,182</u>
	<u>\$ 94,760</u>	<u>\$ 91,711</u>

## 22. Post-retirement Benefit Plan

### a. Defined contribution plans

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

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

### b. Defined benefit plans

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 546,764	\$ 533,948
Fair value of plan assets	( <u>59,345</u> )	( <u>52,495</u> )
Net defined benefit liabilities	<u>\$ 487,419</u>	<u>\$ 481,453</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, 2021	<u>\$ 533,948</u>	<u>( \$ 52,495 )</u>	<u>\$ 481,453</u>
Service costs			
Service costs for the current period	967	-	967
Service costs for the previous period	2,321	-	2,321
Interest expenses (income)	<u>2,690</u>	<u>( 367 )</u>	<u>2,323</u>
Recognized in profit or loss	<u>5,978</u>	<u>( 367 )</u>	<u>5,611</u>
Remeasurements			
Return on plan assets (excluding interest income calculated by a discount rate)	-	( 519 )	( 519 )
Actuarial losses - changes in demographic assumptions	14,091	-	14,091
Actuarial losses - changes in financial assumptions	( \$ 6,545 )	\$ -	( \$ 6,545 )
Actuarial losses - experience adjustments	<u>19,993</u>	<u>-</u>	<u>19,993</u>
Recognized in other comprehensive income	<u>27,539</u>	<u>( 519 )</u>	<u>27,020</u>
Contribution by the employer	-	( 26,665 )	( 26,665 )
Benefits paid on plan assets	<u>( 20,701 )</u>	<u>20,701</u>	<u>-</u>
December 31, 2021	<u>\$ 546,764</u>	<u>( \$ 59,345 )</u>	<u>\$ 487,419</u>
January 1, 2020	<u>\$ 522,114</u>	<u>( \$ 36,501 )</u>	<u>\$ 485,613</u>
Service costs			
Service costs for the current period	1,329	-	1,329
Service costs for the previous period	4,501	-	4,501
Interest expenses (income)	<u>4,029</u>	<u>( 491 )</u>	<u>3,538</u>
Recognized in profit or loss	<u>9,859</u>	<u>( 491 )</u>	<u>9,368</u>
Remeasurements			
Return on plan assets (excluding interest income calculated by a discount rate)	-	( 1,106 )	( 1,106 )
Actuarial losses - changes in demographic assumptions	4,777	-	4,777
Actuarial losses - changes in financial assumptions	13,369	-	13,369
Actuarial losses - experience adjustments	<u>11,046</u>	<u>-</u>	<u>11,046</u>
Recognized in other comprehensive income	<u>29,192</u>	<u>( 1,106 )</u>	<u>28,086</u>
Contribution by the employer	-	( 41,614 )	( 41,614 )
Benefits paid on plan assets	<u>( 27,217 )</u>	<u>27,217</u>	<u>-</u>
December 31, 2020	<u>\$ 533,948</u>	<u>( \$ 52,495 )</u>	<u>\$ 481,453</u>

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

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.625%	0.500%
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, 2021</u>	<u>December 31, 2020</u>
Discount rate		
Increase by 0.25%	( <u>\$ 13,041</u> )	( <u>\$ 13,481</u> )
Decrease by 0.25%	<u>\$ 13,503</u>	<u>\$ 13,980</u>
Expected salary increase rate		
Increase by 0.25%	<u>\$ 13,083</u>	<u>\$ 13,528</u>
Decrease by 0.25%	( <u>\$ 12,702</u> )	( <u>\$ 13,115</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, 2021</u>	<u>December 31, 2020</u>
Expected amount of contribution within 1 year	<u>\$ 27,375</u>	<u>\$ 27,251</u>
Average duration of defined benefit obligations	9.7-10.5年	10.2-11.5年

## 23. Equity

### a. Capital stock

#### Common stock

	<u>December 31, 2021</u>	<u>December 31, 2020</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, 2021</u>	<u>December 31, 2020</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Premium on conversion of corporate bonds	\$ 931,641	\$ 1,002,501
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	892,411	824,081
<u>May not be used for any purpose</u>		
Employees stock option	<u>40,247</u>	<u>40,247</u>
	<u>\$ 1,939,269</u>	<u>\$ 1,941,799</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 XXV (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. 1090150022 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, 2020 and 2019 were held on July 15, 2021 and June 10, 2020, respectively; the distributions of earnings are as follows:

	Distribution of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 148,431	\$ 134,244		
Cash dividends	1,346,355	1,369,975	\$ 5.70	\$ 5.80

In addition, the 2021 and 2020 Annual Shareholders' Meeting approved the distribution of cash dividends (NT\$0.3 and NT\$0.2 per share) from capital surplus - stock issuance premium of NT\$70,860 thousand and NT\$47,241 thousand, respectively.

On March 16, 2022, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2021 as follows:

	Distribution of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 137,065	
Cash dividends	1,228,253	\$ 5.20

In addition, the Board of Directors meeting, held on March 16, 2022, proposed distributing cash dividends (NT\$0.8 per share) from capital surplus - stock issuance premium of NT\$188,962 thousand.

The distribution of earnings for the year ended December 31, 2021 is subject to the resolution in the shareholders' meeting on June 9, 2022.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</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, 2021</u>	<u>December 31, 2020</u>
Exchange differences on translation of financial statements of foreign operations		
Attributable to the Group	(\$ 625,877)	(\$ 562,792)
Associates accounted for using the equity method	( <u>56,298</u> )	( <u>51,841</u> )
	( <u>682,175</u> )	( <u>614,633</u> )
Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
Associates accounted for using the equity method	<u>655,933</u>	<u>643,330</u>
	( <u>\$ 26,242</u> )	\$ <u>28,697</u>

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

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

	<u>2021</u>	<u>2020</u>
Beginning balance	(\$ 614,633)	(\$ 758,072)
Incurring this year		
Exchange differences on translation of foreign operations	( 63,085)	133,572
Share of associates accounted for using the equity method	( 4,457)	9,867
Other comprehensive income	( 67,542)	143,439
Ending balance	(\$ 682,175)	(\$ 614,633)

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

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 643,330	\$ 505,137
Incurring this year		
Unrealized gains (losses)		
Equity instruments	-	211,553
Share of associates accounted for using the equity method	12,603	( 3,969)
Other comprehensive income	12,603	207,584
Accumulated gains (losses) on disposal of equity instruments transferred to retained earnings (Note)	-	( 69,391)
Ending balance	\$ 655,933	\$ 643,330

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

f. Treasury shares

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Shares of the Company held by subsidiaries	\$ 791,826	\$ 791,826

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

December 31, 2021					
	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	\$ 1,122,212	To maintain credit and shareholders' equity

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

- 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.

## 24. Revenue

- a. Breakdown of revenue from contracts with customers

	2021	2020
<u>Product category</u>		
MFPs	\$ 8,149,571	\$ 8,345,118
System furniture	5,358,568	4,529,672
Others	<u>69,118</u>	<u>76,184</u>
	<u>\$ 13,577,257</u>	<u>\$ 12,950,974</u>
<u>Region</u>		
Asia	\$ 12,300,090	\$ 11,468,330
America	1,229,886	1,439,649
Europe	46,646	39,484
Others	<u>635</u>	<u>3,511</u>
	<u>\$ 13,577,257</u>	<u>\$ 12,950,974</u>

- b. Contract balance

	December 31, 2021	January 1, 2020
Contract assets	<u>\$ 83,476</u>	<u>\$ 19,590</u>
Contract liabilities	<u>\$ 463,585</u>	<u>\$ 467,117</u>

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

The Group adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for contract assets based on the lifetime expected credit losses. For the lifetime expected credit losses, taking into account the customers' past default history and current financial position, there were no past due contract assets as of December 31, 2021 and 2020, and the Group assessed that no provision for expected credit losses is required.

The amounts of contract liabilities at the beginning of the period and previously fulfilled that were recognized in revenue for the years ended December 31, 2021 and 2020 were NT\$447,869 thousand and NT\$442,476 thousand, respectively.

## 25. Net Income

### a. Other income

	<u>2021</u>	<u>2020</u>
Income from consultancy	\$ 56,612	\$ 56,331
Subsidy income	42,152	21,976
Rental income	22,853	31,293
Other income	<u>35,086</u>	<u>17,487</u>
	<u>\$ 156,703</u>	<u>\$ 127,087</u>

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

### b. Other gains and losses

	<u>2021</u>	<u>2020</u>
Gains on financial assets		
Financial assets mandatorily measured at fair value through profit or loss	\$ 71,093	\$ 156,023
Gain on disposal of investment property	13,124	8,653
Gains on lease modifications	880	204
Loss on disposal of property, plant, and equipment	( 753 )	( 5,184 )
Net foreign exchange losses	( 8,592 )	( 20,592 )
Others	<u>( 17,112 )</u>	<u>( 14,250 )</u>
	<u>\$ 58,640</u>	<u>\$ 124,854</u>

c. Finance costs		
	<u>2021</u>	<u>2020</u>
Bank overdrafts and interest on bank loans	\$ 30,830	\$ 38,444
Interest expenses - leases	14,512	18,993
Imputed interest on deposits	<u>43</u>	<u>34</u>
	<u>\$ 45,385</u>	<u>\$ 57,471</u>
d. Depreciation and amortization expenses		
	<u>2021</u>	<u>2020</u>
Property, plant, and equipment	\$ 433,643	\$ 425,930
Right-of-use assets	401,429	411,665
Investment property	4,918	5,361
Intangible assets	<u>21,443</u>	<u>16,940</u>
	<u>\$ 861,433</u>	<u>\$ 859,896</u>
Depreciation expenses by function		
Operating costs	\$ 261,970	\$ 258,435
Operating expenses	573,102	579,160
Non-operating income and expenses	<u>4,918</u>	<u>5,361</u>
	<u>\$ 839,990</u>	<u>\$ 842,956</u>
Amortization expenses by function		
Operating costs	\$ 1,673	\$ 1,944
Operating expenses	<u>19,770</u>	<u>14,996</u>
	<u>\$ 21,443</u>	<u>\$ 16,940</u>
e. Employee benefits		
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 2,500,660	\$ 2,350,377
Benefits after retirement (Note XXII)		
Defined contribution plans	195,384	109,458
Defined benefit plans	<u>5,611</u>	<u>9,368</u>
	<u>\$ 2,701,655</u>	<u>\$ 2,469,203</u>
By function		
Operating costs	\$ 226,117	\$ 291,301
Operating expenses	<u>2,475,538</u>	<u>2,177,902</u>
	<u>\$ 2,701,655</u>	<u>\$ 2,469,203</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, 2021 and 2020 was resolved by the Board of directors on March 16, 2022 and March 16, 2021:

Estimated percentage

	<u>2021</u>	<u>2020</u>
Employee compensation	1%	1%

Amount

	<u>2021</u>	<u>2020</u>
Employee compensation	\$ 16,370	\$ 16,750

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

The amounts of employee compensation distributed for the years ended December 31, 2020 and 2019 and those recognized in the consolidated financial statements are consistent.

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

**26. Income Tax**

a. Income tax recognized in profit or loss

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

	<u>2021</u>	<u>2020</u>
Current income tax		
Accrued this year	\$ 439,656	\$ 360,940
Adjustments from previous years	<u>14,852</u>	<u>( 9,415 )</u>
	<u>454,508</u>	<u>351,525</u>
Deferred income tax		
Accrued this year	<u>39,660</u>	<u>115,168</u>
Income tax expense recognized in profit or loss	<u>\$ 494,168</u>	<u>\$ 466,693</u>

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

	<u>2021</u>	<u>2020</u>
Net income before tax	<u>\$ 2,020,399</u>	<u>\$ 2,025,428</u>
Income tax expenses calculated at the statutory rate ( 20%)	\$ 404,080	\$ 405,085
Unrecognized deductible temporary difference	115,860	94,579
Effects of different tax rates of subsidiaries in other jurisdictions	51,815	52,562
Fees that cannot be deducted from taxes	7,557	21,612
Deferred tax of subsidiary earnings	( 5,338)	( 14,532)
Tax-exempted income	( 96,129)	( 88,297)
Land value increment tax	555	273
Unrecognized loss carryforwards	1,756	6,089
Others	( 840)	( 1,263)
Adjustments of current income tax expenses in previous years	<u>14,852</u>	<u>( 9,415)</u>
Income tax expense recognized in profit or loss	<u>\$ 494,168</u>	<u>\$ 466,693</u>

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

b. Income tax recognized in other comprehensive income

	<u>2021</u>	<u>2020</u>
<u>Deferred income tax</u>		
Accrued this year - remeasurements of defined benefit plans	<u>\$ 5,404</u>	<u>\$ 5,617</u>

c. Current income tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current income tax assets		
Tax refunds receivable	<u>\$ 48,537</u>	<u>\$ 49,332</u>
Current income tax liabilities		
Income tax payable	<u>\$ 247,253</u>	<u>\$ 194,294</u>



d. Deferred income tax assets and liabilities

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

2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Ending balance
<u>Deferred income tax assets</u>					
Temporary differences					
Deferred revenue	\$ 20,442	(\$ 398)	\$ -	\$ -	\$ 20,044
Unrealized impairment loss of assets	9,677	751	-	( 64)	10,364
Loss allowances	7,910	( 837)	-	( 239)	6,834
Loss on inventory write-down	23,787	2,310	-	62	26,159
Holiday benefits payable	2,420	( 20)	-	-	2,400
Book-tax difference in pensions	17,356	( 4,675)	-	-	12,681
Impairment loss	937	-	-	-	937
Litigation compensations	3,269	-	-	( 24)	3,245
Other financial liabilities	44,414	4,128	-	( 358)	48,184
Defined benefit plans	48,902	-	5,404	-	54,306
	<u>\$ 179,114</u>	<u>\$ 1,259</u>	<u>\$ 5,404</u>	<u>(\$ 623)</u>	<u>\$ 185,154</u>
<u>Deferred income tax liabilities</u>					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	\$ 258,429	\$ 40,205	\$ -	\$ -	\$ 298,634
Unrealized exchange gains	31	105	-	-	136
Rental stabilization	-	609	-	-	609
	<u>\$ 258,460</u>	<u>\$ 40,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,379</u>

2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Ending balance
<u>Deferred income tax assets</u>					
Temporary differences					
Deferred revenue	\$ 21,196	(\$ 754)	\$ -	\$ -	\$ 20,442
Unrealized impairment loss of assets	9,929	( 400)	-	148	9,677
Loss allowances	6,251	1,541	-	118	7,910
Loss on inventory write-down	25,141	( 1,658)	-	304	23,787
Holiday benefits payable	2,466	( 46)	-	-	2,420
Book-tax difference in pensions	24,435	( 7,079)	-	-	17,356
Impairment loss	937	-	-	-	937
Litigation compensations	3,216	-	-	53	3,269
Other financial liabilities	32,820	10,803	-	791	44,414
Defined benefit plans	43,285	-	5,617	-	48,902
	<u>\$ 169,676</u>	<u>\$ 2,407</u>	<u>\$ 5,617</u>	<u>\$ 1,414</u>	<u>\$ 179,114</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	-	31	-	-	31
	<u>\$ 140,885</u>	<u>\$ 117,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,460</u>

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

As of December 31, 2021 and 2020, the taxable temporary differences related to investments in subsidiaries and associates not recognized as deferred income tax liabilities were NT\$825,160 thousand and NT\$807,554 thousand, respectively.

- f. Income tax assessment

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

	<u>Year of Assessment</u>
The Company	2019
Aurora Office Automation	2019
KM Developing	2019
General Integration	2019
Ever Young Biodimension	2019

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

## 27. 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>2021</u>	<u>2020</u>
Net income attributable to the Company	<u>\$ 1,391,539</u>	<u>\$ 1,438,309</u>

### Number of Shares

	<u>2021</u>	<u>2020</u>
		Unit: Thousand shares
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>222</u>	<u>236</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>225,036</u>	<u>225,050</u>

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

## 28. Non-cash Transactions

The acquisition of property, plant, and equipment by the Group during the years ended December 31, 2021 and 2020 that affected both cash and non-cash items is as follows:

	<u>2021</u>	<u>2020</u>
Inventories transferred to property, plant, and equipment	<u>\$ 268,432</u>	<u>\$ 182,855</u>
Property, plant, and equipment transferred to inventories	<u>\$ 16,233</u>	<u>\$ 24,198</u>

## 29. Capital Risk Management

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

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

## 30. Financial instruments

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

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

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

- 1) Fair value level

### December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificates	<u>\$ 76,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,650</u>

### December 31, 2020

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

In 2021 and 2020, there was no transfer between Level 1 and Level 2 fair value measurement.

c. Category of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 76,650	\$ 77,420
Measured at amortized cost (Note 1)	8,795,337	9,235,468
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	6,474,737	6,311,964

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign exchange risk

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

Sensitivity analysis

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

The sensitivity analysis below indicates the amount of decrease/increase in net income before tax arising from foreign exchange losses/gains on net monetary assets and liabilities when the New Taiwan dollar (functional currency) against each foreign currency appreciated by 3% for the years ended December 31, 2021 and 2020. 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.

	<u>Impact of USD</u>	
	<u>2021</u>	<u>2020</u>
Profit or loss	\$ 2,774	\$ 1,203

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

b) Interest rate risk

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
- Financial liabilities	\$ 569,867	\$ 976,379
Cash flow interest rate risk		
- Financial assets	7,019,937	7,323,772
- Financial liabilities	1,130,000	1,340,000

Sensitivity analysis

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

If the interest rate increased or decreased by 25 basis points, the Group's net income before tax in 2021 and 2020 would have decreased or increased by NT\$14,725 thousand and NT\$14,959 thousand, respectively, with all other variables remaining constant. This is mainly attributable to the exposure to the risks of interest rates of the Group's deposits, financial assets at amortized cost, other financial assets, and long-term loans.

c) Other price risk

The Group is exposed to equity price risk through its investments in monetary funds.

Sensitivity analysis

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

If the monetary fund price increased/decreased by 5%, income before tax in 2021 and 2020 would have increased/decreased by NT\$3,833 thousand and NT\$3,871 thousand, respectively, due to a change in the fair value of financial assets at fair value through profit or loss.

2) Credit risk

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

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

The Group's credit risk is concentrated on the top 10 customers, accounting for 34% and 29% of the total accounts receivable as of December 31, 2021 and 2020, respectively.

3) Liquidity risk

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

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

December 31, 2021

	Weighted Average Effective Rate (%)	Payment on Sight or within 1 Month	1~3 Month(s)	3~12 Months	1~5 Year(s)	Over 5 Years
<u>Non-derivative financial liabilities</u>						
Zero-interest-bearing liabilities		\$ 806,886	\$ 768,709	\$ 332,483	\$ 77,406	\$ 2,441
Lease liabilities		24,794	48,895	147,317	236,229	120,265
Variable-rate instruments	0.75%	-	-	-	1,130,000	-
Instruments with fixed interest rates	0.70%	<u>1,743,845</u>	<u>1,528,967</u>	<u>84,000</u>	<u>-</u>	<u>-</u>
		<u>\$2,575,525</u>	<u>\$2,346,571</u>	<u>\$ 563,800</u>	<u>\$1,443,635</u>	<u>\$ 122,706</u>

December 31, 2020

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

Line of credit

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured banking facilities</u>		
- Amount utilized	\$ 4,375,442	\$ 3,533,881
- Amount not utilized	<u>5,394,158</u>	<u>5,335,665</u>
	<u>\$ 9,769,600</u>	<u>\$ 8,869,546</u>
<u>Secured banking facilities</u>		
- Amount utilized	\$ 250,000	\$ 820,000
- Amount not utilized	<u>1,170,000</u>	<u>600,000</u>
	<u>\$ 1,420,000</u>	<u>\$ 1,420,000</u>

**31. Related Party Transactions**

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

a. Names and relations of related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Aurora Holdings Incorporated (Aurora Holdings)	Investor of significant influence
Aurora Telecom Co., Ltd. (Aurora Telecom)	Associate
Huxen Corporation (Huxen)	Associate
Aurora Development Corp. (Aurora Development)	Associate
Huxen (China) Co., Ltd. (Huxen (China))	Associate
Aurora Leasing Corporation (Aurora Leasing)	Other related party
Aurora Holdings (Shanghai) Inc. (Aurora Holdings (Shanghai))	Other related party

(Continued on the next page)

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<u>Related Party</u>	<u>Relationship with the Group</u>
Shanghai Jiading New Partnership Rural Community Cooperative (formerly Shanghai Jianbang Asset Management Co., Ltd.)(Shanghai Jiading)	Other related party
Aurora Museum	Other related party
Aurora Building Management (Shanghai) Co., Ltd. (Aurora Building Management)	Other related party
Y. T. Chen Sustainable Management Foundation (formerly Aurora Sustainable Management Foundation)(Y. T. Chen Foundation)	Other related party
Aurora Interior Design Co., Ltd. (Aurora Interior Design)	Other related party

b. Operating revenue

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
Huxen (China)	\$ 1,578,776	\$ 1,755,455
Other related party	572,070	584,102
Associate	23,334	21,104
Investor of significant influence	<u>338</u>	<u>245</u>
	<u>\$ 2,174,518</u>	<u>\$ 2,360,906</u>

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

c. Purchase of goods

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
Associate	\$ 77,531	\$ 280,378
Other related party	<u>52,797</u>	<u>66,259</u>
	<u>\$ 130,328</u>	<u>\$ 346,637</u>

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

d. Other income

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
Huxen (China)	\$ 32,878	\$ -
Huxen	32,363	32,326
Aurora Leasing	31,615	32,205
Other related party	904	12
Associate	<u>475</u>	<u>574</u>
	<u>\$ 98,235</u>	<u>\$ 65,117</u>



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

e. Operating expenses

	<u>2021</u>	<u>2020</u>
Other related party	\$ 40,526	\$ 37,218
Associate	6,933	5,504
Investor of significant influence	<u>2,975</u>	<u>3,901</u>
	<u>\$ 50,434</u>	<u>\$ 46,623</u>

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

f. (VI) Receivables from related parties

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Aurora Leasing	\$ 96,023	\$ 102,331
	Associate	1,727	316
	Other related party	<u>36</u>	<u>41</u>
		<u>\$ 97,786</u>	<u>\$ 102,688</u>
Other receivables	Aurora Holdings (Shanghai)	\$ 27,421	\$ -
	Huxen (China)	4,098	4,157
	Huxen	3,483	3,593
	Aurora Leasing	1,521	1,667
	Associate	<u>575</u>	<u>512</u>
		<u>\$ 37,098</u>	<u>\$ 9,929</u>

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

The outstanding amount of receivables from related parties is not collateralized. No loss allowances were set aside for receivables from related parties for the years ended December 31, 2021 and 2020.

g. Payables to related parties

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Aurora Leasing	\$ 1,383	\$ 1,622
	Associate	117	253
	Other related party	<u>39</u>	<u>80</u>
		<u>\$ 1,539</u>	<u>\$ 1,955</u>
Other payables	Aurora Leasing	\$ 65,167	\$ 64,955
	Associate	64	67
	Investor of significant influence	<u>11</u>	<u>12</u>
		<u>\$ 65,242</u>	<u>\$ 65,034</u>

h. Acquisition of property, plant, and equipment

<u>Type/Name of Related Party</u>	<u>Price</u>	
	<u>2021</u>	<u>2020</u>
Associate	<u>\$ 168</u>	<u>\$ 241</u>

The transaction prices of the aforesaid transactions are determined according to market conditions.

i. Disposal of property, plant, and equipment

<u>Type/Name of Related Party</u>	<u>Disposal proceeds</u>		<u>Disposal gains (losses)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Other related party	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

j. Lease agreements

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
<u>Acquisition of right-of-use assets</u>		
Aurora Holdings	\$ 30,321	\$ 46,275
Associate	<u>28</u>	<u>4,080</u>
	<u>\$ 30,349</u>	<u>\$ 50,355</u>

Accounting Subject	Type/Name of Related Party	December 31, 2021	December 31, 2020
Lease liabilities	Shanghai Jiading	\$160,531	\$168,229
	Aurora Holdings	47,863	43,932
	Associate	12,571	27,180
	Aurora Holdings (Shanghai)	-	<u>106,982</u>
		<u>\$220,965</u>	<u>\$346,323</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Interest expenses</u>		
Aurora Holdings (Shanghai)	\$ 2,337	\$ 6,757
Shanghai Jiading	1,287	1,320
Investor of significant influence	350	229
Associate	<u>150</u>	<u>256</u>
	<u>\$ 4,124</u>	<u>\$ 8,562</u>

The Group leased land and offices to related parties for the years ended December 31, 2021 and 2020, respectively, with the lease terms of 1 to 23 years; the rent is payable on a monthly basis and the terms are not materially different from those of the general clients.

k. Lease agreements

Operating lease

The total lease payments to be received in the future are as follows:

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
Other related party	<u>\$ 9,175</u>	<u>\$ 4,151</u>

Rental income is as follows:

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
Other related party	<u>\$ 4,704</u>	<u>\$ 4,003</u>

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

1. Others

Accounting Subject	Type/Name of Related Party	December 31, 2021	December 31, 2020
Refundable deposits	Aurora Holdings (Shanghai)	\$ 25,858	\$ 27,633
	Other related party	7,001	7,054
	Investor of significant influence	4,169	3,945
	Associate	<u>3,839</u>	<u>3,839</u>
		<u>\$ 40,867</u>	<u>\$ 42,471</u>
Guarantee deposits received	Other related party	<u>\$ 760</u>	<u>\$ 660</u>

m. Remuneration to the management

	2021	2020
Short-term employee benefits	\$ 116,117	\$ 109,679
Retirement benefits	<u>1,276</u>	<u>1,354</u>
	<u>\$ 117,393</u>	<u>\$ 111,033</u>

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

**32. Pledged Assets**

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

	December 31, 2021	December 31, 2020
Demand deposits (recognized in other financial assets)	\$ 44,407	\$ 60,665
Investment property	298,996	300,955
Property, plant, and equipment	<u>266,974</u>	<u>271,245</u>
	<u>\$ 610,377</u>	<u>\$ 632,865</u>

**33. Significant Contingent Liabilities and Unrecognized Contract Commitments**

- a. Unused letters of credit outstanding as of December 31, 2021 amounted to US\$4,226 thousand.
- b. Guarantee notes issued by the Group to financial institutions for short-term and long-term loans as of December 31, 2021 amounted to NT\$10,614,600 thousand.
- c. Guaranteed notes issued by the Group under warranty contracts or for business needs as of December 31, 2021 amounted to NT\$29,675 thousand.

- d. Guaranteed notes received by the Group for business operations as of December 31, 2021 totaled NT\$5,580 thousand.
- e. Performance bonds issued by banks for the Group as of December 31, 2021 amounted to NT\$21,460 thousand.
- f. Aurora Office Equipment Co., Ltd. Shanghai and Shanghai Jianbang Asset Management Co., Ltd. (Shanghai Jianbang) entered into the "Cooperation Agreement," where Shanghai Jianbang provides land use rights for 50 years. According to Article 24 of the Cooperation Agreement, Aurora Office Equipment Co., Ltd. Shanghai shall pay Shanghai Jianbang a fixed land profit every year. Starting from 2012, RMB6,000 thousand/acre shall be paid per year based on the actual area used (282 acres). The fixed profit per acre of land shall be adjusted upwards by 5% based on the profit payable before adjustment every 5 years, but the maximum shall not exceed RMB7,500 thousand/acre per year.
- g. Unrecognized contractual commitments of the subsidiaries for purchases of goods as of December 31, 2021 amounted to NT\$57,887 thousand.

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

Type of Contract	Contracting Party	Contract Duration	Contract Content	Restrictions
Distribution contract	SHARP CORPORATION Aurora Corporation	2021.4.1~2022.3.31 (Automatic extension by one year upon expiry)	Sharp photocopiers	1. Exclusive distribution 2. Non-compete
OEM contract	(1)Konica Minolta , Inc (2)Konica Minolta Business Solutions (China) Co., Ltd. (3)Aurora Office Automation Sales Co., Ltd. Shanghai	2019.1.1~2023.12.31	Production and procurement of MFPs and PP printers in mainland China	None
OEM contract	(1) Aurora Office Automation Sales Co., Ltd. Shanghai (2) Zhuhai Pantum Electronics Co., Ltd.	2021.1.1~2022.12.31	Production and procurement of A4 printer	None
Distribution contract	(1)Stratasys AP Limited (2)Aurora Machinery Equipment (Shanghai ) Co., Ltd.	2021.1.1~2021.12.31	Stratasys 3D printers	Non-compete
Distribution contract	KONICA MINOLTA, INC Aurora Office Automation Corporation	2021.4.1~2022.03.31	KM photocopiers and printers	1. Non-compete 2. Sales in Taiwan only
Distribution contract	STRATASYS AP LTD. General Integration Technology Co., Ltd.	2021.1.1~2021.12.31	SSYS 3D printers	1. Exclusive distribution 2. Non-compete 3. Sales in Taiwan only
Distribution contract	CREAFORM INC. General Integration Technology Co., Ltd.	2021.6.21~2022.6.20	3D scanners	1. Exclusive distribution 2. Sales in Taiwan only
Distribution contract	KONICA MINOLTA, INC KM Developing Solutions Co., Ltd.	2021.4.1~2022.03.31	Large photocopiers and multi-functional photocopiers	1. Annual sales amount limit 2. Non-compete 3. Sales in Taiwan only

**34. Significant Events after the Balance Sheet Date: None.**

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

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

Unit: Foreign currency/NT\$ thousand

December 31, 2021

	Foreign currencies	Exchange Rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 5,625	6.3674 (USD:RMB)	\$ 35,816
USD	14	27.68 (USD:NTD)	385
<u>Non-monetary items</u>			
Associates accounted for using the equity method			
RMB	150,528	4.344 (RMB:NTD)	653,893
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	4,469	27.68 (USD:NTD)	123,927
USD	747	6.3674 (USD:RMB)	4,757

December 31, 2020

	Foreign currencies	Exchange Rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 4,059	6.5249 (USD:RMB)	\$ 26,487
USD	125	28.48 (USD:NTD)	3,557
<u>Non-monetary items</u>			
Associates accounted for using the equity method			
RMB	146,677	4.377 (RMB:NTD)	642,007
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	2,402	28.48 (USD:NTD)	68,535
USD	246	6.5249 (USD:RMB)	1,605

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

### **36. Supplementary Disclosures**

- a. Information on significant transactions:
  - 1) Loans provided for others: None.
  - 2) Endorsements/guarantees provided for others: None.
  - 3) Securities held at end of period (excluding investments in subsidiaries and associates): Table 1.
  - 4) Accumulated purchase or sale of the same securities amounting to NT\$300 million or 20% of paid in capital or more: Table 2.
  - 5) Acquisition of property amounting to NT\$300 million or 20% of paid in capital or more: Table 3.
  - 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 4.
  - 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital or more: None.
  - 9) Derivatives transactions: None.
  - 10) Intercompany relationships and significant intercompany transactions: Table 5.
- 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 9.

### **37. Segment Information**

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

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

2021				
Item	Taiwan	Mainland China	Offset of Intersegment Revenue and Profit or Loss	Total
Revenue from external customers	\$ 4,353,803	\$ 9,223,454	\$ -	\$ 13,577,257
Intersegment revenue	<u>171,808</u>	<u>60,818</u>	( <u>232,626</u> )	<u>-</u>
Total revenue	<u>\$ 4,525,611</u>	<u>\$ 9,284,272</u>	<u>( \$ 232,626 )</u>	<u>\$ 13,577,257</u>
Segment profit or loss	<u>\$ 1,847,137</u>	<u>\$ 1,028,028</u>	<u>( \$ 854,766 )</u>	<u>\$ 2,020,399</u>
Segment assets	<u>\$ 14,367,922</u>	<u>\$ 11,199,360</u>	<u>( \$ 7,316,188 )</u>	<u>\$ 18,251,094</u>
2020				
Item	Taiwan	Mainland China	Offset of Intersegment Revenue and Profit or Loss	Total
Revenue from external customers	\$ 4,307,934	\$ 8,643,040	\$ -	\$ 12,950,974
Intersegment revenue	<u>111,786</u>	<u>68,026</u>	( <u>179,812</u> )	<u>-</u>
Total revenue	<u>\$ 4,419,721</u>	<u>\$ 8,711,065</u>	<u>( \$ 179,812 )</u>	<u>\$ 12,950,974</u>
Segment profit or loss	<u>\$ 1,858,699</u>	<u>\$ 1,013,911</u>	<u>( \$ 847,182 )</u>	<u>\$ 2,025,428</u>
Segment assets	<u>\$ 13,985,256</u>	<u>\$ 11,150,650</u>	<u>( \$ 7,072,997 )</u>	<u>\$ 18,062,909</u>



## Aurora Corporation and Subsidiaries

## Securities Held at End of Period

December 31, 2021

(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	\$ 295,478	1.39	\$ 295,478	Notes 1 and 2
	Aurora Corporation	The Company	Financial assets at fair value through other comprehensive income - non-current	9,206	826,734	3.90	826,734	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	6,353	76,650	-	76,650	Note 1
Aurora (China) Co., Ltd.	Bank SinoPac - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	217,967	-	217,967	
	Bank of China - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	139,124	-	139,124	
	Shanghai Bank - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	223,698	-	223,698	
	Nanjing Bank - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	1,935,710	-	1,935,710	
Aurora Office Automation Sales Co., Ltd. Shanghai	Bank of China - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	223,195	-	223,195	
	Cathay United Bank - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	144,546	-	144,546	
	Industrial Bank - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	725,848	-	725,848	
	Minsheng Bank - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	222,496	-	222,496	
Aurora Office Equipment Co., Ltd. Shanghai	Bank of China - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	315,944	-	315,944	
	Bank of Communications - large certificates of deposits	None	Financial Assets at Amortized Cost - Current	-	139,124	-	139,124	
Aurora (Bermuda) Investment Ltd.	Taishin International Bank - time deposits	None	Financial Assets at Amortized Cost - Current	-	10,950	-	10,950	

Note 1. Market prices of stocks with open market prices refer to the closing prices as of December 31, 2021. Market prices of open-end funds refer to the net asset value of the funds on the balance sheet date.

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

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

## Aurora Corporation and Subsidiaries

Accumulated Purchase or Sale of the Same Securities Amounting to NT\$300 Million or 20% of Paid-in Capital or More  
For the Year Ended December 31, 2021

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 Automation Sales Co., Ltd. Shanghai	Cuizhu 2W	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-	\$ -	-	\$ -	-	\$ 162,000	-	\$ 162,186	\$ 162,000	\$ 186	-	\$ -	-	\$ -
	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	65,000	-	65,266	65,000	266	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	140,000	-	141,008	140,000	1,008	-	-	-	-
	Jinxueqiu - Youyue (1M)	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	108,000	-	108,305	108,000	305	-	-	-	-
	Tian Li Kuai Xian	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	219,000	-	219,700	219,000	700	-	-	-	-
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	-	100,337	100,000	337	-	-	-	-
	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	35,000	-	35,194	35,000	194	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	50,000	-	50,346	50,000	346	-	-	-	-
	Ri Ri Xin 80008	Financial assets at fair value through profit or loss - current	China Merchants Bank	None	RMB	-	-	-	-	-	120,000	-	120,629	120,000	629	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	-	-	-	-	50,000	-	50,168	50,000	168	-	-	-	-
Aurora (China) Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	210,000	-	210,449	210,000	449	-	-	-	-
	Ri Ri Ju Xin	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	344,000	-	345,253	344,000	1,253	-	-	-	-
	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	40,000	-	40,154	40,000	154	-	-	-	-
	"Liduoduo Structured Deposits"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	310,000	-	312,468	310,000	2,468	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-	-	-	-	-	180,000	-	180,985	180,000	985	-	-	-	-
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Ri Ri Xin 80008	Financial assets at fair value through profit or loss - current	China Merchants Bank	None	RMB	-	-	-	-	-	60,000	-	60,350	60,000	350	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	-	-	-	-	100,000	-	100,337	100,000	337	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	86,000	-	86,283	86,000	283	-	-	-	-
	Ri Ri Ju Xin	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	258,000	-	259,502	258,000	1,502	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	China Merchants Bank	None	RMB	-	-	-	-	-	40,000	-	40,114	40,000	114	-	-	-	-
Aurora Home Furniture Co., Ltd.	Ri Ri Xin 80008	Financial assets at fair value through profit or loss - current	China Merchants Bank	None	RMB	-	-	-	-	-	85,000	-	85,587	85,000	587	-	-	-	-
	Guizhu profit increase single month	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-	-	-	-	-	40,000	-	40,414	40,000	414	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	-	-	-	-	50,000	-	50,168	50,000	168	-	-	-	-

**Aurora Corporation and Subsidiaries**

**Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More  
For the Year Ended December 31, 2021**  
(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	2021	\$ 326,160 (RMB)	Payments by Progress	Shanghai Construction Design Research Institute Co., Ltd. and Nantong High-tech Industrial Development Zone Management Committee	None	-	-	-	\$ -	N/A	Building a smart factory for furniture; Under construction	None

## Aurora Corporation and Subsidiaries

**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, 2021**  
(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	(\$ 356,907)	( 11%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	\$ 56,599	20%	
	Aurora (China) Co., Ltd.	The Company's subsidiary	Sales	( 169,265)	( 5%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	10,189	4%	
Aurora Office Automation Corporation	Aurora Leasing Corporation	Huxen's subsidiary (associate)	Sales	( 206,181)	( 25%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	39,424	33%	
Aurora Office Automation Sales Co., Ltd. Shanghai	Huxen (China) Co., Ltd.	Huxen's subsidiary (associate)	Sales	( 1,578,776)	( 46%)	Due within 120 days	According to market conditions, no material difference	Due within 120 days	-	-	

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

## Aurora Corporation and Subsidiaries

## Intercompany Relationships and Significant Intercompany Transactions

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			
				Ledger Account	Amount (Note 3)	Transaction Terms (Note 4)	Percentage of Consolidated Total Revenue or Total Assets (%) (Note 5)
0	Aurora Corporation	Aurora Office Automation	1	Sales revenue	\$ 14,830	—	-
			1	Other income	21,276	—	-
			1	Purchase of goods	7	—	-
			1	Depreciation - leases	3,808	—	-
			1	Operating expenses	844	—	-
			1	Interest expenses	44	—	-
			1	Accounts receivable	346	—	-
			1	Other receivables	2,299	—	-
			1	Accounts payable	3	—	-
			1	Expenses payable	73	—	-
			1	Purchase of goods	34,603	—	-
			1	Goods in Transit	2,762	—	-
			Aurora (China)	1	Sales revenue	169,265	—
		1		Purchase of goods	21,489	—	-
		Aurora Office Automation Sales Co., Ltd.	1	Accounts receivable	10,189	—	-
			1	Sales revenue	1,003	—	-
		General Integration	1	Sales revenue	680	—	-
			1	Operating expenses	4	—	-
			1	Purchase of goods	194	—	-
			1	Accounts receivable	1	—	-
1	Other receivables		53	—	-		
1	Accounts payable		17	—	-		
KM Developing	1	Sales revenue	1,619	—	-		
	1	Rental income	72	—	-		
	1	Other receivables	105	—	-		
Aurora Home	1	Purchase of goods	2,858	—	-		
	1	Operating expenses	61	—	-		
1	Aurora Office Automation	General Integration	3	Purchase of goods	11	—	-
			3	Accounts payable	7	—	-
		KM Developing	3	Sales revenue	5,084	—	-
			3	Other income	8	—	-

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No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions					
				Ledger Account	Amount (Note 3)	Transaction Terms (Note 4)	Percentage of Consolidated Total Revenue or Total Assets (%) (Note 5)		
2	General Integration	Ever Young Biodimension	3	Purchase of goods	\$ 3,546	—	-		
			3	Accounts receivable	592	—	-		
3	Aurora (China)	Aurora Machinery Equipment	3	Sales revenue	2,029	—	-		
			3	Accounts receivable	17	—	-		
		Aurora Home Furniture Co., Ltd.	3	Sales revenue	1,540	—	-		
			3	Sales revenue	2,881	—	-		
		Aurora Cloud	3	Purchase of goods	526,155	—	4		
			3	Accounts receivable	313	—	-		
			3	Accounts payable	83,550	—	1		
			3	Sales revenue	129	—	-		
			3	Operating expenses	6,393	—	-		
			3	Other income	595	—	-		
4	Aurora Office Automation Sales Co., Ltd.	Aurora Office Equipment Co., Ltd. Shanghai	3	Accounts payable	2	—	-		
			3	Purchase of goods	82,414	—	1		
		Aurora (Shanghai) Electronic Commerce Co., Ltd.	3	Operating expenses	23,950	—	-		
			3	Other income	689	—	-		
			3	Accounts payable	4,023	—	-		
			3	Sales revenue	3,819	—	-		
			3	Accounts receivable	1,494	—	-		
			3	Sales revenue	1,467	—	-		
		5	Aurora Home Furniture Co., Ltd.	Aurora Machinery Equipment	3	Other income	6,567	—	-
					3	Purchase of goods	340	—	-
Aurora Cloud	3			Operating expenses	332	—	-		
	3			Other receivables	1,420	—	-		
	3			Other income	1,465	—	-		
	3			Purchase of goods	3,827	—	-		
	3			Operating expenses	16,700	—	-		
	3			Other payables	9,817	—	-		
6	Aurora Office Equipment Co., Ltd. Shanghai			Aurora Office Equipment Co., Ltd. Shanghai	3	Operating expenses	2,460	—	-
					3	Accounts payable	320	—	-
		Aurora (Shanghai) Electronic Commerce Co., Ltd.	3	Sales revenue	349	—	-		
			3	Operating expenses	16	—	-		
6	Aurora Office Equipment Co., Ltd. Shanghai	Aurora Home Furniture Co., Ltd.	3	Sales revenue	182	—	-		
			3	Sales revenue	897	—	-		
			3	Other income	19,877	—	-		

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No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			
				Ledger Account	Amount (Note 3)	Transaction Terms (Note 4)	Percentage of Consolidated Total Revenue or Total Assets (%) (Note 5)
			3	Purchase of goods	\$ 42	—	-
			3	Accounts receivable	8	—	-
			3	Other receivables	643	—	-
		Aurora Cloud	3	Purchase of goods	4,686	—	-
			3	Operating expenses	517	—	-

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

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

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

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

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

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

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

## Aurora Corporation and Subsidiaries

**Information on Investee Companies**  
**For the Year Ended December 31, 2021**  
(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	\$ 7,305,999	\$ 810,020	\$ 743,776	\$ -	\$ 443,220	Subsidiary
	Aurora Office Automation Corporation	Taiwan	Import/export and wholesale of MFPs	2,091,992	2,091,992	82,278	91.13	1,035,862	281,230	186,769	-	287,972	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	137,361	14,946	8,306	-	-	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	109,052	34,864	24,405	-	20,300	Subsidiary
	Ever Young Biodimension Corporation	Taiwan	Wholesale of precision instruments	8,580	8,580	858	26.00	4,314	115	30	-	-	Subsidiary
	Huxen Corporation	Taiwan	Agency of MFPs and communications products	826,645	826,645	47,011	32.53	1,444,402	549,456	178,738	-	169,238	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	494,848	50,149	23,405	-	26,973	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	214,064	( 63,946 )	( 19,440 )	-	-	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	539,952	549,456	42,473	-	40,212	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	4,151	115	29	-	-	Investee of General Integration accounted for using the equity method



## Aurora Corporation and Subsidiaries

Information on Investments in Mainland China  
For the Year Ended December 31, 2021

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 (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 )	\$ 812,850	88.04	\$ 715,633 Note 2 (2)	\$ 8,548,101	\$ 2,408
Aurora Office Equipment Co., Ltd. Shanghai	Production and sales of MFPs	1,121,340 ( US\$ 33,000 )	Note 1 (2)	Note 3	-	-	Note 3	( 7,474 )	88.04	( 6,580 ) Note 2 (2)	1,134,727	37,879
Aurora (China) Co., Ltd.	Manufacturing and sale of office furniture	1,007,266 ( US\$ 30,000 )	Note 1 (2)	Note 3	-	-	Note 3	814,564	88.04	717,142 Note 2 (2)	6,159,019	297,776
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	341,318	88.04	300,496 Note 2 (2)	2,001,216	84,531
Aurora (Shanghai) Cloud Technology Co., Ltd.	Sale of printing and office equipment and furniture and consulting service	47,110 ( RMB\$ 10,000 )	Note 1 (3)	Note 3	-	-	Note 3	8,711	61.63	5,368 Note 2 (2)	7,024	-
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 )	55,707	27.34	16,712 Note 2 (2)	653,893	-
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	( 31,163 )	17.61	( 6,233 ) Note 2 (2)	6,850	-
Aurora Home Furniture Co., Ltd.	Production and sales of furniture	243,020 ( RMB\$ 50,000 )	Note 1 (3)	Note 3	-	-	Note 3	29,092	88.04	25,613 Note 2 (2)	257,977	16,173
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 )	( 8,273 )	86.50	( 5,791 ) Note 2 (2)	34,970	-
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Reinvestment and property lease	1,322,900 ( RMB\$ 300,000 )	Note 1 (2)	Note 3	-	-	Note 3	217	88.04	191 Note 2 (2)	1,320,719	4,453
Aurora (Shanghai) Electronic Commerce Co., Ltd.	Sales on e-commerce platforms	20,955 ( RMB\$ 5,000 )	Note 1 (2)	Note 3	-	-	Note 3	( 833 )	61.63	( 513 ) Note 2 (2)	9,318	-

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 )	\$5,355,980

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.

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, 2021 was NT\$8,926,634 thousand. In accordance with the "Directions Governing the Examination of Investment or Technical Cooperation in Mainland China," the cap amount should be NT\$5,355,980 thousand (NT\$8,926,634 thousand x 60%).

**Aurora Corporation and Subsidiaries**

**Major Transactions with Any Investee Company in mainland China Directly or Indirectly through a Third Region, and Their Prices, Payment terms, Unrealized Gains (Losses), and Other Information For the Year Ended December 31, 2021**  
(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	(\$ 1,578,776)	According to market conditions	Due within 120 days	No material difference	\$ -	-	\$ -	

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

**Aurora Corporation****Information on Major Shareholders  
December 31, 2021**

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
Nisheng Investment Co., Ltd.	11,934,000	5.05

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

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