Stock Code: 2404

UNITED INTEGRATED SERVICES CO., LTD.

2018

Annual Report

Printed on April 30, 2019

The contents of this annual report and related information of the Company can be found on the following websites:

Market Observation Post System: http:// mops.twse.com.tw

Website of the Company: http://www.uisco.com.tw

I. Spokesperson and acting spokesperson of the Company

Name: Benny Chen	Name: Benny Chen
Job Title: President	Job Title: President
Tel.: (02)2917-4060	Tel.: (02) 2917-4060
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II. Address and telephone number of the head office and the Construction Office

1. Address of the head office	:	6th Floor, No. 297, Section 6, Roosevelt Road, Taipei City
		(02) 8663-6103
2. Xindian Business Center	:	5th Floor, No. 3, Lane 7, Baogao Road, Xindian District, New Taipei City
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Tel.	:	(04) 256-92634
5. Tainan Construction Office	:	No. 523 Xingnong Road, Shanhua District, Tainan City
Tel.	:	(06) 581-0129

III. Stock service office

Name: Taishin International Bank - Share Administration Agency

Address: B1, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei City

Website: http://www.taishinbank.com.tw

Tel.: (02) 2504-8125

IV. Certified Public Accountant in the most recent year

CPAs: Tsunglin Li and Tzuhui Li

Name of CPA Firm: KPMG in Taiwan

Address: 68th Floor, No. 7, Section 5, Xinyi Road, Taipei City

Website: http://www.kpmg.com.tw

Tel.: (02) 8101-6666

V. Name of offshore stock exchange and information inquiry method: None.

VI. Company website: http://www.uisco.com.tw

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To Shareholders

Dear Shareholders, Ladies, and Gentlemen:

With the active efforts of all colleagues and the support of all shareholders, the Company’s overall consolidated operating income in 2018 reached a total of NT$18,127 million, and the net income before tax reached NT$3,037 million.

The 2019 Operational Outlook

(1) Business Goals

In 2018, we have earned massive growth in China and Singapore markets. The total overseas revenue constituted 47% of the Company's total revenue and marked the highest percentage in our history. There is a substantial growth in the revenue in Taiwan. Therefore, the Company has earned the highest revenue ever in 2018.

In 2019, the overseas market will cool down while the Taiwan market will continue to grow. It is estimated that the overall revenue might be maintained, or reaching another peak in 2019.

(2) Operational Guidance and Development Strategy

For our long-term operation and development, the Company has enhanced the internal management, substantially increased the competitiveness in cost, quality, and technique, trained more managerial candidates cross-strait, and recruited the talents from relevant systems. The talent pool in China shall be particularly strengthened in order to prepare for the business growth in China. Currently, the Company has been ahead of other peers in the professional field in terms of revenue and competitiveness. However, the Company will rather focus on the improvement of the Company's constitution, improve the construction method to decrease the costs and raise the profit rate, and increase the distance with other competitors in market share. For our product, wireless security monitoring system department has acquired certain achievement, and will need to deepen the development of R&D and business.

(3) External Competition, Statutory Environment, and Overall Operating Environment

The Company's market share in the high-tech industry in Taiwan has been increasing year by year. There is a limited number of competitors with certain scale and real competitiveness. In China market, the competitors are local vendors, and industry peers from Taiwan and other countries, heating upon the competition. However, since China market is larger in size, the Company is a tier-one brand among many other competitors and has good competitiveness. Therefore, we are in an advantage position in China market.

In Singapore market, the Company has made good breakthrough in the past two years. The achievement provides a helpful basis for the future market development.

UNITED INTEGRATED SERVICES CO., LTD.

Chairman C.S. Chen

I. Business report

(I) The 2018 business plan implementation results

1. Business overview

   The Company's annual operating income reached NT$18,127,934 thousand, and the net income before tax reached NT$3,037,022 thousand through the active efforts of all colleagues.

2. Operational outlook

   Current goal

   ◎ Strengthen professional investment and improve engineering quality, safety management, and customer service to become a world-class company.

   ◎ Actively recruit and cultivate talents, expand production capacity, and speed up the deployment of management succession.

   ◎ Reduce costs and increase efficiency to increase competitiveness.

   ◎ Strengthen the deployment of water and air pollution prevention and energy conservation.

(II) Financial income and expense and profitability analysis

The 2018 financial income and expense and profitability analysis

1. Financial structure analysis

   Liability to asset ratio = 64.02%

   Long-tern fund to fixed assets ratio = 928.15%

2. Solvency analysis

   Current ratio = 134.70%

   Quick ratio = 117.78%

3. Profitability analysis

   Ratio of return on total assets = 12.15%

   Ratio of return on shareholders' equity = 32.27%

   Profit ratio = 12.55%

   Earnings per share = 9.42

(III) Research and development overview

1. Wireless home security system development

The mass production of this wireless product has been completed with orders received from customers in the home security industry. This product complies with international standards (WIFI and ZIGBEE) and passes international certification; also, it is safe and reliable with a number of design patents received. The Company will continue to research and develop innovative products.

◎3D door magnetic detector

Completely free from the traditional reed design, the magnet can be used to dynamically set the distance between the door and the window and the position of the 3D magnet, making installation easier and allowing the door and window to be easily installed without being affected by the distance resulted from the addition of the screens.

◎180-degree penetration and displacement detector

Completely free from the traditional infrared displacement detection design, so the displacement is free of any detection angle limitation and away from the heat source, and can penetrate the non-metallic isolation displacement detection.

2. Shock-resistant cleanroom ceiling system

The development of this ceiling system is mainly cleanrooms in the high-tech industry. When a strong earthquake occurs, the ceiling system is not damaged. The design of this product has met the US AC156 standards with strong earthquake resistance >0.9g and passed the test of the National Earthquake Center and the relevant certifications of primary customers.

3. Efficient energy-saving air scrubber

The efficient energy-saving air scrubber is mainly developed for the cleanroom air intake system of high-tech industry. The low liquid-gas ratio and high efficiency of >95% or <1ppb scrubbing efficiency is with the certification of major customers.

II. The 2019 business plan overview

(1) Operational Guidance

For our long-term operation and development, the Company has enhanced the internal management, substantially increased the competitiveness in cost, quality, and technique, trained more managerial candidates cross-strait, and recruited the talents from relevant systems. The talent pool in China shall be particularly strengthened in order to prepare for the business growth in China. Currently, the Company has been ahead of other peers in the professional field in terms of revenue and competitiveness. However, the Company will rather focus on the improvement of the Company's constitution, improve the construction method to decrease the costs and raise the profit rate, and increase the distance with other competitors in market share. For our product, wireless security monitoring system department has acquired certain achievement, and will need to deepen the development of R&D and business.

(2) Business Goals

In 2018, we have earned massive growth in China and Singapore markets. The total overseas revenue constituted 47% of the Company's total revenue and marked the highest percentage in our history. There is a substantial growth in the revenue in Taiwan. Therefore, the Company has earned the highest revenue ever in 2018.

In 2019, the overseas market will cool down while the Taiwan market will continue to grow. It is estimated that the overall revenue might be maintained, or reaching another peak in 2019.

(3) Important Production and Marketing Policy

For our long-term operation and development, the Company has enhanced the internal management, substantially increased the competitiveness in cost, quality, and technique, trained more managerial candidates cross-strait, and recruited the talents from relevant systems. We actively cultivate the mid-level and senior successors. Due to the massive investment in semiconductor industry in China, our business development will emphasize on this filed. The Company has make more efforts in recruiting and cultivating the talents in China.

Two. Company profile

I. Date of establishment: September 13, 1982

II. Company history:

The Company was incorporated on September 13, 1982. The Company was founded as United Technology Engineering Co., Ltd., with a capital stock of NT$5.1 million. It is engaged in the construction and installation of power transmission and distribution, electrical machinery, electrical appliances, computers, and communication equipment.

Based on the business philosophy of pursuing perfection and refinement, in just a few years, the Company has become the finest computer engineering professional group in Taiwan with eminent achievement in performance and professional technology achieved. In addition, the business scope has gradually expanded to large hydropower air-conditioning and plant construction engineering with a good reputation of trustworthy, service, and professional quality established through these large-scale projects. The business continues to grow. The Company was named "United Information Co. Ltd." in March 1990. In addition, the merger process with Xinlian System Co., Ltd. was completed in November 1990, becoming the one and only modern technology system integration company in Taiwan for integrated large-scale electrical/mechanical engineering, cleanroom, computer, communication, and control systems. The pragmatic management team, perfect organization planning, and abundant professional talents make the Company's business continue to grow. The Company has become the first professional organization in the country for the integration of domestic semiconductor factories and the integration of computer communication and control systems.

The Company has based development on the technology and professionalism. It advertises the spirit of first-class technology and service. It has laid a good business foundation over more than a decade and has more than 700 employees on the payroll who are mostly professional technical personnel in related fields. The Company was renamed as "UNITED INTEGRATED SERVICES CO., LTD." in May 2002 and merged Taichuan Technology Company in July 2003 with a capital stock of NT$1,905,866,980 currently. The Company's consolidated turnover reached NT$18.127 billion with a stable profitability maintained. The Company is now steadily moving towards more ambitious operational goals.

1. The chronicles of the Company:
   - September 1982 : Former United Technology Engineering Co., Ltd. was established with a capital stock of NT$5.1 million. The Company, in the early days of its establishment, was mainly engaged in the computer engineering business.
   - April 1984 : The office at Sec. 4, Nanjing East Road, Taipei City was acquired.

- August 1985 : A capital increase for an amount of NT$10 million and the capital amounted to NT$15.1 million in order to enrich operating funds.
- August 1987 : A capital increase for an amount of NT$40 million and the capital amounted to NT$55.1 million in order to support the expansion of business operation.
- July 1988 : A capital increase for an amount of NT$30 million and the capital amounted to NT$85.1 million in order to increase the business of refrigeration, air-conditioning engineering, and transportation system engineering, buildings, factories, and environmental monitoring systems engineering.
- November 1988 : Kaohsiung office was acquired to expand business and services in Southern Taiwan.
- September 1989 : Signed a contract with Winbond Electronics Corp. for the utilities and air conditioning project of VLSI Plant I, which was the first large contract of the Company engaging in the semiconductor plant construction project; and subsequently signed contracts with semiconductor plants in the Science Park, such as, Macronix International Co., Ltd., Acer Semiconductor Mfg. Inc., and Taiwan Semiconductor Manufacturing Company (TSMC) , which helped lay a good foundation for the Company's integration with the semiconductor industry later.
- December 1989 : The Office at the 1F, Baogao Road, Xindian was acquired.
- March 1990 : The Company was renamed as "United Information Co. Ltd."
- July 1990 : The office at Fuxing North Road, Taipei City was acquired as the business place of the sales department.
- November 1990 : The Office at the 5F, Baogao Road, Xindian was acquired.
- November 1990 : Merged Xinlian System Co., Ltd. and the Company's capital was increased to NT$140.6 million, and the business scope was extended to large-scale electrical/mechanical engineering and system integration projects. In terms of system integration services, the Company gained further developmental strength with the expertise and strength of the two companies.
- July 1991 : Signed a contract with Winbond Electronics Corp. for the hydropower air conditioning control and auxiliary equipment of the semiconductor Plant II new construction project, which was the largest semiconductor factory project undertaken by the Company over the years.

- August 1991 : Signed a contract with the Department of Urban Development, Taiwan Provincial Government for the instrument control system construction project Stage 1 of Bali Wastewater Treatment Plant, which was the largest instrument control system project undertaken by domestic manufacturers; also, enhanced the Company's design and construction capabilities in large-scale instrument control systems.
- August 1991 : Signed a contract with the Railway Construction Office, MOTC for the telecom engineering of Taipei Metropolitan Railway Underground Soong-Yen Project, which was the first tunnel communication project undertaken by domestic manufacturer.
- November 1991 : A capital increase for an amount of NT$30.4 million and the total capital of the Company amounted to NT$171 million.
- August 1993 : Signed a contract with the Freeway Bureau, MOTC for the traffic control system of the Xizhi-Wugu freeway expansion, which was the first large-scale traffic control system project independently built by domestic manufacturer.
- April 1994 : Signed a contract with TSMC for the electrical/mechanical engineering system integration project of Plant III, which was the largest semiconductor plant construction project undertaken by the Company over the years.
- September 1994 : Purchased the products and equipment of Chaoming Technology Co., Ltd., expanded the scale of product business, and increased the domestic and international sales of uninterruptible power system.
- March 1995 : Acquired the real property at 1F, No. 1, Lane 7, Baogao Road, Xindian for the construction of the plant at Baogao Road, Xindian in order to expand the UPS production capacity to reach NT$600 million per year.
- March 1995 : Signed a contract with Taiwan Tobacco and Liquor Corporation for the instrument control system project of Chiayi Winery Stage 2, which again helped demonstrate the Company's capabilities in large-scale instrument control systems.
- May 1995 : The capitalization of cash and earnings was approved by the Securities and Exchange Commission; also, the Company was approved as a public offering company.

- May 1995 : Signed a contract with China Commercial Bank for its utility and computer connection system inside the information building at Fuzhou Street, which was the largest utility engineering project in banking industry undertaken by the Company.
- August 1995 : The capitalization of cash and earnings was completed for an amount of NT$251.3 million and the Company's capital amounted to NT$422.3 million.
- November 1995 : Signed a contract with Acer Construction Co., Ltd. for the utility and firefighting project of Powerchip Semiconductor Factory, which was a project of foreign company undertaken by the Company again.
- January 1996 : Signed a contract with TSMC for the utilities and air conditioning project of Plant IV after the successful completion of the engineering project of Plant III, which showed the confidence of customers in the Company.
- January 1996 : Signed a contract with TAKASAGO THERMAL ENGINEERING CO., LTD. again for the CUB project of Winbond Electronics Co., Ltd. It indicated that the service and capabilities of the Company had been well recognized by foreign companies.
- January 1996 : Signed a contract with Macronix International Co., Ltd. again for the central air conditioning project of its Plant II to continue the pleasant cooperation experience.
- February 1996 : Signed a contract with Showa Denko HD Trace Corp. for the cleanroom construction project, which was a new era for the domestic manufacturer to complete the construction of cleanroom independently.
- April 1996 : Signed a contract with Showa Denko HD Trace Corp. again for the construction of cleanroom Stage 2.
- June 1996 : At the same time, signed a contract with Showa Denko HD Trace Corp. for the construction of the utilities and air conditioning in the cleanroom and entire system integration project.
- August 1996 : Signed a contract with TECO Co., LTD. for the plant construction of SHIN-ETSU HANDOTAI TAIWAN CO., LTD.
- August 1996 : Signed a contract with Winbond Electronics Corp. again for the utilities and air conditioning project of Plant IV.
- September 1996 : The capitalization of earnings was completed and the capital amounted to NT$506.76 million.

- March 1997 : Due to the booming development of telecommunications industry in Taiwan, the Company had also engaged in the station construction of Taiwan Mobile, and had received a telecom station construction project for an amount of around NT$400 million.
- April 1997 : Signed a contract with Macronix International Co., Ltd. again for the MEP project in the basement of the headquarters building.
- May 1997 : Signed a contract with Commonwealth again for the AMPI cleanroom construction project.
- May 1997 : Completed the capitalization of earnings and the capital amounted to NT$608,111,100.
- August 1997 : Signed a contract with Taikisha Ltd. for the BP-8.BP-9 electrical/mechanical engineering project.
- September 1997 : Signed a contract with WSMC for the installation of the 8' wafer CUB, MEP1, and MEP2 electrical/mechanical engineering, and cooperated with Huaxin Engineering Co., Ltd. to complete the contract.
- September 1997 : Signed a contract with Analog Technology Inc. for the construction of a new plant.
- January 1998 : Signed a contract with Macronix International Co., Ltd. for the construction of the new head office building.
- February 1998 : The Company's stock was officially traded at Taipei Exchange.
- March 1998 : Signed a contract with T&T Consulting Services, Inc. for the construction of the utilities and air conditioning project Stage 2.
- May 1998 : Signed a contract with TSMC for the construction of Plant 6 in Tainan Science Park.
- May 1998 : Completed the capitalization of earnings and employee bonus and the capital amounted to NT$769,297,420.
- June 1998 : The Product Division officially became a subsidiary of the Company, Ablerex Electronics Co., Ltd.
- August 1998 : Completed the capitalization of cash and the capital amounted to NT$899,297,420.
- October 1998 : Signed a contract with Chi Mei Optoelectronics Corporation for the construction of a cleanroom.
- December 1998 : Signed a contract with Chantek Electronic Co., Ltd. for the construction of Plant III.

- February 1999 : Signed a contract with HannStar Display Corporation (HannStar) for the construction of the FAB factory cleanroom and the plant-wide electrical/mechanical engineering computer monitoring system integration project.
- December 1999 : Signed a contract with Continental Engineering Corporation for the construction of Taipei Metro Rapid Transit System Engineering CD 550 project (utilities and Environmental Control Engineering).
- December 1999 : Signed a contract with HannStar Display Corporation for the construction of FAB Plant II.
- February 2000 : Signed a contract with T&T Consulting Services, Inc. for the construction of the MEP project of Longtan Plant II.
- February 2000 : Signed a contract with Continental Engineering Corporation for the construction of Taipei Metro Rapid Transit System Project CD 550 (except for the utilities and environmental control projects).
- March 2000 : Signed a contract with Quanta Display Inc. for the construction of the cleanroom at its Linkou Plant.
- April 2000 : Traded at Taiwan Stock Exchange
- August 2000 : Signed a contract with Global Communication Technology Corp. for the construction of a cleanroom.
- September 2000 : Signed a contract with SEEDNet for the construction of its Neihu computer center.
- September 2000 : Signed a contract with TSMC for the construction of TSMC FAB12 MEP project.
- October 2000 : Signed a contract with TSMC for the construction of TSMC FAB14 MEP project.
- November 2000 : Signed a contract with TSMC for the construction of TSMC Plant 14 cleanroom.
- February 2001 : Signed a contract with HannStar Display Corporation for the construction of FAB II design change project.
- February 2001 : Signed a contract with Kopin Corp. for the construction of the electrical/mechanical engineering project.
- May 2001 : Signed a contract with Macronix International Co., Ltd. for the construction of the MXIC FAB3 MEP PROJECT.
- August 2001 : Signed a contract with Episil Technologies Inc. for the construction of the electrical/mechanical engineering and cleanroom.
- October 2001 : Signed a contract with Grace Semiconductor Co., Ltd. for the construction of the new plant in Shanghai.

- December 2001 : Signed a contract with TSMC for the construction of the F12 MEP FOR OFFICE 1-6F project.
- December 2001 : Signed a contract with Continental Engineering Corporation for the construction of the Taipei Metro Rapid Transit System CD315 communication system project.
- March 2002 : Signed a contract with Quanta Display Inc. for the construction of Plant II.
- April 2002 : Signed a contract with TSMC for the construction of TSMC 14 ME project.
- July 2002 : Signed a contract with AU Optronics Corp. (AUO) for the construction of its LCA plant.
- July 2002 : Signed a contract with AUO for the construction of the CATPRJECT project.
- August 2002 : Signed a contract with TSMC for the construction of TSMC FAB12 MEP expansion project.
- August 2002 : Signed a contract with TSMC for the construction of TSMC12 H/Q MEP&OFFICE MEP7-9F project.
- September 2002 : Signed a contract with Chi Mei Optoelectronics Corporation for the construction of the FAB3 CF C/R project.
- October 2002 : Signed a contract with AUO (Suzhou) for the construction of the FAB I CELL Plant.
- November 2002 : Signed a contract with HannStar Display Corporation for the construction of HannStar FABIII Stage 1 cleanroom project.
- November 2002 : Signed a contract with Quanta Display Inc. for the construction of the LINE IIIUTILITY PACKAGE.
- November 2002 : Signed a contract with HannStar Display Corporation for the construction of HannStar FABIII MEP project.
- March 2003 : Signed a contract with HannStar Display Corporation for the construction of HannStar FABIII 30K HOOK UP project.
- March 2003 : Signed a contract with Coretronic Corporation for the construction of its Zhunan Plant Stage 2.
- April 2003 : Signed a contract with HannStar Display Corporation for the construction of its FAB3 color Filter cleanroom project.
- June 2003 : Signed a contract with TSMC for the construction of TSM12 SUPPORT 1F C/R project.
- August 2003 : Signed a contract with HannStar Display Corporation for the construction of its FAB3 color Filter project.
- August 2003 : Signed a contract with HannStar Display Corporation for the construction of its FAB3 color Filter project.

- November 2003 : Signed a contract with HannStar Display Corporation for the construction of its C/R CELL A LINE project of Plant III.
- November 2003 : Signed a contract with HannStar Display Corporation for the construction of its FAB project of Nanjing Plant IIIIII.
- December 2003 : Signed a contract with HannStar Display Corporation for the construction of PHASE II HOOK UP project of HanStar Plant III.
- December 2003 : Signed a contract with TSMC for the construction of TSM14 HOOK UP3K Turn-key Package.
- January 2004 : Signed a contract with Quanta Display Inc. for the construction of Dawei QDS LCM Fab F3 project.
- January 2004 : Signed a contract with Chi Mei Optoelectronics Corporation for the construction of its FAB4 plant LCD/CR project.
- January 2004 : Signed a contract with AUO for the construction of its Tango M10 C/R project.
- February 2004 : Signed a contract with HannStar Display Corporation for the construction of its FAB3 PHASE project of Plant IIIIII.
- March 2004 : Signed a contract with Quanta Display Inc. for the construction of its QDI’s TFT-LCD Fab Line3 Project.
- July 2004 : Signed a contract with HannStar Display Corporation for the construction of its FAB IV TFT-LCD project.
- July 2004 : Signed a contract with ProMOS Technologies Inc. (ProMOS) for the construction of its FAB III MEP project.
- September 2004 : Signed a contract with AUO for the construction of its Lephant project of Taichung Plant Stage 1.
- September 2004 : Signed a contract with Quanta Display Inc. for the construction of its QDI LINEII 75K expansion project.
- December 2004 : Signed a contract with Winbond Electronics Co., Ltd. for the construction of the cleanroom of the plant in Central Taiwan Science Park.
- January 2005 : Signed a contract with Formosa Petrochemical Corporation for the construction of North-South Instrument and Power Turnkey Project of No. 6 Naphtha Cracker.
- March 2005 : Signed a contract with ChipMOS Technologies (Shanghai) Inc. for the construction of its electrical and mechanical renovation project.
- October 2005 : Signed a contract with Chi Mei Optoelectronics Corporation for the construction of the CLEAN ROOM PACKAGE of Plant V.

- November 2005 : Signed a contract with ChipMOS for the construction of its 1.2.4F electrical and mechanical engineering, air conditioning, and renovation project of Chubei Plant.
- December 2005 : Signed a contract with ChipMOS for the construction of its T-B building in Southern Taiwan Science Park.
- January 2006 : Signed a contract with AUO for the construction of its Taichung B11 cleanroom project.
- February 2006 : Signed a contract with Chi Mei Optoelectronics Corporation for the construction of its CMO CLEANROOM PROJECT (Stage 1 + Stage 2).
- April 2006 : Signed a contract with Powerchip Semiconductor Inc. for the construction of its FAB 12M C/R reconstruction project.
- May 2006 : Signed a contract with TSMC for the construction of its FAB14 41K HOOK UP ENGINEERING project.
- May 2006 : Signed a contract with TSMC for the construction of its TAMC12 PHASE 3B PROJECT.
- June 2006 : Signed a contract with ChipMOS for the construction of electrical and mechanical project of its T-B building.
- August 2006 : Signed a contract with ProMOS Technologies Inc. for the construction of its FAB14 MEP M10 electrical and mechanical engineering project.
- October 2006 : Signed a contract with Chi Mei Optoelectronics Corporation for the construction of its CMO FAB6 cleanroom project.
- October 2006 : Signed a contract with Powerchip Semiconductor Inc. for the construction of its PSC 12C cleanroom project.
- October 2006 : Signed a contract with TSMC for the construction of its FAB14 P3 MEP+FP PACKAGE.
- January 2007 : Signed a contract with ChipMOS for the construction of its cleanroom electrical and mechanical project.
- February 2007 : Signed a contract with ChipMOS for the construction of its cleanroom expansion project at 4F of Chubei Plant.
- April 2007 : Signed a contract with TSMC for the construction of its F14 P2 61.3K HOOK UP project.
- July 2007 : Signed a contract with Tripod Technology Corporation (Wuxi) for the construction of the cleanroom air conditioning and processing project of its PCB Plant V.
- July 2007 : Signed a contract with Rexchip Electronics Corp. for the construction of its PHASE II main power line project of R1 Plant.
- August 2007 : Signed a contract with Winbond Electronics Co., Ltd. for the construction of its FAB6 B cleanroom project.

- August 2007 : Signed a contract with Rexchip Electronics Corp. for the construction of its FAB R1 PHASE II cleanroom project.
- August 2007 : Signed a contract with TSMC (Shanghai) for the construction of its F10 P2 MEP PACKAGE.
- September 2007 : Signed a contract with Century Technology (Shenzhen) Co., Ltd. for the construction of its cleanroom system of Shenzhen Plant 1.
- December 2007 : Signed a contract with InfoVision Optoelectronics (Kunshan) Co., Ltd. for the construction of its 110K main system project expansion.
- January 2008 : Signed a contract with TSMC for the construction of its F14 P2 HOOK UP project.
- January 2008 : Signed a contract with Yi-Chong Technology (Suzhou) for the construction of its utilities and air conditioning and factory system piping project.
- February 2008 : Signed a contract with Century Technology (Shenzhen) Co., Ltd. for the construction of its purification system - H1 project of module plant 1.
- March 2008 : Signed a contract with Century Technology (Shenzhen) Co., Ltd. for the construction of a general power project.
- March 2008 : Signed a contract with AUO for the construction of its Taichung Plant M12 cleanroom project.
- March 2008 : Signed a contract with Innolux Corporation for the construction of its T2 C/F cleanroom project.
- March 2008 : Signed a contract with AUO for the construction of electrical and mechanical project of its Hsinchu DAWN plant.
- April 2008 : Signed a contract with TSMC for the construction of its F12 P4 – MEP, FP, C/R, and VE projects.
- May 2008 : Signed a contract with Century Technology (Shenzhen) Co., Ltd. for the construction of its craft production equipment pipeline project in K1 area.
- May 2008 : Signed a contract with TSMC for the construction of its F12 P4 -PX PACKAGE.
- July 2008 : Signed a contract with Jiangsu Best Company for the construction of thin film solar cell production project.
- July 2008 : Signed a contract with Tatung Company for the construction of the L2 UP 120K project C/R modification engineering of Chunghwa Picture Tubes, Ltd.
- August 2008 : Signed a contract with Rexchip Electronics Corp. for the construction of FAB R2 PCW, C/R, CHILLER PLANT and R2 power mainline projects.

· October 2008 : The “Non-contact IR dry-eye diagnostic system” won the “Industry Innovation Achievement Award” from the Ministry of Economic Affairs in 2008.

· June 2009 : Signed a contract with TAIWAN POLYSILICON CORPORATION for the construction of its PSS PROJECT C/R engineering.

· June 2009 : Signed a contract with Inotera Semiconductor Inc. for the construction of its stacking process HOOK UP project.

· August 2009 : Signed a contract with AUO for the construction of its power MEP project of AUO Chin-Shen Plant.

· September 2009 : Signed a contract with AUO for the construction of AUO L8B MEP project.

· September 2009 : Signed a contract with TSMC for the construction of F12 P4 MEP C/R ELE PACKAGE STAGE 2 project.

· December 2009 : Signed a contract with TSMC for the construction of F14 AY CODE N65 82 machines installation project.

· December 2009 : Signed a contract with AUO for the construction of AUO L8B M&E project of the new plant.

· January 2010 Signed a contract with TSMC for the construction of TSMC FAB 12 P5 project.

· January 2010 Signed a contract with TSMC for the construction of TSMC F14 P3 2010 N4&N65 HOOK UP project.

· April 2010 Signed a contract with TSMC for the construction of TSMC F14 P4 LEAROOM & CAS PACKAGE.

· April 2010 Signed a contract with TSMC for the construction of TSMC F14 MEP&FIRE PROTECTION&PX PACKAGE.

· April 2010 Signed a contract with TSMC for the construction of TSMC F14 P4 PX PACKAGE.

· May 2010 Signed a contract with TSMC for the construction of TSMC F14 N65 BK CODE 103 machines installation project.

· June 2010 Signed a contract with ChipMOS for the construction of its TB building 3F C/R expansion and TA building 2F C/R expansion.

· August 2010 Signed a contract with TSMC for the construction of TSMC 12 P5 EBO project.

· August 2010 Signed a contract with TSMC for the construction of TSMC 12 P2 HPM B1F CR project.

· August 2010 Signed a contract with ChipMOS for the construction of its 5F expansion of Chubei Plant.

· October 2010 Signed a contract with TSMC for the construction of TSMC F15 P1 MEP&PX PACKAGE project.

· October 2010	Signed a contract with TSMC for the construction of TSMC F14 P4 HOOK UP 180 Project.
· November 2010	Signed a contract with TSMC for the construction of TSMC SOLAR PROJECT PHASE 1 MEP PACKAGE.
· December 2010	Signed a contract with TSMC for the construction of TSMC F15P1 C/R WBS project.
· January 2011	AUO Singapore L4B CLEANROOM EXPANSION
· January 2011	Signed a contract with Qualcomm Taiwan Corporation for the construction of its new plant.
· February 2011	Signed a contract with TSMC for the construction of TSMC F14 P3 OFFICE 3F WAT C/R project.
· February 2011	AUO GRC MEP project
· March 2011	AUO Crystal Corp. Taichung Port Processing Export Zone Phase I Plant Electrical and Mechanical Engineering project
· April 2011	AUO Crystal Corp. Chung-Kong C/R construction project
· August 2011	TSMC F15 P2 MEP
· August 2011	TSMC F15 P2 CLEANROOM SYSTEM
· September 2011	The cancellation of the treasury stock for a capital decrease of NT$35,890,000 and the total pain-in capital of the Company amounted to NT$2,474,833,730.
· November 2011	TSMC F15 P6 C/R PACKAGE STAGE-1
· December 2011	The cancellation of the treasury stock for a capital decrease of NT$92,500,000 and the total pain-in capital of the Company amounted to NT$2,382,333,730.
· March 2012	TSMC F12 P6 C/R STAGE-2
· March 2012	TSMC F15 P2 LAYOUT project
· April 2012	TSMC F15 P3 MEP project
· May 2012	TSMC F15 P3 CLEANROOM project
· May 2012	TSMC F6 BUMPPING project
· May 2012	TSMC F12 P6 CCD EXPANSION-EDC2 F12 P4 SITE project
· June 2012	TSMC F12 P6 CCD EXPANSION-F8 DC1 project
· August 2012	TSMC F14 OFFICE TESTING CLEANROOM AND UTILITY PACKAGE
· September 2012	TSMC F15 P4 MEP Engineering Stage 1
· October 2012	TSMC F14 P5 MEP PACKAGE

· October 2012	TSMC F15 P4 CLEANROOM project
· October 2012	TSMC FAB14 P5 FAB ARER CLEAN ROOM project
· January 2013	TSMC F14 POWER HOOK UP project
· January 2013	TSMC F4 HOOK UP EXHAUST, CAP, FILTER project
· March 2013	TSMC F14 P6 PX PACKAGE
· April 2013	TSMC F14 P6 MEP PACKAGE
· April 2013	TSMC F14 P6 CLEAN ROOM PACKAGE
· November 2013	TSMC F14 P6 POWER HOOK UP addition engineering project
· August 2013	Universal Scientific Industrial (Shanghai) Co., Ltd. Production Plant 1&2F Cleanroom & Interior Decoration project
· October 2013	China Electronics Panda Crystal Technology Corporation (Nanjing) new cleanroom system improvement engineering (+10K) project
· September 2013	Universal Scientific Industrial (Shanghai) Co., Ltd. Production Plant 3F Cleanroom project
· January 2014	Taiwan Micron R2 25NM 75K CLEANROOM Project (STANGE 1+2)
· January 2014	TSMC F14 OFFIC TESTING C/R AND UTILITY PACKAGE
· February 2014	TSMC Xintec new plant electrical and mechanical and cleanroom installation engineering project
· April 2014	TSMC F14 P7 C/R
· June 2014	AUO Singapore L4B POWER MTM project
· September 2014	ChipMOS TB Building 4F cleanroom construction project
· October 2014	TSMC F12 P7 MEP PACKAGE
· November 2014	AUO L8B B21 P1 P2 P3 cleanroom expansion project
· November 2014	TSMC F12 P7 CLEAN ROOM PACKAGE
· February 2015	ASE Kaohsiung Plant K22 Plane Plant Construction project
· February 2015	Taiwan Micron FAB A2 Base Build Project
· January 2016	Winbond Electronics MEP+CR
· February 2016	TSMC F15 P6 MEP PACKAGE STAGE 1 (EQUIPMENT/LABOR/MATERIAL)
· March 2016	TSMC F15 P5 MEP PACKAGE (STAGE 1) (UPS)
· March 2016	TSMC F15 P6 CR SCAD -TEM- additional engineering by foremen

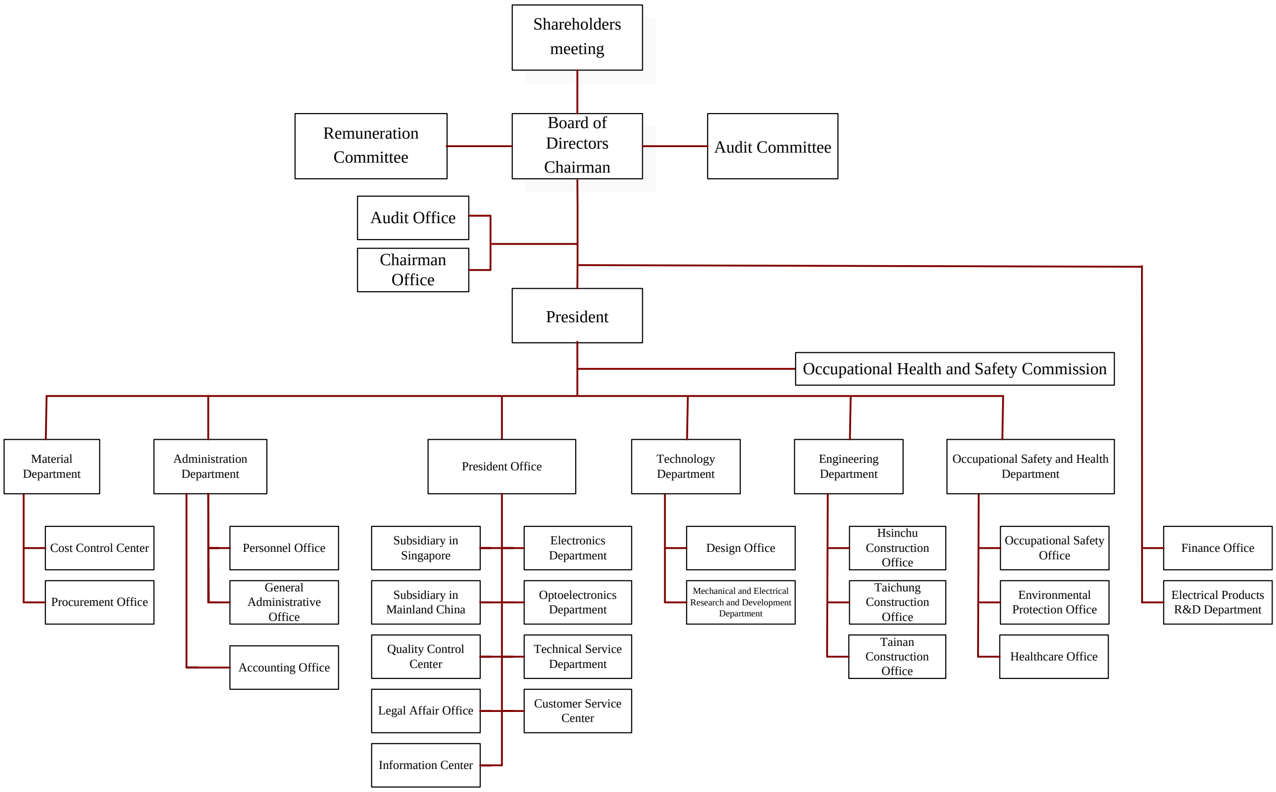
- October 2016 Taiwan Micron A2 110S TOTAL GAS SYSTEM (MOR)
- November 2016 TSMC CHINA (Nanjing) CLEANROOM PACKAGE -EQ (STAGE 1)
- March 2017 TSMC F-12 P4 EUV MEP+CR project
- October 2017 SSMC Expansion project
- November 2017 Taiwan Micron -TCP new plant construction
- February 2018 SSMC new plant constructon – equipment procurement
- February 2018 Taiwan Micron F11 CUB-1B new construction
- April 2018 TSMC F18 P1 MEP A PACKAGE
- April 2018 TSMC F18 P1 MEP B PACKAGE
- April 2018 TSMC F18 P1 FIRE PACKAGE
- May 2018 TSMC F18 P1 C/R
- June 2018 Yangtze Memory National Memory Base (phase I) euipqment pipelines importaed equipment
- July 2018 Taiwan Micron Build up for MTB warehouse
- July 2018 Taiwan Micron A2 E100 expansion project
- July 2018 Taiwan ASE Test – ASE k22 6F TEST plant construction
- July 2018 TSMC F18P1 EBO construction
- August 2018 IQE Taiwan 3F plant new turnkey construction
- December 2018 Capital decrease of NT$476,464,750 and the total capital of the Company amounted to NT$1,905,866,980.
- December 2018 AUO Huaya plant L3D IJP project
- December 2018 TSMC F18 P2 MEP A PACKAGE
- December 2018 TSMC F18 P2 MEP B PACKAGE
- December 2018 TSMC F18 P2 FIRE PACKAGE
- December 2018 TSMC F18 P2 PCW PACKAGE
- December 2018 TSMC F18 P2 C/R PACKAGE

Three. Corporate governance report

I. Company organization

(I) Organization system

1. Organizational Structure of the Company



2. The main job responsibility of each department is summarized as follows:

Department	Main job responsibility
Audit Office	Assist the Company's personnel to fulfill their job responsibilities and determine the correctness of their work in order to improve organizational performance.
Legal Affair Office	Assist in the legal affairs related to the business of each department (proposing legal opinions, contract drafting and review, litigation and non-litigation events, etc.), drafting and amending the Company's Articles of Associations, and implementing other legal matters.
Administration Office	Take care of general affairs, stock affairs, public relations, information, and other matters
Personnel Office	Responsible for the recruitment, performance evaluation, promotion, benefits, training, and other matters.
Finance Office	Responsible for financial scheduling, cashier, cash budgeting, and other matters.
Accounting Office	Responsible for the Company's accounting operations, tax return filing, cost calculation, and other matters.
Procurement Office	Responsible for the execution of the Company's various requisitions, orders processing, and documentation management.
Information Center	Responsible for the computer-related systems, and software and hardware inside and outside the Company, structure planning, development, construction, management, and maintenance.
Customer Service Center	Responsible for business solicitation and customer service.
Engineering Department	Responsible for the implementation of the system (including special systems) integration engineering projects.
Technical Service Depatment	Responsible for the execution of maintenance contracts and warranty services.

Design Office	Responsible for the design, integration, and technical support services of all systems (except special systems) of the Company.
Mechanical and Electrical Research and Development Department	Responsible for cleanroom related air conditioning, energy, airflow simulation, and chemical molecular pollution research and development.
Electrical Products R&DDepartment	Responsible for the research and development of electrical engineering products, and assist in handling nonconformities on the worksite.
Optoelectronics Office	Responsible for the research and development, production, sales and maintenance of infrared and related optoelectronic products, and after-sale service.
Electronics Department	Responsible for the research and development, production, sales, and maintenance of wireless monitoring products, and warranty and after-sale service.
Work Safety and Safety and Health Office	Formulate, plan, supervise, and promote safety and health management matters, and guide the relevant personnel in implementation. Formulate the Company's occupational safety and health management plan, supervise each project to follow the Company's occupational safety and health management plan, and audit and guide the implementation of various projects in compliance with the safety and health code.
Quality Control Center	The establishment and continuous update of various quality assurance and reliability systems, and implement engineering quality control and improvement.
Cost Control Center	Responsible for the control and supervision of the Company's project costs.

II. Director and key manager information

1. Director information

April 21, 2019

Job Title	Nationality or Registration Place	Name	Sex	Election date	Tenure	Initial Election Date	Shareholding at the time of election		Current shareholding		Current shareholding of spouse and minor children		Shares held in the name of others		Experience (education)	Job position held with the Company and other companies concurrently	Other managers, directors, or supervisors who are a spouse or second cousins		
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job title	Name	Relationship
Chairman	Taiwan	C.S. Chen	Male	2018.06.12	3 years	1983.02.09	3,628,043	1.52%	2,902,434	1.52%	21,340	0.01%	-	-	Deparment of Communications Engineering, NCTU	Note 1	None	None	None
Director	Taiwan	Benny Chen	Male	2018.06.12	3 years	1990.03.02	2,907,300	1.22%	2,154,840	1.13%	-	-	-	-	Deparment of Communications Engineering, NCTU	Note 2	None	None	None
Director	Taiwan	Belle Lee	Female	2018.06.12	3 years	1990.03.02	7,012,334	2.94%	8,825,867	4.63%	-	-	-	-	Department of Economics, Chinese Culture University	Note 3	None	None	None
Director	Taiwan	Joseph Lee	Male	2018.06.12	3 years	1990.03.02	233	0.00%	186	0.00%	-	-	-	-	Departmnet of Electrical Engineering, Provincial Taipei Institute of Technology	Note 4	None	None	None
Director	Taiwan	Song Quan Company Limited	Male	2018.06.12	3 years	2018.06.12	15,151,000	6.36%	12,160,800	6.38%			-	-			None	None	None
Incorporated representative of the director	Taiwan	Hsueh J. Sung	Male	2018.06.12	3 years	2018.06.12	-	-	-	-	111,200	0.06%	-	-	MBA, Harvard Business School, USA	Note 5	None	None	None
Director	Taiwan	Kuan-Ming Lin	Male	2018.06.12	3 years	2018.06.12	-	-	-	-	-	-	-	-	Departmnet of Electrical Engineering, NTU	Note 6	None	None	None
Independent Director	Taiwan	Ting Herh	Male	2018.06.12	3 years	2015.06.16	-	-	-	-	-	-	-	-	PhD, School of Management, Victoria University, Switzerland	Note 7	None	None	None
Independent Director	Taiwan	Michael Tsai	Male	2018.06.12	3 years	2015.06.16	-	-	-	-	-	-	-	-	士 Bachelor program of Department of Electrical and Control Engineering, NCTU	Note 8	None	None	None
Independent Director	Taiwan	James Kao	Male	2018.06.12	3 years	2018.06.12	-	-	-	-	-	-	-	-	MBA, NTU	Note 9	None	None	None

Note 1: Chairman of the Company, Chairman of United Integrated Services Co., Ltd. (BVI), Director of Jiangxi United Integrated Services Company, Suyuan Trading (Shanghai) Company, Suzhou Hantai System Integration Company, and Hitpoint Co. Ltd., representative of incorporated director Ablerex Electronics Co., Ltd., Supervisor of Jiangxi Construction Engineering (Group) Co., Ltd., and Director of Brainchild Electronics Co., Ltd.

Note 2: President of the Company, director of Jiangxi Construction Engineering (Group) Co., Ltd., incorporated representative of the director Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited, and Huayuan Engineering Company, and chairman of Jiangxi United Integrated Services Company, Suyuan Trading (Shanghai) Company, Suzhou Hantai System Integration Company, Hitpoint Co. Ltd., Beijing Hanhe Tang Medical Devices Company, and United Integrated Services Company (Singapore).

Note 3: Vicee President of the Company.

Note 4: Chief Technology Officer of the Company and the Director of Jiangxi United Integrated Services Company.

Note 5: Chairman of Song Quan Company Limited.

Note 6: Chairman of Premier Capital Management Corporation, Premier Investment, Premier Startup Investment, and Ruby Tech Corporation , Director and President of Yuanfeng Startup Investment, Sanyuan Startup Investment, Kuanji Startup Investment, Director of Hueiyu Investment, Dexin Corp., Zipcom Corporation, Lung Hwa Electronics Co., Ltd., Amit Wireless Inc., Terawins Inc., Deltamac (Taiwan) Compnay Limited, and China Petrochemical Development Corporation, and Independent Director of Getac Technology Corporation.

Note 7: Chairman of DAVICOM Semiconductor, Inc.

Note 8:Chairman of Premier Investment Limited, and Powerchip Semiconductor Manufacturing Corp., incorporated representative of the directors Powerchip Technology Corporation and AP Memory Technology Corp., Director of Taiwan Mask Corp., and Fiber Optic Communications, Inc., and Independent Director of Winstron Corporation.

Note 9: Vice President of MStar.

2. Major shareholder of the incorporated shareholder

Major shareholder of the incorporated shareholder

April 21, 2019

Name of the incorporated shareholder (Note 1)	Major shareholder of the incorporated shareholder (Note 2)
Song Quan Company Limited	Hsueh J. Sung 2.46%, Ching Fang Chang 2.46%, Nai Hsing Sung 0.19%, Nai Chuan Sung 0.19%, Vaucluse Capital Management Limited 94.70%

3. Main Shareholder of Corporate Shareholder

Main Shareholder of Corporate Shareholder

April 21, 2019

Name of Corporate Shareholder (Note 1)	Main Shareholder of Corporate Shareholder (Note 2)
Vaucluse Capital Management Limited	Hsueh J. Sung 100%

Note 1: Fill in the name of the directors and supervisors who are representatives of incorporated shareholders

Note 2: Fill in the name of the major shareholder of the incorporated shareholders (which holds the top-ten shareholding) and his/her shareholding ratio. Fill in Table 2 for the major shareholders who are a legal person.

3. Director Information (II)

Conditions / Name (Note 1)	With or without over five years of work experience and the following professional qualifications			The status of independence (Note 2)										Serve as an independent director of other public companies
	A lecturer at the public and private colleges and universities for the teaching subject of business, legal, finance, accounting, or company business related subjects	Judges, prosecutors, lawyers, accountants, or specialized professionals and technical personnel who passed national examinations needed for the Company's businesses with certificates received	Business, legal, finance, accounting, or company business experience needed for the Company's businesses	1	2	3	4	5	6	7	8	9	10	
C.S. Chen			✓				✓	✓	✓	✓	✓	✓	✓	-
Benny Chen			✓				✓	✓	✓	✓	✓	✓	✓	-
Belle Lee			✓		✓		✓	✓	✓	✓	✓	✓	✓	-
Joseph Lee		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	-
Hsueh J. Sung			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	-
Kuan-Ming Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Ting Herh			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Michael Tsai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
James Kao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note: Each director and supervisor that has met the following conditions during the two years prior to the election and during the tenure should tick the box ("✓") of each condition.

(1) Not an employee of the Company or its affiliates.

(2) Not a director and supervisor of an affiliate of the Company. However, the independent director who is appointed by the Company or its parent company or subsidiary in accordance with this Law or local country law is not subject to such requirement.

(3) The principal and his/her spouse and minor children do not hold more than 1% stock share issued by the Company or not hold more than 1% stock share of the Company in the name of others, or not the top-ten natural shareholders.

(4) Not a spouse, a second cousin, or a third blood relative of the individuals as stipulated in the last three paragraphs.

(5) Not a director, supervisor, or employee of the incorporated shareholders who hold more than 5% of the stock shares issued by the Company, nor a director, supervisor, or employee of the top-five incorporated shareholders.

(6) Not a director, supervisor, manager, or a shareholder holding more than 5% shares of a specific company or institution that has finance or business transactions conducted with the Company.

(7) Not a professional, an owner of proprietorship, partnership, company, or institution, partner, director, supervisor, manager, and their spouse who provides business, legal, financial, accounting, and other services or consulting services to the Company or its affiliates. However, the members of the Remuneration Committee that was established in accordance with Article 7 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" are not subject to such requirements.

(8) There is no kinship with the other directors, such as a spouse or a second cousin.

(9) There is not any occurrence of the events as stated in Article 30 of the Company Act.

(10) There is not any government, legal person, or its representative elected as stated in Article 27 of the Company Act.

4. President, Vice President, and department head and branch officer information

April 21, 2019

Job title	Nationality	Name	Sex	Election (Inauguration) Date	Shareholdings		Shareholding of spouse and minor children		Shares held in the name of others		Experience (education)	Job position held with the other companies currently	Managers who are a spouse or second cousin		
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Job title	Name	Relationship
Chief Executive Officer	Taiwan	C.S. Chen	Male	2014.07.14	2,902,434	1.52%	21,340	0.01%	-	-	Communications Engineering Department of National Chiao Tung University	Note 1	-	-	-
President	Taiwan	Benny Chen	Male	2000.09.26	2,154,840	1.13%	-	-	-	-	Communications Engineering Department of National Chiao Tung University	Note 2	-	-	-
Chief Technology Officer	Taiwan	Joseph Lee	Male	1998.09.26	186	0.00%	-	-	-	-	Electrical Engineering Department of Taipei Institute of Technology	Note 3	-	-	-
Executive Vice President	Taiwan	Belle Lee	Female	2012.07.10	8,825,867	4.63%	-	-	-	-	Department of Economics, Chinese Culture University	Note 4	-	-	-
Vice President of Procurement	Taiwan	Shaoming Chen	Male	2012.07.10	832	0.00%	-	-	-	-	National Kaohsiung Institute of Technology	Note 5	-	-	-
Vice President of Engineering	Taiwan	Hsiangching Tseng	Male	2012.07.10	769	0.00%	-	-	-	-	National Taipei Institute of Technology	-	-	-	-
Accounting Officer	Taiwan	Limei Pan	Female	2012.06.27	600	0.00%	-	-	-	-	Hsingwu Junior College of Commerce	-	-	-	-
Finance Officer	Taiwan	Liyu Lin	Female	2012.06.27	21,600	0.01%	-	-	-	-	National Taipei College of Business	-	-	-	-
Vice President	Taiwan	Juichin Wu	Male	2012.07.10	26,162	0.01%	-	-	-	-	Department of Computer Science and Information Engineering, Tamkang University	Note 6	-	-	-
Vice President	Taiwan	Chunhsiung Wang	Male	2012.07.10	-	-	-	-	-	-	Vanung Institute of Technology	-	-	-	-

Note 1: Chairman of the Company, Chairman of UNITED INTEGRATED SERVICES CO., LTD. (BVI), Director of Jiangxi United Integrated Services Company, Suyuan Trading (Shanghai) Company, Suzhou Hantai System Integration Company, and Hitpoint Co. Ltd., representative of the incorporated director of Ablerex Electronics Co., Ltd., supervisor of Jiangxi Construction Engineering (Group) Co., Ltd., and Director of Brainchild Electronics Co., Ltd.

Note 2: The President of the Company, the director of Jiangxi Construction Engineering (Group) Co., Ltd., the incorporated representative of the Director of Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited, and Huayuan Engineering Company, and Chairman of Jiangxi United Integrated Services Company, Suyuan Trading (Shanghai) Company, Suzhou Hantai System Integration Company, Hitpoint Co. Ltd., Beijing Hanhe Tang Medical Devices Company, and United Integrated Services Company (Singapore).

Note 3: The Chief Technology Officer of the Company and the Director of Jiangxi United Integrated Services Company

Note 4: The Vice President of the Company

Note 5: The Vice President of Procurement of the Company and the Director of Jiangxi United Integrated Services Company.

Note 6: President of the Company’s branch office in Mainland China and the Director of Jiangxi United Integrated Services Company, Suyuan Trading (Shanghai) Company, Suzhou Hantai System Integration Company, and Hitpoint Company

5. Remuneration of Directors, President, and Vice President

(1) Remuneration of Directors (including Independent Directors) (Collective disclosure by the respective bracket) Unit: NT$ Thousands

Job title	Name	Remuneration of Directors								The ratio of the total amount of A, B, C and D (4 items) to the net income (%)		The relevant remunerations of part-time employees								The ratio of the total amount of A, B, C, D, E, F and G (7 items) to the net income (%)		Is there remuneration received from the invested companies other than the subsidiaries?
		Remuneration (A)		Pension		Remuneration of Directors (C)		Business execution fee (D)				Salary, bonus, and special allowance (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company		All the companies included in the financial report		The Company	All the companies included in the financial report	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	C.S. Chen	-	-	-	-	27,000	27,000	3,180	3,180	1.41	1.41	20662 (Including car allowance 555)	20662 (Including car allowance 555)	810	810	35,500	-	35,500	-	4.0582	4.0582	None
Director	Benny Chen																					
Director	Belle Lee																					
Director	Joseph Lee																					
Director	Song Quan Company Limited																					
Incorporated representative of the Director	Hsueh J. Sung																					
Director	Kuan-Ming Lin																					
Independent Director	Ting Herh																					
Independent Director	Michael Tsai																					
Independent Director	James Kao																					

* Except as disclosed in the aforementioned Table, the remuneration received by the Directors of the Company in the most recent year for the services (such as, providing consulting services to non-employees, etc.) provided to all the companies in the financial report: None

Remuneration Bracket Table

Bracket of the remuneration paid to each director of the Company	Name of Director			
	The total remuneration amount of the last 4 items (A+B+C+D)		The total remuneration amount of the last 7 items (A+B+C+D+E+F+G)	
	The Company	All the companies included in the financial report H	The Company	All the companies included in the financial report I
Below NT$2,000,000	Hsueh J. Sung	Hsueh J. Sung	Hsueh J. Sung	Hsueh J. Sung
NT$2,000,000 (inclusive)～NT$5,000,000	C.S. Chen, Belle Lee, Benny Chen, Joseph Lee, Song Quan Company Limited, Kuan-Ming Lin, Michael Tsai, Ting Herh, James Kao	C.S. Chen, Belle Lee, Benny Chen, Joseph Lee, Song Quan Company Limited, Kuan-Ming Lin, Michael Tsai, Ting Herh, James Kao	Song Quan Company Limited、Kuan-Ming Lin, Michael Tsai, Ting Herh, James Kao	Song Quan Company Limited, Kuan-Ming Lin, Michael Tsai, Ting Herh, James Kao
NT$5,000,000 (inclusive)～NT$10,000,000				
NT$10,000,000 (inclusive)～NT$15,000,000			Belle Lee	Belle Lee
NT$15,000,000 (inclusive)～NT$30,000,000			C.S. Chen, Benny Chen, Joseph Lee	C.S. Chen, Benny Chen, Joseph Lee
NT$30,000,000 (inclusive)～NT$50,000,000				
NT$50,000,000 (inclusive)～NT$100,000,000				
Over NT$100,000,000				
Total	10	10	10	10

(2) Remuneration to supervisors: Not applicable

Note: The Company had an election held on June 12, 2018, an Audit Committee formed, and supervisors dismissed.

(3) Remuneration of the President and Vice President (Collective disclosure by the respective bracket)

Unit: NT$ Thousands

Job title	Name	Salary (A)		Pension (B)		Bonus, special allowance, etc. (C)		Employee's remuneration amount (D)				The ratio of the total amount of A, B, C and D (4 items) to the net income (%)		Is there remuneration received from the invested companies other than the subsidiaries?
		The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report	The Company		All the companies included in the financial report		The Company	All the companies included in the financial report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief Executive Officer	C.S. Chen	37,239	40,130	1,372	1,372	555	555	57,820	-	57,820	-	4.51	4.65	None
President	Benny Chen													
Chief Technology Officer	Joseph Lee													
Executive Vice President	Belle Lee													
Vice President of Procurement	Shaoming Chen													
Vice President of Engineering	Hsiangching Tseng													
Vice President	Juichin Wu													
Vice President	Chunhsiung Wang													

＊ Regardless of the job title, any position equivalent to the President and Vice President (for example: Director-General, Chief Executive Officer, Director, etc.) should be disclosed.

Remuneration Bracket Table

Bracket of the remuneration paid to the President and Vice President of the Company	Name of President and Vice President	
	The Company	All the companies included in the financial report
Below NT$2,000,000		
NT$2,000,000 (inclusive)～NT$5,000,000		
NT$5,000,000 (inclusive)～NT$10,000,000	Shaoming Chen, Juichin Wu, Chunhsiung Wang	Shaoming Chen, Juichin Wu, Chunhsiung Wang
NT$10,000,000 (inclusive)～NT$15,000,000	Belle Lee, Hsiangching Tseng	Belle Lee, Hsiangching Tseng
NT$15,000,000 (inclusive)～NT$30,000,000	C.S. Chen, Benny Chen, Joseph Lee	C.S. Chen, Benny Chen, Joseph Lee
NT$30,000,000 (inclusive)～NT$50,000,000		
NT$50,000,000 (inclusive)～NT$100,000,000		
Over NT$100,000,000		
Total	8	8

(4) Name of the managers received employee remuneration and the amount of remuneration received. Unit: NT$ Thousands

	Job title	Name	Stock amount	Cash amount	Total	Ratio of total amount to net income (%)
The management	Chief Executive Officer	C.S. Chen	0	61,650	61,650	2.87
	President	Benny Chen				
	Chief Technology Officer	Joseph Lee				
	Executive Vice President	Belle Lee				
	Vice President of Procurement	Shaoming Chen				
	Vice President of Engineering	Hsiangching Tseng				
	Accounting Officer	Limei Pan				
	Finance Officer	Liyu Lin				
	Vice President	Juichin Wu				
	Vice President	Chunhsiung Wang				

6. Analysis of the ratio of the total remuneration paid to the Company's Directors, President, and Vice President in the most recent year by the Company and the companies included in the consolidated statements to the net income; also, the explanation of the policies, standards and portfolio of the remuneration, the procedures for the stipulation of remuneration, and its relevance with the business performance

1. Analysis of the ratio of the total remuneration paid to the Company's Directors, President, and Vice President in the last two years by the Company and the companies included in the consolidated financial statements to the net income

Unit: NT$ Thousands

Year / Identity	2017		2018	
	The Company	All the companies included in the financial report	The Company	All the companies included in the financial report
Remuneration of Directors	49,113	49,113	87,152	87,152
Ratio of remuneration of directors to net income (%)	4.04%	4.04%	4.06%	4.06%
Remuneration of President and Vice President	72,509	74,261	96,986	99,877
Ratio of remuneration of President and Vice President to net income (%)	5.97%	6.11%	4.52%	4.65%

The Board of Directors is authorized in accordance with the Articles of Association of the Company to determine the remuneration of all directors depending on their involvement in the Company operation and the value of their contribution; also, by referring to the general standards of the industry. Therefore, there should be no significant risks involved in the future.

2. Remuneration policies, standards and portfolio, procedures for determining remuneration , and their correlations with business performance and future risks

Job title / Remarks	Remuneration of Directors	Remuneration of President and Vice President
Remuneration policies	1. The independent directors of the Company are entitled a monthly business execution fee since the following month of the inauguration date. The other directors of the Company are only entitled to the remuneration in accordance with the Articles of Association when there is a surplus generated at the end of the Company's fiscal year. 2. The annual remuneration amount to each independent director net of the monthly business	The Company's managers will receive bonuses based on the annual performance evaluation. If there is surplus generated, remuneration should be appropriated and distributed to employees based on the performance evaluation performed by the Company.

	execution fee collected is the remaining amount to be collected.	
Standards and portfolio	According to the Rules Governing the Distribution of Remuneration to Directors	Salary, job allowance, meal allowance, performance evaluation award, and various subsidies
Procedure for determining remuneration	1. The annual remuneration of directors is determined according to the Company's Articles of Association, so the Remuneration Committee is to suggest an amount for the Board of Directors to resolve and then propose in the shareholders meeting for approval. 2. The appropriation of remuneration to the directors is reviewed by the Remuneration Committee and approved by the Board of Directors before distribution.	1. The salary proposal is drafted up according to the Rules Governing Employee Salaries and then presented to the Remuneration Committee for review and to the Board of Directors for approval. 2. The annual performance bonus and employee remuneration should be proposed to the Remuneration Committee for review and to the Board of Directors for approval in accordance with the annual performance evaluation results and related payment methods.
Relevance to business performance and future risks	It is to be executed according to the Rules Governing the Distribution of Remuneration to Directors	Salary is determined and paid according to the Company's Rules Governing Salary Determination; also, by referring to the business performance and profitability of each business unit. The Remuneration Committee regularly reviews the reasonableness of the salary.

III. Corporate governance operation of TWSE/GTSM Listed Companies

(I) The operation of the Board of Directors

The attendance of the directors and supervisors for the 12board meetings (A) held in 2018 and as of March 2019:

Job title	Name	Actual number of attendance (B)	Frequency of attendance by proxy	Actual attendance ratio (%) (B/A)	Remarks
Chairman	C.S. Chen	12	-	100%	
Director	Benny Chen	12	-	100%	
Director	Belle Lee	12	-	100%	
Director	Joseph Lee	7	-	100%	First term from June 12, 2018
Incorporated representative of the Director	Hsueh J. Sung	7	-	100%	First term from June 12, 2018
Director	Kuan-Ming Lin	6		85.71%	First term from June 12, 2018
Director	Incorporated representative of Chung Chin Investment Co., Ltd.: Kuo-Wei Wang (dismissed)	4		80%	Resigned on June 11, 2018
Independent Director	Ting Herh	11	1	100%	
Independent Director	Michael Tsai	12		100%	
Independent Director	James Kao	6	-	85.71%	First term from June 12, 2018
Supervisor	Kuan-Ming Lin (dismissed)	4	-	80%	Resigned on June 11, 2018
Supervisor	Chuansheng Lin (dismissed)	4	-	80%	Resigned on June 11, 2018

Other information to be published:

I. The operation of the Board of Directors shall be with the date, term, content of the proposal, the opinions of all independent directors, and the Company's processing of the opinions of the independent directors stated in any of the following circumstances: None

(I) Matters listed in Article 14-3 of the Securities and Exchange Act

(II) Except for the matters stated in the preceding paragraph, the resolutions of the Board of Directors that are opposed or reserved by independent directors with a record or written statement filed.

II. For the directors' having themselves recused from a proposal with the risk of conflict of interest, the name of the director, the content of the proposal, the reasons for recusing themselves, and the engagement in voting should be stated: None

III. Evaluate the objectives (such as, setting up an Audit Committee, improving information transparency, etc.) of strengthening the functions of the Board of Directors and the implementation in the current year and the most recent year.

(1) Objectives of strengthening the functions of the Board of Directors: The Company has formulated the "Regulations Governing Board of Directors Meetings" to establish a good corporate governance system for the Board of Directors, strengthen management functions, and improve supervision functions for the compliance of the Board of Directors in order to exercise its function.

(2) Performance evaluation performed by the Board of Directors: The convening and deliberation of the board meeting shall be conducted in accordance with the "Rules of Procedure for Board of Directors Meetings" and the "Regulations Governing Board of Directors Meetings" of the Company. The Remuneration Committee shall also be responsible for reviewing the remuneration of the directors, supervisors, and managers of the Company; also, provide recommendations and assess the relevant policies for the reference of the Board of Directors in decision-making.

(II) The operation of the Audit Committee and the participation of the supervisors in the operation of the Board of Directors:

1. Information on the operation of the Audit Committee:

The attendance of the independent directors for the 3 Audit Committee meetings (A) held in the most recent year:

Job title	Name	Actual number of attendance (B)	Frequency of attendance by proxy	Actual attendance ratio (%) (B/A) (Note)	Remarks
Independent Director	Ting Herh	3	0	100%	
Independent Director	Michael Tsai	2	1	100%	
Independent Director	James Kao	3	0	100%	

Other information to be published:

I. The operation of the Audit Committee shall be with the board meeting date, term, content of the proposal, the resolutions of the Audit Committee, and the Company's processing the opinions of the Audit Committee stated in any of the following circumstances: All the members of the Audit Committee had resolved major proposals unanimously in 2018. There was not any proposal not resolved by the Audit Committee, but with the consent of two-thirds of the board directors.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

(II) Except for the matters stated in the preceding paragraph, other proposals that have not been resolved by the Audit Committee, but with the consent of two-thirds of the board directors.

II. For the independent directors' having themselves recused from a proposal with the risk of conflict of interest, the name of the independent director, the content of the proposal, the reasons for recusing themselves, and the engagement in voting should be stated: None.

III. The communication among the independent directors, the chief internal auditors, and the certified public accountants (shall include important matters, methods, and results of communication on the Company's financial and business conditions)

(I) The communication between the independent directors and the chief internal auditor

1. The chief internal auditor attends each Audit Committee meeting to report auditing operations and to communicate face-to-face with the independent directors.

2. Internal auditors will report to the independent director immediately if they discover a major violation or if the Company has had a risk of significant damages.

3. The communication between the independent directors of the Company and the chief internal auditor is smooth and adequate.

(II) The communication between the independent directors and the certified public accountant

1. The certified public accountant reports quarterly in the Audit Committee meeting regarding the review or audit of the financial statements and to communicate other related legal requirements. If the independent directors have any opinions during the process, they can propose them for discussion and the certified public accountant will make additional explanations.

2. The certified public account shall report any special and significant finance and business issues to the Audit Committee immediately. 3. For any communication of major subjects, the Board of Directors will also invite the certified public account to attend the meeting to share his/her professional opinions in order to increase the opportunities for the certified public accountant to interact with the directors/independent directors. 4. The communication between the independent directors of the Company and the certified public accountant is smooth and adequate.

2. The participation of the supervisors in the operation of the Board of Directors:

The attendance of the 5 board meetings (A) held in the most recent year is as follows:

Job title	Name	Actual number of attendance (B)	Actual attendance ratio (%) (B/A)	Remarks
Supervisor	Kuan-Ming Lin	4	80%	
Supervisor	Chuansheng Lin	4	80%	

Other information to be published:

I. The designation and responsibilities of the supervisors:

(I) The communication between the supervisor and the Company's employees and shareholders: The supervisor may contact the employees and the shareholders directly when necessary.

(II) The communication among the supervisor, the chief internal auditor, and the certified public accountant:

1. The chief auditor submits an audit report to the supervisor in the following month of the audit performed. The supervisor has no objection.
2. The supervisors when wish to have more clear understanding of the financial statements may communicate to the certified public accountant in a face-to-face or written manner. The supervisors review the financial statements and consider it is true and there is not any ambiguity; therefore, they raised no objections.

(III) If the supervisor attends the board meeting and wishes to make a statement, the date of the board meeting, the period, the content of the proposal, the result of the resolution reached in the board meeting, and the Company's handling the opinions of the supervisor should be stated: None

(IV) The Company had an election held on June 12, 2018, an Audit Committee formed, and the supervisors dismissed.

(III) The status of corporate governance operation and its differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes

Evaluation items	Operation (Note 1)			Its differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
I. Does the Company stipulate and disclose its corporate governance best-practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?"	V		It has been handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."	None
II. The shareholding structure and shareholders' equity of the Company (I) Does the Company have an internal operating procedure formed to deal with shareholders' recommendations, doubts, disputes, and litigation matters, and implement it according to the procedures? (II) Does the Company have a list of the ultimate controllers of the major shareholders who actually control	 V V		(I) In order to protect the interests of shareholders, the Company handles shareholders' suggestions or disputes through special personnel, such as, spokespersons and stocks service officer. (II) The personnel directly under the administration of the "President Office" are responsible for mastering the list of the ultimate controllers of the major shareholders who actually	None

Evaluation items	Operation (Note 1)			Its differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
the Company?			control the Company, and interact frequently to establish good relationships and ensure the stability of the business operation.	
(III) Does the Company establish and implement risk controls and firewall mechanisms between the Company and the affiliates?	V		(III) The Company has set up and supervised the operation of the subsidiary.	
(IV) Does the Company have internal regulations formed that prohibit insiders from using unpublished information to buy and sell securities in market?	V		(IV) The Company has formulated the "Procedures for the Prevention of Insiders' Trade" so the internal personnel shall comply with the relevant regulations and internal operating procedures.	
III. The composition and duties of the Board of Directors (I) Does the Board of Directors stipulate diversified policies for the compliance of the members and implement them substantially?	V		(I) According to Article 20 of the Company's "Corporate Governance Best-Practice Principles," the composition of the Board of Directors should be with the consideration of diversification; also, form appropriate diversified policies with the consideration of its own operations, business model, and development needs.	None

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Operation (Note 1)</th><th rowspan="2">Its differences from the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and the root causes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Diversified project / Name of Director</th><th>Operational judgment</th><th>Accounting and financial analysis skills</th><th>Management competence</th><th>Crisis management ability</th><th>Industrial knowledge</th><th>International market vision</th><th>Leadership</th><th>Decision-making capacity</th></tr>
<tr><td>C.S. Chen</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Benny Chen</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Belle Lee</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Joseph Lee</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Hsueh J. Sung</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Ting Herh</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Michael Tsai</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>James Kao</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>
</td><td></td></tr>
<tr><td>(II) Does the Company voluntarily set up other functional committees besides setting up the Remuneration Committee and the Audit Committee according to law?</td><td></td><td>V</td><td>(II) In addition to setting up the Remuneration Committee and the Audit Committee according to law, the rest of the Company’s corporate governance operations are handled by each department according to its respective functions. No other functional committees are set up, but the need for setting any functional committee will be evaluated accordingly in the future.</td><td></td></tr>
<tr><td>(III) Does the Company have a board performance evaluation method and assessment method stipulated; also, have performance evaluations been conducted annually and regularly?</td><td>V</td><td></td><td>(III) The Company regularly reviews the effectiveness of the Board of Directors and improves the degree of corporate governance gradually. However, the “Rules Governing the Performance Evaluation of the Board of Directors” and the</td><td></td></tr>
</table>

Evaluation items	Operation (Note 1)			Its differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
(IV) Does the Company regularly assess the independence of the public auditor?	V		assessment methods have not yet been finalized; therefore, it will be assessed as needed in the future. (IV) The Accounting Office of the Company evaluates the independence of the public auditor every year and reports the evaluation result to the Board of Directors. The Company sets the evaluation project: 1. There is no direct or significant indirect financial interest relationship with the audit client, 2. There is no financing or guarantee act with the audit client, 3. There is no close commercial relationship with the audit client, 4. There is no potential employment relationship with the audit client, and 5. There is no contingent audit fee related to the audit case. 2. The most recent assessment was performed on August 10, 2018 and March 25, 2019. The Accounting Office examined the competence and independence of the public auditor. It had not found any dissatisfaction and violation of independence of the said public auditor. The proposal was reviewed and approved by the Board of Directors on August 10, 2018 and March 25, 2019.	
IV. Whether the public company has set up a corporate governance full-time	V		1. The Corporate Governance Promotion Group of the Company acts as the corporate governance unit, assisting the Board of	None

Evaluation items	Operation (Note 1)			Its differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
(part-time) unit or designated personnel responsible for corporate governance related matters (including but not limited to providing information requested by directors and supervisors to conduct business, handling matters related to board meetings and shareholders meeting, handling company registration and change registration, producing minutes of board meeting and shareholders meeting, etc.)?			Directors to promote the establishment of a sound corporate governance structure and implement various corporate governance systems in order to protect shareholders ultimately.	
V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up stakeholder section on the Company's website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders?	V		The Company has smooth communication and grievance channels held with business owners, suppliers, banks, and employees. The dedicated departments are responsible for communication and coordination to protect their legitimate rights and interests. The Company's website also has a stakeholder section and the email for the contact of stakeholders in order to properly respond to issues of concern to stakeholders.	None

Evaluation items	Operation (Note 1)			Its differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
VI. Does the Company commission a professional stock agency to handle the affairs of the shareholders meeting?	V		The Company appointed Taishin International Bank - Stock Service Office to handle various stock transactions of the Company.	None
VII. Information disclosure (I) Does the Company set up a website to disclose financial business and corporate governance information? (II) Does the Company adopt other methods of information disclosure (such as, setting up an English website, designating a person to be responsible for the collection and disclosure of Company information, implementing a spokesperson system, and placing the incorporated investor conference recording on the Company's website)?	 V V		 (I) The company information is disclosed on the Company's website for the reference of shareholders and the public. (II) The Company has designated a person to be responsible for the collection of company information and has information disclosure made on the Market Observation Post System. A spokesperson system has also been established to ensure the information that may affect the decision-making of shareholders and stakeholders is immediately disclosed.	 None
VIII. Does the Company have other important information that helps understand the operation of	V		(I) Employees' Rights and Interests: The Company has always treated employees with sincerity and safeguarded the legitimate rights and interests of employees in accordance	None

Evaluation items	Operation (Note 1)			Its differences from the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and the root causes
	Yes	No	Summary description	
corporate governance (including but not limited to employee benefits, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor advanced study, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the liability insurance acquired for the Company’s directors and supervisors, etc.)?			with the Labor Standards Law. (II) Employee care: The Company has the Employee Welfare Committee set up with the relevant system stipulated. Such as: Provide subsidies or cultural and recreational activities, community activities, etc. to employees. (III) Social care: Make donation to “The Association for No Crime of the Republic of China.” (IV) Investor Relations: The spokesperson is responsible for handling shareholders’ recommendations. (V) Supplier relations: The communication with suppliers is smooth and well executed. (VI) Interests of stakeholders: Stakeholders may communicate with the Company or make suggestions to the Company to protect their legitimate rights and interests. (VII) Implementation of customer policy: The Company maintains a good and stable relationship with its customers to create corporate profits. (VIII) The Company has based on the provisions of the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies” of Taiwan Stock Exchange to allow each director and supervisor arranging his/her advanced	

Evaluation items	Operation (Note 1)			Its differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
			study independently. Note 1 (IX) The liability insurance acquired by the Company for directors and supervisors: The liability insurance for the directors and supervisors was purchased by the Company in June, 2018. (X) Implementation of risk management policies and risk measurement standards: The Company has established various internal regulations in accordance with the law to conduct various risk management and evaluation.	

IX. Please explain the improvement of the Company's corporate governance according to the evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year, and propose the prioritized nonconformities for improvement and the respective measures. (Exempted for those companies that are not included in the assessment list)

Question number	Evaluation Index	Remarks
1.10.	Does the Company have the Agenda Handbooks in English and supplementary information of the meeting uploaded 21 days before the general shareholders meeting?	The Company is scheduled to upload the Agenda Handbooks in English on May 17, 2019.
1.11	Does the Company have the annual report in English uploaded 7 days before the general shareholders meeting?	The Company plans to upload the annual report in English on June 11, 2019.
2.2	Does the Company have a policy of diversification of board members stipulated and have the implementation of the diversification policy disclosed in the annual report and	The Company had the director diversification policy added in the "Rules Governing the Election of Directors" in 2018. The election of all board directors in 2018 was handled in accordance with the

Evaluation items	Operation (Note 1)			Its differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
company website?			candidate nomination system.	

Note 1
Continuing learning programs completed by Directors and Supervisors

Title	Name	Date of program		Held by	Course name	Learning hours	Note
		From	To				
Chairman	C. S. Chen	7/3/2018	7/3/2018	Taiwan Institute of Directors	2018 Annual Conference of Institute of Directors	3.0	
		5/8/2018	5/8/2018	Taiwan Stock Exchange	New Corporate Governance Blueprint Peak Forum for Public Companies	3.0	
Independent Director	Ting Herh	9/28/2018	9/28/2018	Taiwan Corporate Governance Association	How should directors and supervisors without financial/accounting background review the financial statements	3.0	
		9/26/2018	9/26/2018	Taiwan Stock Exchange Corporation	2018 ESG Investment Forum	3.0	
		6/27/2018	6/27/2018	Taiwan Foundation of Finance	Corporate Governance – Business opportunities and challenges brught by the trend of digital technology Issue 0007	3.0	
Director	Benny Chen	3/22/2019	3/22/2019	Securities and Futures Institute	Regulations of corporate governance and securities	3.0	
		7/03/2018	7/03/2018	Taiwan Institute of Directors	2018 Annual Conference of Institute of Directors	3.0	
		5/08/2018	5/08/2018	Taiwan Stock Exchange	New Corporate Governance Blueprint Peak Forum for Public Companies		

Director	Belle Lee	4/20/2018	4/20/2018	Securities and Futures Institute	2018 Information Sesstion of Prevention Against Insider Trading	3.0	

(IV) If a Company has set up a Remuneration Committee, it should disclose its composition, responsibility, and operation:

(1) Remuneration Committee member information

Identity (Note 1)	Conditions / Name	With or without over five years of work experience and the following professional qualifications:			The status of independence (Note 2)								Serve as a member of the Remuneration Committee of other public companies	Remarks (Note 3)
		A lecturer at the public and private colleges and universities for the teaching subject of business, legal, finance, accounting, or company business related subjects	Judges, prosecutors, lawyers, accountants, or specialized professionals and technical personnel who passed national examinations needed for the Company's businesses with certificates received	Commerce, legal affairs, finance, accounting, or work experience needed for the Company's businesses	1	2	3	4	5	6	7	8		
Convener	Ting Herh			✔	✔	✔	✔	✔	✔	✔	✔	✔	0	✔
Member	Michael Tsai			✔	✔	✔	✔	✔	✔	✔	✔	✔	0	✔
Member	Maosheng Chu			✔	✔	✔	✔	✔	✔	✔	✔	✔	0	-

Note 2: The first two years before the election and the tenure for each member

(1) Not an employee of the Company or its affiliates

(2) Not a director or supervisor of the Company or its affiliates However, the independent director who is appointed by the Company or its parent company or subsidiary in accordance with this Law or local country law is not subject to such requirement.

(3) The principal and his/her spouse and minor children do not hold more than 1% stock share issued by the Company or hold more than 1% stock share of the Company in the name of others, or not the top-ten natural shareholders.

(4) Not a spouse, a second cousin, or a third blood relative of the individuals as stipulated in the last three paragraphs.

(5) Not a director, supervisor, or employee of the incorporated shareholders who hold more than 5% of the stock shares issued by the Company, nor a director, supervisor, or employee of the top-five incorporated shareholders.

(6) Not a director, supervisor, manager, or a shareholder holding more than 5% shares of a specific company or institution that has finance or business transactions conducted with the Company.

(7) Not a professional, an owner of proprietorship, partnership, company, or institution, partner, director, supervisor, manager, and their spouse who provides business, legal, financial, accounting, and other services or consulting services to the Company or its affiliates.

(8) There is not any occurrence of the events as stated in Article 30 of the Company Act.

Note 3: If the member is also a director, please indicate whether he/she meets the requirements of Paragraph 5 of Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter." For those who have met the following conditions, please tick the box ("✓") of each condition.

(2) The operation of the Remuneration Committee

I. The Remuneration Committee of the Company is composed of with 3 members.

II. The tenure of this term: June 12, 2018 to June 11, 2021. The Remuneration Committee had held 3 meetings (A) in the most recent year; also, the member qualifications and attendances are as follows:

Job title	Name	Actual number of attendance (B)	Frequency of attendance by proxy	Actual attendance ratio (%) (B/A) (Note)	Remarks
Convener	Ting Herh	3	-	100%	
Member	Michael Tsai	3	-	100%	
Member	Maosheng Chu	3	-	100%	

Other information to be published:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the board meeting date, term, content of the proposal, the resolutions of the Board of Directors, and the Company's handling the opinions of the Remuneration Committee (such as, the salary and remuneration approved by the Board of Directors is better than the recommendations of the Remuneration Committee), and should explain the difference and its reasons): None

II. For the resolutions of the Remuneration Committee, if members have objections or reservations raised and have a record or written statement kept, it shall state the Remuneration Committee meeting date, term, content of the proposal, the opinions of all members, and the handling of the members' opinions: None

III. Scope of authority of the Remuneration Committee:

The following functions and powers should be faithfully carried out in good faith and the recommendations should be submitted to the Board of Directors for discussion.

I. Review this procedure regularly and propose amendments.

II. Establish and regularly review the policies, systems, standards, and structures of the performance evaluation and remuneration for the Company's directors and managers.

III. Regularly evaluate and determine the salary and remuneration of directors and managers.

The Committee shall perform the responsibilities as stated in the preceding paragraph in accordance with the following principles:

I. Ensure that the Company's remuneration arrangements are in compliance with relevant law and regulations and are sufficient enough to attract talents.

II. The performance evaluation and remuneration of directors and managers should be determined by referring to the standards of the industry, including the reasonable connection of the personal performance, the Company's operating performance, and future risks.

III. Directors and managers should not be led to engage in an act exceeding the tolerable risk of the Company for the pursuit of remuneration.

IV. The ratio of ~~dividends~~ distributed and partial change in remuneration payment time for the short-term performance of directors and senior managers, the characteristics of the industry and the nature of the Company's business should be taken into account.

V. Members of the Remuneration Committee are not allowed to participate in discussing and voting on their personal salary and remuneration decision-making process.

The so-called "salary and remuneration" referred to in the preceding two paragraphs includes cash remuneration, stock options, dividend shares, pension or severance pay, various allowances, and other measures with substantial rewards; the scope of the remuneration shall be consistent with the remuneration of the directors and managers stated in the "Regulations Governing Information to be Published in Annual Reports of Public Companies."

(V) Fulfilling social responsibility:

Fulfilling social responsibility

Evaluation items	Operation			Its differences from the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and its root causes
	Yes	No	Summary description	
I. Implementing corporate governance				
(I) Does the Company have had a corporate social responsibility policy or system in place and reviewed the implementation effect?	V		(I) In discussion by the Company Although not a full-time unit is in charge, the Company creates the best interests for shareholders and employees in the spirit of upholding sustainable management and increasing the Company's value, and fulfilling its social responsibilities.	None
(II) Does the Company regularly hold corporate social responsibility education and training?	V		(II) The Company continues to advocate corporate business philosophy and social responsibility and obligation through various meetings.	
(III) Does the Company set up a full-time (part-time) unit for promoting corporate social responsibility and the Board of Directors authorizes the senior management to handle it and report the situation to the Board of Directors?	V		(III) The Company promotes corporate ethics, corporate governance, and insider regulations to the directors and managers from time to time, and promotes corporate ethics to employees occasionally.	
(IV) Does the Company have a reasonable remuneration policy, combine the employee performance evaluation system with the corporate social responsibility policy, and establish a clear and effective reward and disciplinary system?	V		(IV) The Company has established relevant reward and punishment methods in the "Work Rules" for employees.	

Evaluation items	Operation			Its differences from the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and its root causes
	Yes	No	Summary description	
II. Developing a sustainable environment (I) Is the Company committed to improving the efficient use of resources and using recycled materials that have a low impact on the environment?	V		(I) The Company has no environmental pollution problems Encourage recycling	None
(II) Does the Company establish a suitable environmental management system based on its industrial characteristics?	V		(II) The Company has set up the "Occupational Safety and Health Management" to effectively achieve environmental safety maintenance, energy conservation, and carbon reduction. The Company does not have any hazardous waste generated, and the business waste will be entrusted to qualified manufacturers for processing from time to time.	
(III) Does the Company pay attention to the impact of climate change on operational activities, and implement greenhouse gas inventory, and formulate strategies for corporate energy conservation, carbon reduction, and greenhouse gas reduction?	V		(III) The Company set up the "Safety and Health Department" for the professional and responsible personnel to manage environmental affairs.	

Evaluation items	Operation			Its differences from the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and its root causes
	Yes	No	Summary description	
III. Maintain social welfare				
(I) Does the Company formulate relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		(I) The Company has reported the "Work Rules" for records and the Labor Safety and Health Rules that have been approved by the Department of Labor.	None
(II) Does the Company establish an employee grievance mechanism and channel, and handle it properly?	V		(II) In order to coordinate labor-management relations, promote labor-management cooperation and improve work efficiency, a good communication between department heads and employees; also, a fair and smooth opinion mailbox is set up to expand communication channels for listening to and solving employees' opinions and ideas in order to fully exercise the labor-management coordination mechanism.	
(III) Does the Company create a safe and healthy working environment for employees, and regularly provide safety and health education to employees?	V		(III) The "Labor Safety and Health Rules" submitted by the Company in accordance with the law has been approved by the Department of Labor. The Company provides a safe and healthy working environment for employees with annual labor health check benefits included.	
(IV) Does the Company establish a mechanism for regular communication with employees and	V		(IV) The Company announces the Company's business policy and operation orientation	

Evaluation items	Operation			Its differences from the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and its root causes
	Yes	No	Summary description	
notify employees in a reasonable manner regarding the operational changes that may have a significant impact on employees?			through a meeting or notice.	
(V) Does the Company establish an effective career development training program for its employees?	V		(V) The Company has established a comprehensive welfare system and planned a variety of educational training courses to enhance the job competence of employees.	
(VI) Does the Company develop relevant consumer protection policies and grievance procedures regarding research and development, procurement, production, operations, and service process?	V		(VI) Consumer-related rights are clearly stated in the contract, and special units are set up to fulfill the warranty obligations.	
(VII) Does the Company comply with relevant regulations and international standards for marketing and labeling of products and services?	V		(VII) The Company has the "Regulations Governing the Selection and Management of Suppliers" stipulated for selecting suitable suppliers. The Company has established ISO: 13485 Medical Equipment Quality System to protect consumer safety. The Company's quality management system has passed the internationally recognized latest edition (2015) of the ISO 9001 quality management system certification with a certificate received, in addition to meeting international quality control requirements; it is	

Evaluation items	Operation			Its differences from the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and its root causes
	Yes	No	Summary description	
			in line with the international community.	
(VIII) Does the Company assess whether the supplier has any record of affecting the environment and society in the past before dealing with the supplier? (IX) Does the contract signed between the Company and its major suppliers include that the Company may have the contract terminated or cancelled at any time when the suppliers violate the corporate social responsibility policies with significant environmental and social impacts?	V V		(VIII) The Company attaches great importance to the protection of the environment and society, and also selects suppliers who share the same integrity with the Company, and regularly evaluates their competence. (IX) All suppliers of the Company must comply with the Company's honesty policy. The cooperation with any offender will be terminated immediately in order to obtain the most reasonable price, the best quality, and the best service, so the Company and the supplier can work together to enhance the corporate social responsibility.	
IV. Strengthening information disclosure (I) Does the Company disclose relevant and reliable information about corporate social responsibility on its website and Market Observation Post System?	V		Relevant information about various corporate social responsibilities is disclosed in the Company's annual report.	None
V. If the Company has its own corporate social responsibility best-practice principles stipulated in accordance with the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies," please describe its operation and its differences from the "Corporate Social Responsibility Best-Practice Principles:" In discussion by the Company				

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Operation</th><th rowspan="2">Its differences from the “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and its root causes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">VI. Other important information that helps understand the operation of corporate social responsibility: environmental protection, garbage sorting and recycling, recycling and sustainable use: such as, PET bottles, second-hand paper, and iron and aluminum cans.</td></tr>
<tr><td colspan="5">VII. If the Company’s corporate social responsibility report has passed the verification criteria of the relevant verification agency, it should be stated in details:
<table><tr><td>Certification name</td><td>Certification institute</td><td>Verification criteria</td></tr><tr><td>1. ISO:13485 Medical devices Quality management systems</td><td>DET NORSKE VERITAS</td><td>ISO 13485:2003</td></tr><tr><td>2. ISO:9001 Quality management systems</td><td>SGS</td><td>ISO 9001:2015</td></tr></table></td></tr>
</table>

(VI) The ethical management of the Company and the measures adopted:

Implementing ethical management

Evaluation items	Operations			Its differences from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
I. Establishing ethical management policies and programs				
(I) Does the Company explicitly express its ethical management policies and practices in its regulations and external documents, as well as the commitment of the Board of Directors and management to active implementation of business policies?	V		(I) The Company has established the "Ethical Management Best-Practice Principles." A responsible person is designated for the formulation, supervision, and implementation of the ethical management policy and prevention plan, and reports to the Board of Directors on a regular basis.	None
(II) Does the Company have a plan to prevent unethical acts, and specify operating procedures, guidelines for conduct, disciplinary actions for violations and grievance systems in each program, and implement them accordingly?	V		(II) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" to standardize relevant operating procedures and implement them accordingly.	
(III) Does the Company adopt preventive measures for the business activities with high risk of unethical acts as stated in Paragraph 2 of Article 7 of the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" or within the scope of other business activities?	V		(III) In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system, and internal auditors regularly check the compliance of the said system.	

Evaluation items	Operations			Its differences from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
			The Company's Employee Work Rules clearly stated that employees must not use their powers to seek illegal benefits, accept hospitality, receive kickback and gifts, and embezzle public funds and properties or other illegal interests; also, do not negligently disclose the Company's technology or business secrets in order to avoid employees' sacrificing company's equity for personal gains.	
II. Implementing ethical management (I) Does the Company assess the ethical conduct record of the counterparty and specify the terms of ethical conducts in the contract signed with the counterparty? (II) Does the Company set up a full-time (part-time) unit to promote ethical corporate management under the administration of the Board of Directors, and regularly report its implementation to the Board of Directors?	V V		(I) Does the Company assess the legality of the customer and supplier and whether they have any record of unethical conduct before dealing with them? (II) The Audit Office of the Company is responsible for the formulation, supervision, and implementation of the ethical management policy and prevention plan, and reports to the Board of Directors.	None

Evaluation items	Operations			Its differences from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
(III) Does the Company have a policy to prevent conflicts of interest, provide a proper communication channel, and implement it accordingly?	V		(III) The Company's Employee Work Rules clearly stated that employees must not use their powers to seek illegal benefits, accept hospitality, receive kickback and gifts, and embezzle public funds and properties or other illegal interests; also, do not negligently disclose the Company's technology or business secrets in order to avoid employees' sacrificing company's equity for personal gains.	
(IV) Does the Company have an effective accounting system and internal control system established for the implementation of ethical management, and have it regularly checked by internal auditing units, or have a public auditor commissioned to check it?	V		(IV) In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system, and internal auditors regularly check the compliance of the said system.	
(V) Does the Company regularly hold ethical management education and training internally and externally?	V		(V) The Company maintains the principle of good faith with its customers, handles customer complaints in a timely manner, and actively takes measures to minimize the loss of both parties in order to secure the trust of customers. The Administration Office of the Company clearly defines the job responsibilities and employee grievance;	

Evaluation items	Operations			Its differences from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
			also, clearly defines the prevention of conflict of interest policy and communication channel in the management procedures.	
III. The operation of the Company's reporting system (I) Does the Company have a specific reporting and reward system, a convenient reporting channel, and an appropriate officer assigned to deal with the reported individual? (II) Does the Company set the standard operating procedure and the related confidentiality mechanisms for investigating the reported events? (III) Does the Company take measures to protect the reporting personnel from improper treatment?	V V V		The Company has a "Chairman's Mailbox for suggestions and grievances" to handle the Company's major nonconformities, frauds, and other matters in a confidential manner for the protection of the reporting individuals. The relevant departments have been instructed to handle the specific project as quickly as possible. According to the reward and punishment regulations in the "Work Rules," the employees with unethical acts committed are accordingly reported for a disciplinary action.	None
IV. Strengthening information disclosure (I) Does the Company disclose the contents of its "Ethical Management Best-Practice Principles" and the achievement in implementation on the website and Market Observation Post System?	V		The Company has disclosed the contents of the "Ethical Management Best-Practice Principles" on the Company's website and Market Observation Post System; also, the achievement in implementation is disclosed in the annual report.	None

Evaluation items	Operations			Its differences from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root causes
	Yes	No	Summary description	
V. If the Company has its own "Ethical Management Best-Practice Principles" stipulated in accordance with the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies," please describe its operation and its differences from the "Ethical Management Best-Practice Principles" stipulated: None				
VI. Other important information that helps understand the operation of ethical management (such as, the Company reviews and amends its established "Ethical Management Best-Practice Principles," etc.): None				

(VII) The Company has established the Corporate Governance Best-Practice Principles and related regulations inquiry method: the website of UNITED INTEGRATED SERVICES CO., LTD. (http://www.uisco.com.tw)

(VIII) Other important information that helps understand the operation of corporate governance: None

(IX) The implementation of the internal control system should be with the following information disclosed:

1. Internal Control Statement

UNITED INTEGRATED SERVICES CO., LTD.

Internal Control Statement

Date: March 25, 2019

The 2018 internal control system of the Company is declared as follows according to the results of self-inspection:

I. The Company is aware that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Board of Directors and the management of the Company. The Company has established such system. The purpose is to provide reasonable assurance in terms of achieving the goals of operational effectiveness and efficiency (including profitability, performance, asset safety, etc.), reporting reliability, timeliness, transparency, meeting relevant regulations, and compliance with relevant law and regulations.

II. The internal control system has its inherent limitations. Regardless of how well the design is perfected, an effective internal control system can only provide reasonable assurance in achieving the above three objectives. Moreover, due to changes in the environment and conditions, the effectiveness of the internal control system may change. However, the Company's internal control system is designed with a self-monitoring mechanism. The Company can take corrective actions immediately upon identifying nonconformities.

III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria of the effectiveness of the internal control system as stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of the effectiveness of the internal control system as stated in the "Regulations" has internal control system divided into five elements according to the management and control process: 1. Environment control, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring operations. Each element contains several items. Please refer to the "Regulations" for the aforementioned items.

IV. The Company has adopted the aforementioned criteria of the internal control system to evaluate the effectiveness of the design and implementation of the internal control system.

V. The Company based on the results of the previous assessment believes that the internal control system (including the supervision and management of subsidiaries) on December 31, 2018, including understanding the operational effectiveness and the achievement in efficiency, the reliability, timeliness, and transparency of reporting, and the design and implementation of the internal control system complying with the relevant requirements and regulations, is effective and can reasonably ensure the achievement of the aforementioned objectives.

VI. This statement will become the main content of the Company's annual report and prospectus, and is hereby made known to the public. If the content of the disclosure in the preceding paragraph is illegal or concealed, it will involve legal liabilities as stated in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been resolved by the Board of Directors on March 25, 2019. Among the nine Directors present at the meeting, none has raised any diseening opinion, and others have agreed with this Statement. It is hereby clarified.

UNITED INTEGRATED SERVICES CO., LTD.

Chairman: C.S. Chen (Signature and Seal)

President: Benny Chen (Signature and Seal)

2. If a certified public accountant is commissioned to examine the internal control system, the review report of the CPA should be disclosed: None**.**

(X) The Company and its internal personnel punished according to law, the internal personnel violating the internal control system punished by the Company, major nonconformities occurred, and improvements made in the most recent year and as of the annual report printing date are as follows: None

(XI) Important resolutions of the shareholders meeting and the Board of Directors in the most recent year and as of the annual report printing date:

1. Important resolutions reached in the 2018 Shareholders Meeting and the implementation

1.1. The 2018 General Shareholders Meeting

Time: At 9:00am, June 12, 2018 (Tuesday)

Location: Chinatrust Executive House (No.219-2, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City)

Attendees: C.S. Chen (Director), Benny Chen (Director), Belle Lee (Director), Ting Herh (Independent Director), and Yenling Fang (CPA)

I. Reporting matters:

(I) The 2017 Business Report

(II) The 2017 Supervisor's Review Report

(III) The 2017 Remuneration to Employee, Directors, and Supervisors Report

(IV) Investment in Mainland China

(V) Amendments to the Company's "Procedures for Ethical Management and Guidelines for Conduct"

(VI) Amendments to the Company's "Ethical Management Best-Practice Principles"

(VII) Amendment to the Company's "Codes of Ethical Conduct"

IV. Proposals:

Proposal 1: The 2018 Business Report and Financial Statements (Proposed by the Board of Directors)

Resolution:

Note: The Company's 2017 business report and various financial statements were approved by the Board of Directors and reviewed by the supervisors. Please refer to Annex 1 and Annex 6 for details. Please acknowledge.

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,698,537 shares, the shareholders that voted "not in favor" were with 6,490 shares, and the shareholders that "abstained" were with 11,025,578 shares; the number of shares that voted "in favor" accounted for 94.19% of the total voting shares of all attending shareholders. The proposal was approved.

Proposal 2: The 2017 Earnings Distribution (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,744,536 shares, the shareholders that voted "not in favor" were with 6,491 shares, and the shareholders that "abstained" were with 10,979,578 shares. The cash dividends per share would be NT$5.

Implementation: Cash dividend distribution date: July 27, 2018

V. Discussionand election:

Proposal 1: Reduction of cash capital and refund of stock proceeds (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,729,798 shares, the shareholders that voted "not in favor" were with 10,139 shares, and the shareholders that "abstained" were with 10,990,668 shares; the number of shares that voted "in favor" accounted for 94.20% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation: New shares will be issued and old stock will be unlisted after the capital reduction, and the new stocks swap date: December 10, 2018.

Proposal 2: Partial amendment of the provisions of the Company's "Articles of Association" (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,733,034 shares, the shareholders that voted "not in favor" were with 6,493 shares, and the shareholders that "abstained" were with 10,991,078 shares; the number of shares that voted "in favor" accounted for 94.20% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation: It has been processed according to the revised procedure.

Proposal 3: Partial amendment of the provisions of the Company's "Rules of Procedure for Shareholders Meetings" (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,732,758 shares, the shareholders that voted "not in favor" were with 6,492 shares, and the shareholders that "abstained" were with 10,991,355 shares; the number of shares that voted "in favor" accounted for 94.20% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation: It has been processed according to the revised procedure.

Proposal 4: Partial amendment of the provisions and renaming of the Company's "Procedures for Election of Directors and Supervisors" (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,733,032 shares, the shareholders that voted "not in favor" were with 6,497 shares, and the shareholders that "abstained" were with 10,991,076 shares; the number of shares that voted "in favor" accounted for 94.20% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation: It has been processed according to the revised procedure.

Proposal 5: Partial amendment of the provisions of the Company's "Procedures for the Acquisition and Disposal of Assets" (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,735,029 shares, the shareholders that voted "not in favor" were with 6,887 shares, and the shareholders that "abstained" were with 10,988,689 shares; the number of shares that voted "in favor" accounted for 94.20% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation: It has been processed according to the revised procedure.

Proposal 6: Partial amendment of the provisions of the Company's "Procedures for Loaning of Funds" (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,732,896 shares, the shareholders that voted "not in favor" were with 6,499 shares, and the shareholders that "abstained" were with 10,991,210 shares; the number of shares that voted "in favor" accounted for 94.20% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation: It has been processed according to the revised procedure.

Proposal 7: Partial amendment of the provisions of the Company's "Procedures for Making of Endorsements / guarantees" (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,735,032 shares, the shareholders that voted "not in favor" were with 6,647 shares, and the shareholders that "abstained" were with 10,988,926 shares; the number of shares that voted "in favor" accounted for 94.20% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation situation: It has been processed according to the revised procedure.

Proposal 8: The election of all board directors (Proposed by the Board of Directors)

Election results:

Director:

Account number or identity certificate Doc. No.	Account title or name	Election shares
00000095	Belle Lee	205,591,980
00000003	C.S. Chen	173,415,034
00104934	Representative of Song Quan Company Limited: Hsueh J. Sung	168,271,000
00000010	Benny Chen	168,148,484
00000041	Joseph Lee	167,294,678
P100481***	Kuan-Ming Lin	167,019,457

Independent director:

Account number or identity certificate Doc. No.	Account title or name	Election shares
E102559***	Ting Herh	167,935,948
Q100695***	James Kao	167,700,346
A100138***	Michael Tsai	167,517,026

Implementation: For a 3-year tenure starting from June 12, 2018

Proposal 9: Lift the restriction of non-compete off the newly elected directors and their representatives. (Proposed by the Board of Directors)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 123,575,841 shares, the shareholders that voted "not in favor" were with 47,214,562 shares, and the shareholders that "abstained" were with 18,940,202 shares; the number of shares that voted "in favor" accounted for 65.13% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation: It has been processed according to the resolution reached.

Proposal 10: An amount of NT$238,233,373 from the additional paid-in capital of UNITED INTEGRATED SERVICES CO., LTD. was applied for the distribution of cash dividend. (A proposal proposed by the shareholders according to Article 172-1 of the Company Act)

Resolutions: The attending shareholders were with 189,730,605 voting shares; the shareholders that voted "in favor" were with 178,777,083 shares, the shareholders that voted "not in favor" were with 3,785 shares, and the shareholders that "abstained" were with 10,949,737 shares; the number of shares that voted "in favor" accounted for 94.23% of the total voting shares of all attending shareholders. The proposal was voted and approved.

Implementation: Cash dividend distribution date: July 27, 2018

2. The Minutes of the 2018 Board Meeting

2.1. Time: At 10:00am, February 13, 2018 (Tuesday)

I. Reporting matters

(1) The working progress report of the Photovoltaic Business Department

II. Proposal discussion

Proposal 1: Passed the Company's 2017 bonus of the managers

Proposal 2: Passed the Company's 2018 manager pay raise

Proposal 3: Passed the Company's 2017 remuneration distribution to employees, directors, and supervisors

Proposal 4: Passed the old pension plan for the employees transferred to other business unit

2.2. Time: At 10:00am, March 23, 2018 (Friday)

I. Reporting matters

(I) Important financial business report

1. Important financial business report

(1) Endorsement/Guarantee report

(2) Loaning of funds report

(3) Cash equivalents and use of credit line granted by financial institutions report

2. Business overview report

3. Subsidiary business overview report

(III) Internal audit business report

(IV) The Company's improving its capability in the preparation of financial report

II. Discussions

Proposal 1: Passed the 2017 Remuneration to directors, supervisors, and employees

Proposal 2: Passed the 2017 Business Report and Financial Report

Proposal 3: Passed the 2017 Earnings Distribution

Proposal 4: Passed the reduction of cash capital and refund of stock proceeds

Proposal 5: Passed the amendment to the Company's "Procedures for Ethical Management and Guidelines for Conduct"

Proposal 6: Passed the amendment to the Company's "Ethical Management Best-Practice Principles"

Proposal 7: Passed the amendment to the Company's "Codes of Ethical Conduct"

Proposal 8: Passed the partial amendment of the provisions of the Company's "Articles of Association"

Proposal 9: Passed the partial amendment of the provisions of the Company's "Rules of Procedure for Shareholders Meetings"

Proposal 10: Passed partial amendment of the provisions and renaming of the Company's "Procedures for Election of Directors and Supervisors"

Proposal 11: Passed the partial amendment of the provisions of the Company's "Procedures for the Acquisition and Disposal of Assets"

Proposal 12: Passed the partial amendment of the provisions and renaming of the Company's "Regulations Governing Loaning of Funds"

Proposal 13: Passed the partial amendment of the provisions and renaming of the Company's "Regulations Governing Making of Endorsements/Guarantees"

Proposal 14: Passed the election of all board directors

Proposal 15: Passed the lift of the restriction of non-compete off the newly elected directors and their representatives.

Proposal 16: Passed the Operating Procedures and Review Standards for the nominations of Directors and Independent Directors

Proposal 17: Passed the convention of the Company's 2018 general shareholders meeting; Time: At 9:00am on June 12, 2018 (Tuesday); Location:Chinatrust Executive House (No.219-2, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City)

Proposal 18: Passed the formulation of the Company's "Audit Committee Charter"

Proposal 19: Passed the Company's 2017 "Internal Control Statement

Proposal 20: Passed the independence assessment of the public auditor who certified the Company's financial report

Proposal 21: Passed the disposal of the Company's Photovoltaic Business Department

Proposal 22: Passed the introduction of the International Financial Reporting Standards No. 16 "Leases" preliminary assessment report

Proposal 23: Passed the Company's adopting the International Financial Reporting Standards No. 9 "Financial Instruments" to report the impact on the financial report

2.3 Time: At 3:00pm, April 9, 2018 (Monday)

I. Reporting matters

(I) Last meeting minutes and implementation

II. Discussions

Proposal 1: Passed the nomination of the candidates for the Company's 13th term of directors and independent directors

2.4 Time: At 10:00am, April 27, 2018 (Friday)

I. Reporting matters

(I) Last meeting minutes and implementation

II. Discussions

Proposal 1: Passed the qualification review of the candidates for directors

Proposal 2: Passed the 1% shareholder proposal in the 2018 general shareholders meeting, which was to distribute cash dividend for NT$1 per share with an amount of NT$238,233,373 from the additional paid-in capital of UNITED INTEGRATED SERVICES CO., LTD.

Proposal 3: Passed Proposal 10 to be additionally proposed in the Company's 2018 General Meeting, which was to distribute cash dividends with an amount of NT$238,233,373 from the additional paid-in capital of UNITED INTEGRATED SERVICES CO., LTD. (A proposal proposed by the shareholders according to Article 172-1 of the Company Act).

2.5 Time: At 10:00am May 11, 2018 (Friday)

I. Reporting matters

(I) Last meeting minutes and implementation

(II) Important financial business report

1. Important financial business report
   (1) Endorsement/Guarantee report
   (2) Loaning of funds report
   (3) Cash equivalents and use of credit line granted by financial institutions report
2. Business overview report
3. Subsidiary business overview report

(III) Internal audit business report

(IV) The Company's 2018 Q1 consolidated financial statements

II. Proposal discussion

Proposal 1: Passed the partial amendment of the provisions of the Company's "Articles of Association"

Proposal 2: Passed the partial amendment of the provisions of the Company's "Audit Committee Charter"

III. Motions

Motion 1: Passed the donation made to "The Association for No Crime of the Republic of China"

2.6 Time: At 3:00pm, June 12, 2018 (Tuesday)

I. Discussion and election

Proposal 1: Passed the nomination and election of Mr. C.S. Chen as the Chairman of the Company

2.7 Time: At 8:30am, June 22, 2018 (Friday)

I. Discussion and election

Proposal 1: Passed the appointment of Mr. Ting Herh, Mr. Michael Tsai, and Mr. Maosheng Chu as the members of the 4th Remuneration Committee

2.8 Time: At 10:00am, July 6, 2018 (Friday)

I. Proposal discussion

Proposal 1: Passed the amendment to the Company's "Rules Governing the Distribution of Remuneration to the Directors and Supervisors".

Proposal 2: Passed the attendance compensation paid to the members of the Remuneration Committee and Auditor Committee.

Proposal 3: Passed the severance pay made to the Vice President, Ou Chang.

Proposal 4: Passed the Company's 2017 remunerations paid to the management.

2.9 Time: At 10:00am, August 10, 2018 (Friday)

I. Reporting matters

(I) Last meeting minutes and implementation

(II) Important financial business report

1. Important financial business report

(1) Endorsement/Guarantee report

(2) Loaning of funds report

(3) Cash equivalents and use of credit line granted by financial institutions report

2. Business overview report

3. Subsidiary business overview report

(III) Internal audit business report

(IV) The Company's 2018 Q2 consolidated financial statements

(V) Other important reporting matters:

1. Reporting the convener nominated and elected by the Audit Committee

2. Reporting the liability insurance acquired continuously for the Company's directors

II. Proposal discussion

Proposal 1: Passed the change of the Company's public auditor and remuneration.

Proposal 2: Passed the independence and competency assessment performed on the Company's public auditor.

2.10 Time: At 10:00am, November 12, 2018 (Monday)

I. Reporting matters

(I) Last meeting minutes and implementation

(II) Important financial business report

1. Important financial business report

(1) Endorsement/Guarantee report

(2) Loaning of funds report

(3) Cash equivalents and use of credit line granted by financial institutions report

2. Business overview report

3. Subsidiary business overview report

(III) Internal audit business report

(IV) The Company's 2018 Q3 consolidated financial statements

II. Proposal discussion

Proposal 1: Passed the loaning of funds to UNITED INTEGRATED SERVICES CO., LTD. (Singapore).

Proposal 2: Passed the Company's 2019 annual audit plan.

Proposal 3: Passed the partial amendment of the provisions of the Company's "Rules of

Procedure for Board of Directors Meetings".

Proposal 4: Passed the partial amendment of the provisions of the Company's "Regulations Governing Procedure for Board of Directors Meeting" of the Company.

Proposal 5: Passed the partial amendment of the provisions of the Company's "Procedures for the Prevention of Internal Trading".

Proposal 6: Passed the partial amendment of the provisions of the Company's "Remuneration Committee Charter".

Proposal 7: Passed the partial amendment of the provisions of the Company's "Regulations Governing Procedure for the Remuneration Committee".

Proposal 8: Passed the partial amendment of the provisions of the Company's "Procedures for Accounting Professional Judgment Procedures, Accounting Policies, and Changes in Estimates".

Proposal 9: Passed the partial amendment of the provisions of the Company's "Procedures for the Application of Transaction Suspension and Resumption".

Proposal 10: Passed the partial amendment of the provisions of the Company's "Rules Governing Stock Service of Revolving Credit".

Proposal 11: Passed the amount of business fees to the independent directors stipulated in the "Rules Governing the Distribution of Remuneration to Directors and Independent Directors".

Proposal 12: Passed the old pension plan of the employees from service provided in other business units previously.

3. Minutes of Board Meetings in 2019

3.1 Time: January 29, 2019 (Tuesday) 10:00AM

I. Reporting matters

(I) Last meeting minutes and implementation:

II. Proposal discussion

Proposal 1: Passed the Company's 2019 bonus of the manager

Proposal 2: Passed the Company's 2019 manager pay raise

Proposal 3: Passed the Company's 2018 remuneration distribution to employees and directors

Proposal 4: Passed that the Company shall compensate the managers who retired under the old pension plan for any deficiency.

Proposal 5: Passed the old pension plan of the managers from service provided in other business units previously

Proposal 6: Did not pass the proposal of settling the account under the old pension plans for the employees who have opted to join in the new labor pension plan and keep the years of services under the old pension plan.

Proposal 7: Did not pass the proposal of settling the account under the old pension plans for the managers who have opted to join in the new labor pension plan and keep the years of services under the old pension plan

3.2. Time: March 25, 2019 (Monday) 10:00AM

I. Reporting matters

(I) Last meeting minutes and implementation:

(II) Important financial business report

1. Important financial reports:

(1) Endorsement/Guarantee report: None

(2) Loaning of funds report

(3) Cash equivalents and use of credit line granted by financial institutions report

2. Business overview report

3. Subsidiary business overview report

(III) Internal audit business report

II. Proposal discussion

Proposal 1: Passed the Company's 2018 remuneration distribution to employees and directors.

Proposal 2: Passed the 2018 Business Report and Financial Report, and to submit for discussion.

Proposal 3: Passed the 2018 Earnings Distribution.

Proposal 4: Passed the partial amendment of the provisions of the Company's "Articles of Association".

Proposal 5: Passed the partial amendment of the provisions of the Company's "Procedures for the Acquisition and Disposal of Assets".

Proposal 6: Passed the partial amendment of the provisions and renaming of the Company's "Regulations Governing Loaning of Funds".

Proposal 7: Passed the partial amendment of the provisions and renaming of the Company's "Regulations Governing Making of Endorsements/Guarantees".

Proposal 8: Passed the convention of the Company's 2019 General Meeting

Time: June 19, 2019 (Wednesday) At 9:00am.

Location: Chinatrust Executive House (No.219-2, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City)

Proposal 9: Passed the Company's 2018 "Internal Control Statement".

Proposal 10: Passed the periodic independency and competency assessment of the public auditor who certified the Company's financial reports.

(XII) For the resolutions of the Board of Directors in the most recent year and as of the annual report printing date, if the directors or supervisors have different opinions on the resolutions reached by the Board of Directors and have a record or written statement made, the main contents are: None

(XIII) A summary of the resignation of the person concerned with the financial report in the most recent year and as of the annual report printing date:

Summary of the resignation of the relevant individuals of the Company

April 30, 2019

JOB TITLE	NAME	DATE OF REPORTING TO DUTY	DATE OF DISMISSAL	REASON FOR RESIGNATION OR DISMISSAL
Vice President	Ou Chang	July 10, 2012	June 26, 2018	Retirement

IV. CPA auditing fee information

(I) CPA auditing fee information:

Name of CPA Firm	Name of CPAs		Auditing period	Remarks
KPMG in Taiwan	Tsunglin Li	Tzuhui Li	Starting from 2018 Q3	Internal job adjustment

Amount: NT$ Thousands

	Fee category / Amount bracket	Audit fees	Non-audit fees	Total	Remarks (Note 1)
1	Below NT$2,000 thousand				
2	NT$2,000 thousand (inclusive) ~ NT$4,000 thousand				
3	NT$4,000 thousand (inclusive) ~ NT$6,000 thousand	5,185	0	5,185	
4	NT$6,000 thousand (inclusive) ~ NT$8,000 thousand				
5	NT$8,000 thousand (inclusive) ~ NT$10,000 thousand				
6	Over NT$10,000 thousand (inclusive)				

The Company shall have any of the following events disclosed:

(I) If the fee paid to the public auditor, CPA Firm, and the non-audit fee paid to its affiliates accounted for more than 1/4 of the audit fee, the audit and non-audit fee amount and the content of non-audit service shall be disclosed: the non-audit fee amount was zero in 2017. The Company's non-audit fee does not exceed 1/4 of the audit fee.

(II) If the CPA firm is replaced and the audit fee paid in the replacement year is lower than the audit fee paid in the previous year, the audit fee before and after the said replacement shall be disclosed and the reason: No such situation

(III) If the audit fee is reduced by more than 15% compared with the previous year, the amount, proportion, and reason for the audit fee reduction shall be disclosed: No such situation

V. Information on CPA replacement

(I) About the predecessor CPA

Replacement date	September 2018		
Reason for and description of replacement	Internal job adjustment		
Explain whether it is terminated by the principal or	Interested party / Status	CPA	Principal

the CPA, or the appointment is declined by the CPA	Proactive termination of appointment	Not applicable	Not applicable
	No longer accepting (continuously) appointment	Not applicable	Not applicable
The audit report issued with an opinion other than unqualified opinion within two years and the reasons	None		
Is there any disagreement with the issuer?	Yes		Accounting principles or practice
			Disclosure in financial report
			Audit scope or steps
			Others
	None	V	
	Remarks		
Other disclosures (The disclosures made according to Section 1.4 ~ Section 1.7, Paragraph 6, Article 10 of the Regulations)	None		

(II) About the successor CPA

Name of CPA Firm	KPMG in Taiwan
Name of CPAs	CPA: Tsunglin Li CPA: Tzuhui Li
Date of appointment	September 2018
The consultation on accounting treatment methods and accounting principles for specific transactions and possible opinion issued on the financial report prior to appointment and its result	None
Written opinion of the successor CPA that is different from the opinion of the predecessor CPA	None

(III) The reply of the predecessor accountant to the matters stated in Section 1 and Section 2.3 of Paragraph 6 of Article 10 of the Regulations: Not applicable.

VI. The Company's Chairman, President, manager of finance or accounting who has worked in the public auditor's CPA Firm or affiliates within the most recent year: None.

VII. Changes in the shareholdings of directors, supervisors, managers, and major shareholders:

(I) Changes in the shareholding of directors, supervisors, managers, and major shareholders.

Job title	Name	2018	As of March 31, 2019

		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	C.S. Chen	—	—	—	—
Director	Belle Lee	4,020,000	—	—	—
Director	Benny Chen	—	—	(99,000)	—
Director	Joseph Lee	—	—	—	—
Director	Song Quan Company Limited	50,000	—	—	—
Incorporated representative of the director	Hsueh J. Sung	—	—	—	—
Director	Kuan-Ming Lin	—	—	—	—
Independent Director	Ting Herh				
Independent Director	Michael Tsai	—	—	—	—
Independent Director	James Kao	—	—	—	—
Chief Executive Officer	C.S. Chen	—	—	—	—
President	Benny Chen	—	—	(99,000)	—
Chief Technology Officer	Joseph Lee	—	—	—	—
Executive Vice President	Belle Lee	4,020,000	—	—	—
Procurement Officer	Shaoming Chen	—	—	—	—
Chief Engineer	Hsiangching Tseng	—	—	—	—
Accounting Officer	Limei Pan	—	—	—	—
Finance Officer	Liyu Lin	23,000	—	—	—
Vice President	Juichin Wu	(9,000)	—	—	—
Vice President	Chunhsiung Wang	—	—	—	—

(II) Equity transfer information: None

(III) Equity pledge information: None

VIII. Top-ten shareholders who are the relatives to each other as stipulated in Article 6 of the Financial Accounting Standards or the spouses and the second cousins

April 21, 2019

NAME	SHAREHOLDING OF THE PRINCIPAL		SHAREHOLDING OF THE SPOUSE AND MINOR CHILDREN		TOTAL SHARES HELD IN THE NAME OF OTHERS		THE TITLES, NAMES, AND RELATIONSHIPS OF THE TOP-TEN SHAREHOLDERS WHO ARE RELATED OR THE SPOUSES AND THE SECOND COUSINS.		REMARKS
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Name	Relationship	
Song Quan Company Limited	12,160,800	6.38%	-	-	-	-	-	-	
Belle Lee	8,825,867	4.63%	-	-	-	-	Kuo Yu Wang, Kuo Wei Wang	Daughter Son	
Liang Yi Investment Company	7,690,571	4.04%	-	-	-	-	-	-	
Investment account of Norges Bank under the custody of Citibank (Taiwan)	4,421,000	2.32%	-	-	-	-	-	-	
Investment account of Fidelity Low-Priced Stock Fund of Fidelity Puritan Trust under the custody of Standard Chartered Bank Business Department	4,114,800	2.16%	-	-	-	-	-	-	
Investment account of Robeco Capital Growth Funds under the custody of JPMorgan Chase Bank Taipei Branch	3,935,200	2.06%	-	-	-	-	-	-	
Kuo Yu Wang	3,855,524	2.02%	-	-	-	-	Belle Lee	Mother and daughter	
Kuo Wei Wang	3,784,160	1.99%	-	-	-	-	Belle Lee	Mother and son	
Morgan Stanley & Co. International Limited account under the custody of HSBC Bank	2,917,091	1.53%	-	-	-	-	-	-	

C.S. Chen	2,902,434	1.52%	-	-	-	-	-	-	

IX. Comprehensive shareholding ratio:

Unit: Shares; %; March 31, 2019

Transfer investment	The Company's investment		Directors, supervisors, managers, and investments of the directly or indirectly controlled business		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Ablerex Electronics Co., Ltd.	14,986,502	33.30%	—	—	14,986,502	33.30%
Wholetech System Hitech Limited	9,946,080	13.61%	—	—	9,946,080	13.61%
UNITED INTEGRATED SERVICES CO., LTD. (BVI)	17,698,630	100.00%	—	—	17,698,630	100.00%
UniMEMS Manufacturing Co., Ltd.	2,095,000	19.49%	—	—	2,095,000	19.49%
Jiangxi United Integrated Services Company	Note 1	75.00%	—	—	Note 1	75.00%
UNITED INTEGRATED SERVICES CO., LTD. (Singapore)	Note 1	100.00%	—	—	Note 1	100.00%
JG Environmental Technology Co., Ltd.	3,487,989	17.01%	—	—	3,487,989	17.01%

Note: Investment under the Equity Method of the Company.
Note 1: It is registered with the capital contribution amount indicated.

Four. Public offering

I. Capital stock and shares

(I) Source of capital: Unit: Thousand shares; NT$ Thousands

Month/ Year	Issuing price (NT$)	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid-in capital of assets other than cash	Others
1982.9.	10	Note 1	5,100	Note 1	5,100	Initial capital stock	None	
1985.8	10	Note 1	15,100	Note 1	15,100	Capitalization of cash	None	
1987.8	10	Note 1	55,100	Note 1	55,100	Capitalization of cash	None	
1988.7	10	Note 1	85,100	Note 1	85,100	Capitalization of cash	None	
1990.11	10	14,060	140,600	14,060	140,600	Consolidated capital increase	None	
1991.11	10	17,100	171,000	17,100	171,000	Capitalization of cash	None	
1995.8	10	90,000	900,000	42,230	422,300	Capitalization of cash and earnings	None	
1996.9	10	90,000	900,000	50,676	506,760	Capitalization of earnings	None	
1997.5	10	90,000	900,000	60,811	608,112	Capitalization of earnings	None	
1998.5	10	90,000	900,000	76,930	769,297	Capitalization of earnings and employee bonus	None	
1998.8	10	90,000	900,000	89,930	899,297	Capitalization of cash	None	1998.7.22 (1998) Tai.Chai.Jen (I) No. 59372 Letter
1999.8	10	180,000	1,800,000	114,322	1,143,222	Capitalization of cash and employee bonus	None	1999.7.8 (1999) Tai.Chai.Jen (I) No. 62332 Letter
2000.7	10	180,000	1,800,000	145,313	1,453,129	Capitalization of earnings, additional paid-in capital, and employee bonus	None	2000.6.20 (2000) Tai.Chai.Jen (I) No. 53145 Letter
2001.7	10	180,000	1,800,000	163,675	1,636,755	Capitalization of earnings, additional paid-in capital, and employee bonus	None	2001.6.8 (2001) Tai.Chai.Jen (VI) No. 136314 Letter
2002.7	10	180,000	1,800,000	179,216	1,792,158	Capitalization of earnings and employee bonus	None	2002.6.14 Tai.Chai.Jen -I No. 0910132448 Letter
2003.7	10	210,000	2,100,000	188,840	1,888,398	Capitalization of earnings and employee bonus	None	2003.7.1 Tai.Chai.Jen -I No. 0920129184 Letter
2004.3	10	210,000	2,100,000	190,210	1,902,097	Corporate bond converted to stock shares	None	2004.3.5 Jin.So.Sun.Tzi No. 09301036350
2004.6	10	210,000	2,100,000	194,594	1,945,937	Corporate bond converted to stock shares	None	2004.6.25 Jin.So.Sun.Tzi No. 09301110720
2004.8	10	300,000	3,000,000	214,738	2,147,379	Capitalization of earnings and employee bonus; corporate bond converted to stock shares	None	2004.8.17 Jin.So.Sun.Tzi No.09301152040
2005.8	10	300,000	3,000,000	236,613	2,366,127	Capitalization of earnings and employee bonus; corporate bond converted to stock shares	None	2005.8.18 Jin.So Sun.Tzi No.09401158100
2006.8	10	300,000	3,000,000	251,072	2,510,724	Capitalization of earnings and employee bonus	None	2006.8.18 Jin.So.Sun.Tzi No.09501182170
2011.9	10	300,000	3,000,000	247,483	2,474,834	Capital decrease with Treasury Stock cancelled	None	2011.9.21 Fu.Du.Jen.Tzi No. 10071686000
2011.12	10	300,000	3,000,000	238,233	2,382,334	Capital decrease with Treasury Stock cancelled	None	2011.12.06 Jin.So.Sun.Tzi No.10001274090
2018.10.	10	300,000	3,000,000	190,587	1,905,867	Capital decrease with cash refunded	None	2018.10.26 Jin.So.Sun.Tzi No.10701133530

Note 1: The Company was originally a limited company; therefore, the number of shares is not stated.

As of April 21, 2019. Unit: Shares

Type of stock shares	Authorized capital stock			Remarks
	Outstanding shares	Unissued stock shares	Total	
Common stock	190,586,698 (issued shares)	109,413,302	300,000,000	Lisiting of new shares and delisting of old shares under capital decrease on December 12, 2018

The public offering and issuance of securities by shelf registration: None.

(II) Shareholder structure

April 21, 2019

Shareholder structure / QTY	Government agency	Financial institution	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of persons	2	20	175	19,037	223	19,457
Shareholding	463,800	3,835,390	26,520,223	102,331,464	57,435,821	190,586,698
Shareholding ratio	0.24%	2.01%	13.92%	53.69%	30.14%	100.00%

(III) Equity dispersion

April 21, 2019

Shareholding bracket	Number of shareholders	Shareholding	to total shares
1 ~ 999	8,103	2,760,335	1.45%
1,000 ~ 5000	8,559	17,795,817	9.34%
5,001 ~ 10,000	1,310	10,069,639	5.28%
10,001 ~ 15,000	386	4,846,423	2.54%
15,001 ~ 20,000	299	5,279,636	2.77%
20,001 ~ 30,000	230	5,781,393	3.03%
30,001 ~ 40,000	139	4,873,512	2.56%
40,001 ~ 50,000	93	4,292,424	2.25%
50,001 ~ 100,000	162	11,663,985	6.12%
100,001 ~ 200,000	78	11,031,492	5.79%
200,001 ~ 400,000	45	12,586,204	6.60%
400,001 ~ 600,000	19	9,019,388	4.73%
600,001 ~ 800,000	4	2,754,791	1.45%

800,001 ~ 1,000,000	3	2,599,200	1.36%
Over 1,000,001	27	85,232,459	44.72%
Total	19,457	190,586,698	100.00%

(IV) Major shareholders list

Shareholders holding more than 5% of total shares or the top-ten shareholders. April 21, 2019

Shares / Name of major shareholders	Shareholding	Shareholding ratio
Song Quan Company Limited	12,160,800	6.38%
Belle Lee	8,825,867	4.63%
Liang Yi Investment Company	7,690,571	4.04%
Investment account of Norges Bank under the custody of Citibank (Taiwan)	4,421,000	2.32%
Investment account of Fidelity Low-Priced Stock Fund of Fidelity Puritan Trust under the custody of Standard Chartered Bank Business Department	4,114,800	2.16%
Investment account of Robeco Capital Growth Funds under the custody of JPMorgan Chase Bank Taipei Branch	3,935,200	2.06%
Kuo Yu Wang,	3,855,524	2.02%
Kuo Wei Wang	3,784,160	1.99%
Morgan Stanley & Co. International Limited account under the custody of HSBC Bank	2,917,091	1.53%
C. S. Chen	2,902,434	1.52%

(V) Price per share, net worth, earnings, dividends, and related information for the last two years

Unit: NT$

<table>
<tr><th colspan="3">Year / Item</th><th>2017</th><th>2018</th><th>As of March 31, 2019</th></tr>
<tr><td rowspan="3">Market price per share (Note 1)</td><td colspan="2">Max.</td><td>72.00</td><td>94.40</td><td>90.20</td></tr>
<tr><td colspan="2">Min.</td><td>49.85</td><td>55.10</td><td>113.50</td></tr>
<tr><td colspan="2">Average</td><td>59.23</td><td>62.87</td><td>99.52</td></tr>
<tr><td rowspan="2">Net worth per share (Note 2)</td><td colspan="2">Before distribution</td><td>26.87</td><td>31.81</td><td>43.13</td></tr>
<tr><td colspan="2">After distribution</td><td>20.87</td><td>To be resolved</td><td>-</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average shares</td><td>238,233,373</td><td>228,051,344</td><td>190,586,698</td></tr>
<tr><td rowspan="2">Earnings per share</td><td>Before retroaction</td><td>5.10</td><td>9.42</td><td>3.75</td></tr>
<tr><td>After retroaction</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividend</td><td>6</td><td>To be resolved</td><td></td></tr>
<tr><td rowspan="2">Stock dividend</td><td>Before retroaction</td><td></td><td>To be resolved</td><td></td></tr>
<tr><td>After retroaction</td><td></td><td>To be resolved</td><td></td></tr>
<tr><td colspan="2">Accumulated unpaid dividend</td><td>-</td><td>-</td><td></td></tr>
<tr><td rowspan="3">Return on investment analysis</td><td colspan="2">Profit-Earnings ratio (P/E ratio)</td><td>11.61</td><td>6.67</td><td></td></tr>
<tr><td colspan="2">Ratio of dividend</td><td>9.87</td><td>To be resolved</td><td></td></tr>
<tr><td colspan="2">Cash dividend yield</td><td>10.13</td><td>To be resolved</td><td></td></tr>
</table>

(VI) Company's dividend policy and implementation

1. Dividend policy

   The current industrial development of the Company is growing. In the next few years, there is a fund need for increasing operating income. Therefore, the residual dividend policy is adopted. The cash dividend in the earnings distribution should be accounted for at least 25% of the total dividend. For the earnings distribution in the preceding paragraph, the Board of Directors is to propose a distribution plan by referring to the needs of operation and capital expenditure; also, it is to be presented in the shareholders meeting for resolutions.

2. The dividend distribution proposed in the current shareholders meeting

   The Company has considered the earnings distribution proposoal of 2018 in the Board meeting on March 25, 2019. It is proposed to distribute the dividends of NT$1,905,866,980 in cash. The dividends per share will be NT$10.

(VII) The impact of the proposed stock dividend proposed by the shareholders' meeting on the Company's operating performance and earnings per share: The Company had no stock dividend distributed in 2018; therefore, it is not applicable.

Unit: NT$ Thousands

<table>
<tr><th colspan="3">Year / Item</th><th>2019</th></tr>
<tr><td colspan="3">Paid-in capital - beginning</td><td>1,905,867</td></tr>
<tr><td rowspan="3">Distribution of stock dividend and cash dividend in current year</td><td colspan="2">Cash dividend per share (NT$)</td><td>10.00</td></tr>
<tr><td colspan="2">Stock dividend (shares) per share from the capitalization of earnings</td><td>-</td></tr>
<tr><td colspan="2">Stock dividend (shares) per share from the capitalization of additional paid-in capital</td><td>-</td></tr>
<tr><td rowspan="7">Changes in business performance</td><td colspan="2">Operating profit</td><td>-</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in operating profit over the same period last year</td><td>-</td></tr>
<tr><td colspan="2">Net income</td><td>-</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in net income over the same period last year</td><td>-</td></tr>
<tr><td colspan="2">Earnings per share</td><td>-</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in earnings per share over the same period last year</td><td>-</td></tr>
<tr><td colspan="2">Annual average return on investment (annual average E/P ratio)</td><td>-</td></tr>
<tr><td rowspan="5">Proforma earnings per share and P/E ratio</td><td rowspan="2">If the capitalization of earnings is fully distributed with cash dividends</td><td>Proforma earnings per share (NT$)</td><td>-</td></tr>
<tr><td>Proforma annual average return on investment</td><td>-</td></tr>
<tr><td rowspan="2">If the capitalization of additional paid-in capital is not arranged</td><td>Proforma earnings per share (NT$)</td><td>-</td></tr>
<tr><td>Proforma annual average return on investment</td><td>-</td></tr>
<tr><td>If the capitalization of</td><td>Proforma earnings per share (NT$)</td><td>-</td></tr>
</table>

	additional paid-in capital is not arranged and the capitalization of earnings is with cash dividend distributed	Proforma annual average return on investment	-

(VIII) Remuneration of employees and directors

1. The percentage or range of remuneration to employees and directors as stipulated in the Company's Articles of Association:

   According to the Company's Articles of Association, if the Company has earnings resulted in the year; an amount equivalent to 6%~10% of the earnings should be appropriated as remuneration to employees. The Board of Directors decides the distribution of stock dividend and cash dividend; also, the employees of the subsidiaries that meet certain conditions are also entitled to the said remuneration. The Board of Directors of the Company may base on the aforementioned earnings to resolve having not more than 2% of the earnings appropriated as remuneration to directors. The proposal for the distribution of remuneration to employees and directors shall be presented for resolutions at the shareholders meeting.

   However, when the Company still has accumulated losses, an amount equivalent to the said loss should be reserved to make up for the loss in advance, then appropriate remuneration to employees and directors according to the said percentage in the preceding paragraph.

2. If the estimation basis for the remuneration to the employees and directors, the basis for the calculation of the stock dividend as remuneration to employees, and the actual distribution amount different from the estimated amount in the current period, the accounting treatment is as follows:

   If the estimation basis for the remuneration to the employees and directors, the basis for the calculation of the stock dividend as remuneration to employees, and the actual distribution amount in 2018 different from the estimated amount in the current period, they are booked in the profit and loss in 2019.

3. The distribution of remuneration resolved by the Board of Directors:

   (1) The amount of remuneration to employees and directors with cash dividend or stock dividend distributed. If it is different from the amount estimated in the expense recognizing year, the amount of differences and the root cause should be disclosed.

   The report of 2018 distribution of remuneration of employees and directors of the Company has been resolved by the Board meetig on March 25, 2019. It is porposed to distribute the employee remuneration NT$300,000,000 and director remuneration NT$27,000,000.

Unit: NT$

Distribution item	**The distribution amount proposed by**	**The amount estimated in the expense recognizing year**	**Amount of difference (B-A)**	**Reason for difference and treatment**

	the Board of Directors (A)	(B)		
Employee cash bonus	300,000,000	300,000,000	0	None
Remuneration of Directors	27,000,000	27,000,000	0	

(2) The stock dividend distributed as remuneration to employees and the ratio to the total amount of net income and remuneration to employees in the subsidiary's financial report or the individual financial report in the current period: the Company has no intention to distribute stock dividends to employees in 2018.

4. The earnings of the previous year used for the distribution of remuneration to employees, directors, and supervisors:

Unit: NT$ Thousands

	Last year (2017)			
	The actual distribution of stock shares is resolved in the shareholders meeting	The distribution of stock shares originally proposed by the Board of Directors	Variance	Root cause
Distribution				-
1. Employee cash bonus	163,000	163,000	None	
2. Employee stock dividend				
3. Remuneration to directors and supervisors	24,000	24,000	None	

(IX) Repurchase of the Company's stock shares

April 30, 2019

Repurchase term	1st time	2nd time	3rd time	4th time	5th time	6th time
Purpose of repurchase	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees
Repurchase period	2000.11.23~2001.01.22	2001.08.08-2001.10.07	2001.10.09-2001.12.08	2008.07.24-2008.09.23	2008.10.22-2008.11.20	2011.08.11-2011.10.7
Repurchase price range	22 ~ 30	14 ~ 29	12 ~ 27	15.50 ~ 30	12 ~ 28	23 ~ 33
Type of stock and shares repurchased	Common stock 3,000 thousand shares	Common stock 6,067 thousand shares	Common stock 7,000 thousand shares	Common stock 8,871 thousand shares	Common stock 1,257 thousand shares	Common stock 7,993 thousand shares
Amount of repurchase shares	71,680,603	116,721,309	139,154,310	191,412,351	17,339,767	229,318,034
Number of shares that have been processed for sale and transfer	3,000 thousand shares	6,067 thousand shares	7,000 thousand shares	8,871 thousand shares	1,257 thousand shares	7,993 thousand shares
Cumulative shareholding of the Company's stock	—	—	—	—	—	—
Ratio of cumulative shareholding of the Company's stock to the total number of issued shares (%)	—	—	—	—	—	—

II. Issuance of corporate bond: None

III. Issuance of preferred stock: None.

IV. Issuance of global depository receipt: None.

V. Issuance of employee stock warrant: None.

VI. Merger or acquisition or transfer of shares from other company with stock shares issued: None.

VII. Implementation of fund plan: The Company did not have securities issued or private placement arranged in the most recent year.

Five. Operational overview

I. Business content

(I) Business scope

1. The main business content and business ratio of the Company:
   (1) Main contents: The construction of semiconductor, optoelectronics and other technology plants; the consultancy work for cleanrooms, control, electromechanical, and special process system construction, design, and planning; and maintenance operation services.
   (2) Business ratio:

Item	2017	2018
System integration	97.77%	98.70%
Maintenance service	1.24%	0.6%
Design business and product sales	0.99%	0.7%

(II) Industry Overview

1. Current status and development of the industry:
   (1) The Company’s main businesses are providing the servies of plan construction and expansion to high-tech companies, including semiconductor, optronics, packaging and testing, solar, LED, and biotechnology firms . Based on the Company’s revenues in the last five years, the above industries have conssituted more than ninety percent of the Company’s revenues.
   (2) In the past year, Taiwanese high-tech compnies were devoted in plan construction more than ever, and the heat in China is soaring. Therefore, the annual operation has hit the highest outcome ever.
   (3) In this year, Taiwanese high-tech companies are still passionate about plant construction; the heat in China is maintained at certain level. The trend is slower in Singapore. As a result, the operation this year may sustain, or rise to another new high.
2. Relevance of the industrial upstream midstream downstream:
   The Company provides the system integration services for high-tech plan construction. We have skillfull and sufficent mangement personnel. We have multiple sources to find the suppliers including subcontractors, material and equipment suppliers, and can avoid monopoly or supply shortage. However, the Company still need to prevent the price increase of materials, and shorage of workers with special techniques so that cost increase and workforce shortage will not occur.
3. Development trend and competition of the products:
   (1) Turnkey constructon service will become a trend in the future. The Company is one of the few verndors in this country capable of providing such service. Our primary competitors are Maxtor, L&K.
   (2) Clean room integration service. Sicne the competitiveness of foreign suppliers is weakening, the Company has substantially expanded its market share. Other competitors are L&K, Maxtor.
   (3) Electro-Mechanical Integration servcie belongs to the local market and attracts less competition from foreign vendors. The Company has taken an absolute leading position in this field. Other competitors include L&K.
   (4) Hook-UP construction is composed of several professional systems. The

competition in each system is strong. The Company is more competitive in professional power and PCW systems.

(III) Technology and R&D overview

1. R&D expenses invested in the last two years and as of March 31, 2019:

Unit: NT$ Thousands

Year	R&D expense	% of current annual operating expense	% of current annual operating income
2017	42,120	6.7482%	0.3363%
2018	36,070	4.4457%	0.1990%
As of March 31, 2019	10,110	4.4146%	0.1512%

2. Research and development achievement:

(1) Continuing to develop wireless home security monitoring system that helps make the overall system more complete.

(IV) Long-term and short-term business development plans:

4. In the short term, the business opportunities in market will grow to a certain extent, and the Company’s revenue will also grow. Under this circumstance, it is also necessary to strengthen internal management, reduce costs, train cadres, upgrade technology, and perform customer service work to meet future challenges.
5. In the long run, we will deepen the integration of high-tech factory systems on both sides of the strait and strengthen the markets outside the two sides of the strait, making the Company the largest system integration service provider on both sides of the strait and becoming a world-class company.
6. The wireless security monitoring product R&D will be enhanced. Wireless security monitoring business began to become profitable last year. In the future, we will try our best to expand the market share and to increase turnover and profit.

II. Market and production and sales overview

(I) Market analysis

1. Sales area of major products or businesses: Unit: NT$ Thousands

		2017		2018	
Item	Area	Amount	%	Amount	%
Engineering Integration	Domestic	6,574,589	52.49	9,268,625	51.13
	Offshore	5,672,587	45.28	8,629,694	47.60
Maintenance	Domestic	154,827	1.24	104,137	0.58
	Offshore	0	0	0	0
Design	Domestic	99,021	0.79	114,251	0.63
	Offshore	24,894	0.20	11,227	0.06
Total		12,525,918	100	18,127,934	100

2. Future market supply and demand:

— Taiwan —

Taiwan has held a leading position in the global semiconductor and optoelectronics industry, making it a two-industry powerhouse that is a point of pride for Taiwan. This industry has the characteristics of either advancing or retreating; therefore, it must continue to maintain its leading position in process enhancement and expansion of production capacity. In the long run, it provides the base for the stable development of the Company.

— Mainland China —

China has invested heavily in the semiconductor and panel industry, which will become the main business opportunity for the Company's growth.

3. Business objectives

The Company has based on the business philosophy of "profession, teamwork, and efficiency" to accumulate technical experience for more than a decade, cultivate and recruit outstanding talents in related fields; also, has established a reputation of professionalism and quality in the industry. The trust and affirmation of customers has helped the business of the Company grow. The continuous management improvement will help reduce operating costs and enhance profitability of the Company. Given the gradual expansion of market demand, the established business objectives could be ensured.

4. Advantages and disadvantages affecting the Company's future development

Advantages

(1) Expanded market demand and increased business opportunities

(2) The Company is in a leading position in business performance and has easily obtained customer trust and government engineering bidding qualifications to win over businesses.

(3) In a large-scale and complex integration project, there are not many domestic competitors who can compete. If competitors are foreign manufacturers, the Company has the advantages of familiarity with local operating environment, local relevant regulations, and local low-cost technology and management.

(4) Taiwanese businesspeople in Mainland China are more experienced in the high-tech industry because they share the same culture and background as the mainlanders. Therefore, they retain certain competitiveness.

(5) The Company has an experienced technical and management team with low operational risks for difficult projects.

Disadvantages

(1) The experience of the owners in building factories is increasingly established and the effort in cost control is maturing. It is not easy to have a high profit margin while price competition is severe. In this regard, the Company has been working hard to improve and upgrade its procurement, management, technology, construction methods, and in-house processing improvements; therefore, this unfavorable factor can be minimized.

(2) The competition in this industry is fierce over smaller projects.

(II) Intended use of the main products and production process

1. Intended use of the main products:

   (1) System integration: Integrate system control and electromechanical engineering, including the design planning, installation, and test of the computer, communication, instruments, automation engineering and utilities, air conditioning, fire protection, etc. in order to satisfy the overall needs of the customers.

   (2) Maintenance Engineering: Various maintenance engineering services are provided to fulfill the needs of customers for a smooth operation.

   (3) Design business: Mainly for the design of mechanical and electrical engineering, computer room engineering, etc. of new factory buildings.

2. Production process: not applicable.

(III) Availability of major raw materials: Not applicable.

(IV) The name of the customers who had accounted for more than 10% of the total purchases (sales) of goods in one of the last two years and the amount and proportion of the goods purchased (sold), and the reasons for any increase or decrease occurred:

1. Main suppliers: The purchase amount in 2018 Q1 and 2019 Q1 is not more than 10% of the total purchase.

Major suppliers in the last two years Unit: NT$ Thousands

	2017				2018				As of the last quarter of 2019			
Item	Name	Amount	% of annual net purchase amount	Relationship with the issuer	Name	Amount	% of annual net purchase amount	Relationship with the issuer	Name	Amount	% of the net purchase amount up to the last quarter of the current year	Relationship with the issuer
1	Supplier D	439,656	4.27%	None	Supplier A	648,077	4.34%	None	Supplier C	308,303	5.52%	None
2												
3												
4												
5												
6												
7												
8												
9												
10												
	Others	9,851,748	95.73%		Others	14,296,416	95.66%		Others	5,280,484	94.48%	
	Net purchase amount	10,291,404	100%		Net purchase amount	14,944,493	100%		Net purchase amount	5,588,787	100%	

Note 1: The name of the customers who had accounted for more than 10% of the total purchases of goods in the last two years and the amount and proportion of the goods purchased. However, if the name of the suppliers may not be disclosed due to the contracts signed or the counterparty of the transaction is a non-related individual, the name should be disclosed instead of the supplier code.

2. Major customers:

Major customer in the last 2 years

Unit: NT$ Thousands

	2017				2018				As of the last quarter of 2019			
Item	Name	Amount	% of the annual net sales amount	Relationship with the issuer	Name	Amount	% of the annual net sales amount	Relationship with the issuer	Name	Amount	% of the net sale amount up to the last quarter of the current year	Relationship with the issue
1	Customer A	5,102,780	40.74%	None	Customer A	5,337,062	29.44%	None	Customer G	2,846,184	42.56%	None
2	Customer H	841,679	6.72%	None	Customer G	2,753,695	15.19%	None	Customer A	1,846,488	27.61%	None
3					Customer J	2,025,772	11.17%	None	Customer K	504,454	7.54%	None
4					Customer H	1,732,644	9.56%	None				
5												
6												
7												
8			+				+					
9												
10												
	Others	6,581,459	52.54%		Others	6,278,761	34.64%		Others	1,490,574	22.29%	
	Net sale amount	12,525,918	100%		Net sale amount	18,127,934	100%		Net sale amount	6,687,700	100%	

Note 1: The name of the customers who had accounted for more than 10% of the total sales of goods in the last two years and the amount and proportion of the goods sold. However, if the name of the customers may not be disclosed due to the contracts signed or the counterparty of the transaction is a non-related individual, the name should be disclosed instead of the supplier code.

Changes in the customers of the Company are arising from normal operating activities, and there are no special changes occurred.

(V) Production quantity and value in the last two years

Unit: NT$ Thousands

Year / Production quantity and value / Main products (or departments)	2017			2018		
	Productivity (Note 1)	Production quantity (Note 1)	Production value	Productivity (Note 1)	Production quantity (Note 1)	Production value
System integration			10,131,450			14,786,885
Maintenance			97,620			102,794
Design business and product sales			62,334			54,814
Total			10,291,404			14,944,493

Note 1:The main business of the Company is to serve high-tech industry with its plant construction and expansion. The nature of each project is different and cannot be quantified.

(VI) Sales quantity and value in the last two years

Unit: NT$ Thousands

Year / Sales quantity and value / Main products (or departments)	2017				2018			
	Domestic sales		Exports		Domestic sales		Exports	
	QTY Note 1	Value	QTY	Value	QTY	Value	QTY	Value
System integration		6,574,589		5,672,587		9,268,625		8,629,694
Maintenance		154,827		0		104,137		0
Design business and product sales		99,021		24,894		114,251		11,227
Total		6,828,437		5,697,481		9,487,013		8,640,921

Note 1: The main business of the Company is to serve high-tech industry with its plant construction and expansion. The nature of each project is different and cannot be quantified.

III. Staff information in the last two years and as of the annual report printing date

March 31, 2019

Year		2017	2018	As of March 31, 2019 (Note)
Number of employees	Technicians	472	457	468
	Administration personnel	135	128	132
	Project workers	109	107	108
	Total	716	692	708
Average age		42.81	43.71	43.42
Average service years		10.70	10.89	10.81
Education level	PhD	0.49%	0.14%	0.14%
	Master	4.79%	4.05%	4.09%
	College and University	74.04%	63.30%	62.71%
	High School	19.17%	31.06%	31.64%
	Under high school	1.51%	1.45%	1.42%

IV. Environmental expenditure information

(I) The total amount of losses and dispositions suffered by the Company due to environmental pollution in the most recent year and as of the annual report printing date: None.

(II) The Company’s countermeasures for improving environmental pollution:

The Company engages in the system integration technical service industry and there is no environmental pollution situation, so there is no need to take countermeasures for improvement.

(III) Future response measures and possible expenses:

Due to the recent general awareness of environmental protection, the Company demands that all manufacturers cooperate in engineering safety and health and environmental protection measures throughout the construction process in order to comply with the provisions of labor safety and health regulations. The clean and delivery of the waste generated is specified in the contract. At present, the environmental protection work at each site has been thoroughly implemented and well appreciated. Therefore, the Company has no major environmental protection expenditures expected in the next two years.

V. Labor Relations

(I) The implementation of various employee welfare measures, advanced study, training, and retirement system, as well as the agreement between labor and the management:

1. Employee welfare measures:
    (1) The establishment of the employee welfare committee to appropriate welfare funds in accordance with the law, and to handle various welfare businesses.
    (2) Provide employee with labor and health insurance.
    (3) Issue Dragon Boat Festival, Mid-Autumn Festival, and year-end bonuses.
    (4) Appropriate pension reserves in accordance with government requirements.
    (5) Various subsidy plans of the Welfare Committee.
2. Education and Training:
    Education and training are a long-term and planned talent training program of the Company, including:
    (1) New recruits' education and training.
    (2) Employee on-job training.
    (3) Professional skills training.
3. Retirement system:
    The Company has offered a labor retirement plan stipulated for all official employees. According to the said retirement plan, the payment of employee pension is calculated according to the pension points earned for the service years and the average salary of the six months before retirement. The pension points are the total of 2 points per year for the first 15 service years and 1 point per year after the fifteen service year with a maximum of 45 points per employee. Under the said retirement plan, the pension payment is fully borne by the Company. With the implementation of the Labor Pensions Act (hereinafter referred to as the "New Pension Plan") since July 1, 2005, for the employees who originally subject to this retirement plan choose to switch to the defined contribution plan for the service years performed after the application of the new retirement plan or the service years of the new recruits, the pension reserve is appropriated by the Company monthly for an amount no less than 6% of the monthly salary, which is deposited in the personal labor pension account. However, the Company's retirement plan has not been amended in compliance with the new pension act, so the employee retirement plan that is not stipulated should be processed according to the provisions of the Labor Pension Act.
4. Labor agreement:
    The Company has a comprehensive system in place to maintain a harmonious labor-management relationship and a smooth communication channel maintained. The Company has properly handled the opinions of employees, if any, through the maintenance of a harmonious labor-management relationship.

(II) Estimated amount of loss suffered by the Company currently and in the future due to labor disputes and the countermeasures in the most recent year and as of the annual report printing date: None

VI. Important Contracts

Nature of Contract	Party	Duration	Main Content	Restrictive Provision
Construction Contract	InfoVision Optoelectronics (Kunshan) Co., Ltd. (Note 1)	12.01. 2007 ~ 12.31. 2009	InfoVision Optoelectronics (Kunshan) Co., Ltd. construction of its 110K main system project expansion.	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	05.03.2010～12.31.2011	TSMC F14 N65 BK CODE 103 machines installation project	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 1)	11.28.2011～07.01.2012	TSMC F12 P6 C/R PACKAGE STAGE-1	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 1)	05.14.2012～07.31.2012	TSMC F6 BUMPPING construction	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 1)	05.25.2012～31.2013.2013	F12 P6 CCD EXPANSION-EDC2 F12 P4 SITE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 1)	10.01.2012～10.31.2013	TSMC F14 P5 MEP PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
Nature of Contract	Party	Duration	Main Content	Restrictive Provision
Construction Contract	Taiwan Semiconductor Manufacturing Company Limited (Note 1)	01.25.2013～12.31.2014	TSMC F4 HOOK UP construction EXHAUST, CAD, FILTER	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 1)	11.20.2013～12.31.2014	TSMC F14 P6 POWER HOOK UP addition engineering project	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	01.20.2014～12.31.2014	TSMC F14 OFFIC TESTING C/R AND UTILITY PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed

	UIS (Singapore)(Note 1)	06.23.2014～12.31.2014	AUO Singapore L4B POWER MTM project	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	10.01.2014～12.31.2015	TSMC F12 P7 MEP PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Adcanced Semiconductor Engineering, Inc.(Note 2)	02.11.2015～12.31.2015	ASE Kaohsiung Plant K22 Plane Plant Construction project	Delay penalty: 0.1% of the construction price per each day delayed
	Micron Memory Taiwan Co., Ltd. (Note 2)	104.08.03～105.03.01	Taiwan Micron 25%+ 50% new construction	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	104.09.25～105.07.31	TSMC BP03 MEP+CR PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	09.20.2015～07.31.2016	TSMC F15 P5 MEP PACKAGE (STAGE 1)	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	09.20.2015～07.31.2016	TSMC F15 P5 MEP PCW PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	11.01.2015～12.31.2016	TSMC F15 P5 CLEAN ROOM PACAKGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	02.20.2016～12.31.2016	TSMC F15 P6 CR PACKAGE (STAGE 1)	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	03.01.2016～03.01.2017	TSMC F15 P6 MEP PACKAGE STAGE 1 (EQUIPMENT/LABOR/MATERIAL)	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	03.01.2016～03.01.2017	TSMC F15 P5 MEP PACKAGE (STAGE 1) (UPS)	Delay penalty: 0.1% of the construction price per each day delayed

	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	03.01.2016～12.31.2017	TSMC F15 P6 CR SCAD-TEM-additional engineering by foremen	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	11.01.2016～12.31.2017	TSMC Nanjing CHINA CLEANROOM PACKAGE-EQ (STAGE 1)	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 2)	03.01.2017~06.30.2018	TSMC F-12 P4 EUV MEP+CR construction	Delay penalty: 0.1% of the construction price per each day delayed
Nature of Contract	Party	Duration	Main Content	Restrictive Provision
Construction Contract	UIS (Singapore)(Note 1)	201710.31~2018.12.31	SSMC Expansion project	Delay penalty: 0.1% of the construction price per each day delayed
	Micron Memory Taiwan Co., Ltd. (Note 1)	2017.11.01~2018.12.31	F500Taiwan Micron -TCP new plant construction	Delay penalty: 0.1% of the construction price per each day delayed
	Systems on silicon manufacturing company Pte.Ltd.(Note 1)	2018,02.12 2018.06.30	SSMC new plant constructon – equipment procurement	Delay penalty: 0.1% of the construction price per each day delayed
	Micron Memory Taiwan Co., Ltd.	2018.02.14~2019.03.01	Taiwan Micron F11 CUB-1B new constructon	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 1)	2918.04.13~2018.12.31	TSMC F15P7 C/R PROJECT A	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited	2018.04.30~2019.02.28	TSMC F18 P1 MEP-A PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited	2018.04.30~2019.02.28	TSMC F18 P1 MEP-B PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited	2018.04.30~2019.02.28	TSMC F18 P1 FIRE PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited	2018.05.03~2019.04.30	TSMC F18 P1 C/R	Delay penalty: 0.1% of the construction price per each day delayed

	Yangtze Memory Technology Corp (Note 1)	2018.06.04~ 2018.09.30	Yangtze Memory National Memory Base (phase I) euipqment pipelines importaed equipment	Delay penalty: 0.1% of the construction price per each day delayed
	Micron Memory Taiwan Co., Ltd. (Note 1)	2018.07.04~ 201812.31	Taiwan Micron Build up for MTB warehouse	Delay penalty: 0.1% of the construction price per each day delayed
	ASE Test, Inc.	2018.07.17~ 2019.07.31	Taiwan Micron A2 E100 expansion project	Delay penalty: 0.1% of the construction price per each day delayed
	ASE Test, Inc. (Note 1)	2018.07.01~ 2018.09.03	ASE Test —ASE k22 6F TEST plant construction	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited (Note 1)	2018.07.27~ 2018.12.31	TSMC-F18P1 EBO construction	Delay penalty: 0.1% of the construction price per each day delayed
	IQE Taiwan	2018/8/24～ 2019/3/31	IQE Taiwan 3F plant new turnkey construction	Delay penalty: 0.1% of the construction price per each day delayed
	AU Optronics Corp.	2018/12/4～ 2019/5/31	AUO Huaya plant L3D IJP project	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited	2018/12/15 ～ 2019/12/31	TSMC F18 P2 MEP-A PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed

Nature of Contract	Party	Duration	Main Content	Restrictive Provision
Construction Contract	Taiwan Semiconductor Manufacturing Company Limited	2018/12/15～ 2019/12/31	TSMC F18 P2 MEP-B PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited	2018/12/15～ 2019/12/31	TSMC F18 P2 FIRE PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited	2018/12/15～ 2019/12/31	TSMC F18 P2 PCW PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed
	Taiwan Semiconductor Manufacturing Company Limited	2018/12/20～ 2019/12/31	TSMC F18 P2 C/R PACKAGE	Delay penalty: 0.1% of the construction price per each day delayed

Note 1: The project is pending inspection and acceptance by the owner. The Company is not liable for any penalty.

Note 2: Ongoing additional construction within the same duration of the master contract.

Six. Financial overview

I. Condensed balance sheet and consolidated income statement for the last five years

(I) Condensed consolidated balance sheet and consolidated income statement

1. Condensed consolidated balance sheet Unit: NT$ Thousands

Item \ Year		The financial data of the last five years 2014	2015	2016	2017	2018	The financial data as of March 31, 2019 (Note 1)
Current assets		10,684,659	12,030,202	14,106,726	13,849,914	17,324,895	18,407,018
Financial assets measured at cost - noncurrent		1,070,488	1,063,101	1,045,162	1,018,462	-	-
Financial assets measured at fair value through profit and loss - noncurrent		-	-	-	-	7,879	8,407
Financial assets measured at fair value through other comprehensive profit and loss - noncurrent		-	-	-	-	1,636,961	1,857,262
Investment under the Equity Method		729,577	732,994	763,903	752,728	756,814	762,681
Property, plant, and equipment		593,643	567,734	757,008	736,116	806,633	806,771
Long-term receivables		212,519	0	0	0	0	0
Right-of-use asset							59,699
Intangible assets		2,568	2,260	1,778	1,809	1,341	1,230
Deferred income tax assets		54,323	56,466	66,900	92,852	84,696	84,696
Other noncurrent assets		245,327	250,250	245,554	173,690	191,384	61,509
Total assets		13,593,104	14,703,007	16,987,031	16,625,571	20,810,603	22,049,273
Current liabilities	Before distribution	7,715,538	8,165,608	10,041,919	9,615,100	12,861,638	13,081,249
	After distribution	8,311,121	9,237,658	11,471,319	10,806,267	Note 2	-
Noncurrent liabilities		325,337	314,569	310,030	403,111	462,200	481,512
Total liabilities	Before distribution	8,040,875	8,480,177	10,351,949	10,081,211	13,323,838	13,562,761
	After distribution	8,636,458	9,552,227	11,781,349	11,272,378	Note 3	-
Attributable to the shareholders' equity of the parent company		5,538,938	6,202,860	6,618,912	6,401,925	7,254,336	8,220,595
Capital stock		2,382,334	2,382,334	2,382,334	2,382,334	1,905,867	1,905,867
Additional paid-in capital		593,652	606,300	610,422	611,987	374,156	374,156
Retained earnings	Before distribution	2,628,408	3,281,856	3,760,416	3,520,492	4,409,052	5,123,664
	After distribution	2,032,825	2,209,806	2,331,016	2,329,325	Note 3	-
Other equity		(50,414)	(65,002)	(133,666)	(112,888)	565,261	816,908
Treasury stock		(15,042)	(2,628)	(594)	0	0	0
Non-control equity		13,291	19,970	16,170	205,435	232,429	265,917
Total equity	Before distribution	5,552,229	6,222,830	6,635,082	6,607,360	7,486,765	8,486,512
	After distribution	4,956,646	5,150,780	5,205,682	5,416,193	Note 3	-

Note 1: The financial information for the first quarter of 2019 is reviewed by a certified public accountant

Note 2: The Company did not arrange asset revaluation
Note 3: The shareholders meeting has not been held as of the annual report printing date

2. Condensed Consolidated Income Statement

Unit: NT$ Thousands

Item \ Year	The financial data of the last five years					The financial data as of March 31, 2019
	2014	2015	2016	2017	2018	
Operating income	6,949,507	12,418,557	15,426,851	12,525,918	18,127,934	6,687,700
Gross profit	1,252,845	1,742,768	2,380,513	2,234,514	3,183,441	1,098,913
Operating profit and loss	651,723	1,098,757	1,715,073	1,610,351	2,372,100	869,898
Non-operating income and expense	433,309	521,015	237,009	135,231	664,922	92,606
Net income before tax	1,085,032	1,619,772	1,952,082	1,745,582	3,037,022	962,504
Net income of the continuing business unit	771,617	1,280,670	1,585,347	1,341,764	2,274,169	742,314
Loss of the discontinued business unit	0	0	0	0	0	0
Net income (loss)	771,617	1,280,670	1,585,347	1,341,764	2,274,169	742,314
Other comprehensive profit and loss of the current period (net amount after tax)	53,542	(10,203)	(70,050)	(4,294)	(999,678)	257,433
Total consolidated profit and loss of the current period	825,159	1,270,467	1,515,297	1,337,470	1,274,491	999,747
Net income attributable to the shareholders' equity of the parent company	744,688	1,244,647	1,551,996	1,214,548	2,147,566	714,612
Net income attributable to non-control equity	26,929	36,023	33,351	127,216	126,603	27,702
Comprehensive profit and loss attributable to the shareholders' equity of the parent company	798,230	1,234,444	1,481,946	1,210,254	1,155,079	966,259
Comprehensive profit and loss attributable to non-control equity	26,929	36,023	33,351	127,216	119,412	33,488
Earnings per share	3.14	5.24	6.52	5.10	9.42	3.75

Note 1: The financial information for the first quarter of 2019 is reviewed by a public certified accountant.

(II) Condensed balance sheet and comprehensive income statement of subsidiary

1. Condensed balance sheet of subsidiary Unit: NT$ Thousands

Item \ Year		The financial data of the last five years				
		2014	2015	2016	2017	2018
Current assets		8,001,009	9,171,754	11,359,903	9,082,484	12,917,785
Financial assets measured at cost - noncurrent		1,048,688	1,042,363	1,026,332	1,018,462	0
Financial assets measured at fair value through profit and loss - noncurrent						7,879
Financial assets measured at fair value through other comprehensive profit and loss - noncurrent						1,636,961
Investment under the Equity Method		1,495,840	1,631,631	1,622,904	2,182,607	2,314,018
Property, plant, and equipment		381,925	369,019	581,495	569,929	560,187
Intangible assets		2,568	2,260	1,778	1,809	1,341
Deferred income tax assets		54,323	56,466	66,900	92,852	84,696
Other assets		33,641	20,568	293,705	8,083	6,551
Long-term receivables		212,519	0	0	0	0
Long-term notes and accounts receivable		57,559	252,808	237,800	228,180	218,682
Total assets		11,288,072	12,546,869	15,190,817	13,184,406	17,748,100
Current liabilities	Before distribution	5,425,804	6,031,806	8,265,988	6,382,181	10,038,362
	After distribution	6,021,387	7,103,856	9,695,388	7,573,348	Note 2
Noncurrent liabilities		323,330	312,203	305,917	400,300	455,402
Total liabilities	Before distribution	5,749,134	6,344,009	8,571,905	6,782,481	10,493,764
	After distribution	6,344,717	7,416,059	10,001,305	7,973,648	Note 2
Capital stock		2,382,334	2,382,334	8,571,905	2,382,334	1,905,867
Additional paid-in capital		593,652	606,300	10,001,305	611,987	374,156
Retained earnings	Before distribution	2,628,408	3,281,856	3,760,416	3,520,492	4,409,052
	After distribution	2,032,825	2,209,806	2,331,016	2,329,325	Note 2
Other equity		(50,414)	(50,414)	(133,666)	(112,888)	565,261
Treasury stock		(15,042)	(15,042)	(594)	0	0
Total equity	Before distribution	5,538,938	6,202,860	6,618,912	6,401,925	7,254,336

	After distribution	4,943,355	5,130,810	5,128,512	5,210,758	Note 2

Note 1: The Company did not arrange asset revaluation.

Note 2: The shareholders meeting has not been held as of the annual report printing date.

2. Condensed comprehensive income statement of subsidiary

Unit: NT$ Thousands

Item / Year	The financial data of the last five years				
	2014	2015	2016	2017	2018
Operating income	5,025,626	9,110,897	13,637,827	7,257,644	9,573,717
Gross profit	930,461	1,368,842	2,109,249	1,369,468	2,296,047
Operating profit and loss	427,977	789,377	1,504,568	840,009	1,586,190
Non-operating income and expense	546,711	711,870	347,708	604,539	1,094,867
Net income before tax	974,688	1,501,247	1,852,276	1,444,548	2,681,057
Net income of the continuing business unit	744,688	1,244,647	1,551,996	1,214,548	2,147,566
Loss of the discontinued business unit	–	-	–	–	–
Net income (loss)	744,688	1,244,647	1,551,996	1,214,548	2,147,566
Other comprehensive profit and loss of the current period (net amount after tax)	53,542	(10,203)	(70,050)	(4,294)	(992,487)
Total consolidated profit and loss of the current period	798,230	1,234,444	1,481,946	1,210,254	1,155,079
Earnings per share	3.14	5.24	6.52	5.10	9.42

(III) Name of the certified public accountants and the audit opinions in the last five years:

Year	Public auditor	Audit opinions
2013	Yufeng Hsieh, Shengho Yu	Amended unqualified opinion
2014	Yufeng Hsieh, Tzuhui Li	Amended unqualified opinion
2015	Yenling Fang, Tzuhui Li	Amended unqualified opinion
2016	Yenling Fang, Tzuhui Li	Amended unqualified opinion
2017	Yenling Fang, Tzuhui Li	Unqualified opinion with additional events stated
2018	Zhongling Li, Tzuhui Li	Unqualified opinion, no emphasis paragraph or other paragraphs

II. Analysis of financial data for the last five years

(I) Consolidated financial analysis

Analysis items	Year (Note 1)	2014	2015	2016	2017	2018	As of March 31, 2019 (Note 2)
		Analysis of financial data for the last five years (Note 1)					
Financial structure	Ratio of liabilities to assets (%)	59.15	57.68	60.94	60.26	64.02	61.51
	Ratio of long-term fund to property, plant, and equipment (%)	935.28	1,096.08	876.49	897.60	928.15	1,051.91
Solvency	Current ratio (%)	138.48	147.33	140.48	144.04	134.70	140.71
	Quick ratio (%)	116.02	123.69	126.81	126.41	117.78	126.25
	Times interest earned ratio (%)	232.50	-	-	5,999.56	-	-
Operating ability	Accounts receivable turnover (times)	4.51	6.75	4.63	3.75	5.50	1.52
	Days Sales in Account Receivable	81	54.07	79	97	66	59
	Inventory turnover (times)	0.13	0.24	0.30	0.21	0.30	0.10
	Average days in sales	2,789.95	1,520.83	1,216.67	1,703.18	1,216.67	859.98
	Property, plant, and equipment turnover (times)	11.59	21.39	23.29	16.78	23.50	8.29
	Total assets turnover (times)	0.51	0.84	0.91	0.75	0.87	0.30
Profitability	Ratio of return on total assets (%)	6.20	9.05	10.01	7.99	12.15	3.46
	Ratio of return on shareholders' equity (%)	14.22	21.75	24.66	20.26	32.27	9.29
	Profit ratio (%)	11.10	10.31	10.28	10.71	12.55	11.10
	Earnings per share (NT$)	3.14	5.24	6.52	5.10	9.42	3.75
Cash flow	Cash flow ratio (%)	10.98	3.79	11.61	33.01	9.16	9.01
	Cash flow adequacy ratio (%)	300.30	234.71	183.63	191.13	114.72	130.32
	Cash re-investment ratio (%)	5.41	(3.82)	1.41	22.24	-2.92	(2.32)
Leverage	Operating leverage	1.04	1.04	1.02	1.02	1.02	1.01
	Financial leverage	1.01	1.00	1.00	1.00	1.00	1.00

Please explain the reasons for the changes in the financial ratios in the last two years.

1. Accounts receivable turnover is higher than in the last period. Inventory turnover is higher than in the last period. Real-estate, facility, and equipment turnover is higher than in the last period: the main reason is that the 2018 revenue has increased by 44.72% over 2017's.
2. Return on asset ratio is higher than in the last period. Return on equity ratio is higher than in the last period: the main reason is that the 2018 net profit has increased by 66.49% over 2017's.
3. Cash flow ratio, cash flow adequacy ratio, and cash re-investment ratio are lower than in the last period: the main reason is that the cash flow from operating activities has decreased by 62.87%.

Note 2: The financial information of 2019 Q1 is reviewed by a public certified accountant

(II) Subsidiary's financial analysis

Analysis items	Year (Note 1)	Analysis of financial data for the last five years (Note 1)				
		2014	2015	2016	2017	2018
Financial structure	Ratio of liabilities to assets (%)	50.93	50.56	56.43	51.44	59.13
	Ratio of long-term fund to property, plant, and equipment (%)	1450.27	1,680.91	1138.26	1123.28	1294.98
Solvency	Current ratio (%)	147.46	50.56	137.43	142.31	128.68
	Quick ratio (%)	138.51	1,680.91	127.04	131.63	118.70
	Times interest earned ratio (%)	208.96	50.56	-	-	-
Operating ability	Accounts receivable turnover (times)	5.79	8.68	5.52	3.28	5.24
	Days Sales in Account Receivable	63	42	66	111	70
	Inventory turnover (times)	0.14	0.28	0.38	0.17	0.21
	Average days in sales	2,546.94	1,326.15	960.53	2,180.16	1,769.36
	Property, plant, and equipment turnover (times)	12.95	24.27	28.70	12.61	16.94
	Total assets turnover (times)	0.45	0.73	0.90	0.55	0.54
Profitability	Ratio of return on total assets (%)	6.87	10.44	11.19	8.56	13.89
	Ratio of return on shareholders' equity (%)	13.74	21.20	24.21	18.66	31.45
	Profit ratio (%)	14.82	13.66	11.38	16.73	22.43
	Earnings per share (NT$)	3.14	5.24	6.52	5.10	9.42
Cash flow	Cash flow ratio (%)	49.18	(7.09)	15.28	36.01	15.54
	Cash flow adequacy ratio (%)	271.56	184.43	153.42	156.71	98.58
	Cash re-investment ratio (%)	8.75	(14.32)	2.99	12.10	1.64
Leverage	Operating leverage	1.04	1.03	1.02	1.02	1.01
	Financial leverage	1.01	1	1	1	1

Please explain the reasons for the changes in the financial ratios in the last two years.

1. Accounts receivable turnover is higher than in the last period. Inventory turnover is higher than in the last period. Real-estate, facility, and equipment turnover is higher than in the last period: the main reason is that the 2018 revenue has increased by 31.91% over 2017's.
2. Return on asset ratio is higher than in the last period. Return on equity ratio is higher than in the last period: the main reason is that the 2018 net profit has increased by 76.82% over 2017's.
3. Cash flow ratio, cash flow adequacy ratio, and cash re-investment ratio are lower than in the last period: the main reason is that the cash flow from operating activities has decreased by 32.09%.

(1) Financial analysis

1. Financial structure

(1) Ratio of liabilities to assets ＝ Total liabilities / Total assets.

(2) Ratio of long-term fund to property, plant, and equipment＝ (Total equity+ noncurrent liabilities) / Net property, plant, and equipment.

2. Solvency

(1) Current ratio ＝ Current assets / Current liabilities.

(2) Quick ratio ＝ (Current assets – inventory – prepaid expense) / current liabilities.

(3) Times interest earned ratio ＝ Net income before income tax and interest expense / Current interest expense.

3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable resulting from business operations) turnover ＝ Net sales amount / average accounts receivable balance of each period (including accounts receivable and notes receivable resulting from business operations).

(2) Days Sales in Account Receivable ＝ 365 / Accounts receivable turnover.

(3) Inventory turnover ＝ Cost of goods sold / Average inventory balance amount.

(4) Average days in sales ＝ 365 / Inventory turnover.

(5) Property, plant, and equipment turnover ＝ Net sales amount / average property, plant, and equipment net amount.

(6) Total assets turnover ＝ Net sales amount / Average total assets.

4. Profitability

(1) Ratio of return on total assets＝ [Net income or loss + Interest expense x (1-tax rate)] / Average total assets.

(2) Ratio of return on shareholders' equity ＝ Net income or loss / Average equity.

(3) Profit ratio ＝ Net income or loss / Net sales amount.

(4) Earnings per share ＝ (Profit and loss attributable to the shareholders' equity of the parent company – preferred stock dividend) / Weighted average outstanding shares.

5. Cash flow

(1) Cash flow ratio ＝ Net cash flow from operating activities / Current liabilities.

(2) Net cash flow adequacy ratio ＝ Net cash flow from operating activities in the last 5 years / In the last 5 years (Capital expenditure + increase in inventory + cash dividend).

(3) Cash re-investment ratio ＝ (Net cash flow from operating activities – cash dividend) / (property, plant, and equipment gross amount + long-term investment + other noncurrent assets + operating fund).

6. Leverage:

(1) Operating leverage ＝ (Net operating income – variable operating cost and expense) / Operating profit.

(2) Financial leverage ＝ Operating profit / (Operating profit-interest expense).

III. The Audit Report of the Audit Committee on the most recent annual financial report

UNITED INTEGRATED SERVICES CO., LTD.

Audit Report of the Audit Committee

Herewith

The Board of Directors prepared the Company's 2018 Subsidiary's Financial Statements and the 2018 consolidated financial statements of the Company and its subsidiaries, which had been audited by Zhongling Li and Tzuhui Li, the CPAs of KPMG in Taiwan; also, the said reports along with the business report and earnings distribution proposal were reviewed and verified to be true by the Audit Committee. Therefore, the report is submitted in accordance with the provisions of Article 14-4 of the Sercurities and Exchange Act, and Article 219 of the Company Act as shown in the preceding paragraph for approval.

To

The 2019 General Meeting of UNITED INTEGRATED SERVICES CO., LTD.

Ting Herh

The Convener of the Audit Committee:

March 22, 2019

IV. Independent Auditor's Report and financial statements of the most recent year: please refer to Appendix A

V. Subsidiary's financial report that has been audited by a public certified accountant in the most recent year: please refer to Appendix B

VI. The financial difficulties faced by the Company and its affiliates in the most recent year and as of the annual report printing date: None

Seven. Review and analysis of financial status and operating results and risks

I. Financial status comparison analysis table

Unit: NT$ Thousands

Item \ Year	2017	2018	Variance	
			Amount	%
Current assets	13,849,914	17,324,895	3,474,981	25.09%
Financial assets measured at cost - noncurrent	1,018,462	-		
Financial assets measured at fair value through profit and loss - noncurrent	-	7,879	7,879	
Financial assets measured at fair value through other comprehensive profit and loss - noncurrent	-	1,636,961	1,636,961	
Investment under the Equity Method	752,728	756,814	4,086	0.54%
Property, plant, and equipment	736,116	806,633	70,517	9.58%
Long-term receivables	0		0	
Intangible assets	1,809	1,341	(468)	-25.87%
Deferred income tax assets	92,852	84,696	(8,156)	-8.78%
Other assets	173,690	191,384	17,694	10.19%
Total assets	16,625,571	20,810,603	4,185,032	25.17%
Current liabilities	9,615,100	12,861,638	3,246,538	33.76%
Noncurrent liabilities	403,111	462,200	59,089	14.66%
Total liabilities	10,081,211	13,323,838	3,242,627	32.17%
Attributable to the shareholders' equity of the parent company	6,401,925	7,254,336	852,411	13.31%
Capital stock	2,382,334	1,905,867	(476,467)	-20.00%
Additional paid-in capital	611,987	374,156	(237,831)	-38.86%
Retained earnings	3,520,492	4,409,052	888,560	25.24%
Other equity	(112,888)	565,261	678,149	-600.73%
Total equity	6,607,360	7,486,765	879,405	13.31%

Description of the item with major changes:

1. Current assets are higher than in the last period mainly because the 2018 revenue has increased by 44.72% over 2017's and accounts receivable has increased by 170.97%.
2. Intangible assets are lower than in the last period mainly because amortization and impairment loss has decreased by 31.88% over 2017's.
3. Current liabilities are higher than in the last period mainly because the 2018 revenue has increased by 44.72% over 2017's, and the contract liabilities - current.
4. Capital reserve is lower than in the last period mainly because of the 20% capital

decrease in 2018.

5. Other equities are higher than in the last period mainly because of the new adjustments under the 2018 Standards - Unrealized gains or losses on fair value through other comprehensive income financial assets.

II. Financial performance analysis

1. Operating result comparison table

Unit: NT$ Thousands

Item \ Year	2017	2018	Increased (decreased) amount	Ratio of change (%)
Operating income	12,525,918	18,127,934	5,602,016	44.72%
Gross profit	2,234,514	3,183,441	948,927	42.47%
Operating profit and loss	1,610,351	2,372,100	761,749	47.30%
Non-operating income and expense	135,231	664,922	529,691	391.69%
Net income before tax	1,745,582	3,037,022	1,291,440	73.98%
Net income (loss)	1,341,764	2,274,169	932,405	69.49%
Other comprehensive profit and loss of the current period (net amount after tax)	(4,294)	(999,678)	(995,384)	231.80%
Total consolidated profit and loss of the current period	1,337,470	1,274,491	(62,979)	-4.71%
Net income attributable to the shareholders' equity of the parent company	1,214,548	2,147,566	933,018	76.82%
Comprehensive profit and loss attributable to the shareholders' equity of the parent company	1,210,254	1,155,079	(55,175)	-4.56%

Description of items with major changes:

1. Gross profit and gross profit are higher than in the last period mainly because the 2018 revenue has increased by 72% over 2017's.
2. Non-operating income and expense are higher than in the last period mainly because of the increase of currency exchange profit.
3. Other comprehensive equities (net value) of this period are higher than in the last period mainly because of the new adjustments under the 2018 Standards - Unrealized gains or losses on fair value through other comprehensive income financial assets.

2. Analysis of changes in operating gross profit: None.

III. Cash flow analysis

1. Liquidity analysis for the last two years

Item / Year	2017	2018	Increase (decrease) ratio (%)
Cash flow ratio (%)	33.01	9.16	(72.25)%
Cash flow adequacy ratio (%)	191.13	114.72	(39.99)%
Cash re-investment ratio (%)	22.24	20.30	(113.13)%

Description of increase (decrease) ratio:

1. Cash flow ratio, cash flow adequacy ratio, and cash re-investment ratio are lower than in the last period: the main reason is that the cash flow from operating activities has decreased by 62.87%.

2. Analysis of cash flow in the coming year Unit: NT$ Thousands

Cash balance - beginning (1)	Estimated annual net cash flow from operating activities (2)	Estimated annual cash outflow (3)	Estimated cash surplus (shortfalls) amount (1)+(2)-(3)	Remedial measures for expected cash shortfalls	
				Investment plan	Financial plan
7,029,298	4,000,000	2,500,000	8,529,298	-	-

IV. Impact of major capital expenditures on financial operations in the most recent year: None

V. Investment policy in the most recent year, the main reason for profit or loss, improvement plan, and investment plan for the next year

(I) Transfer investment policy: The Company will continue to invest in compliance with the business strategy of “enhancing professional technical capabilities and increasing business opportunities” in order to strengthen the competitiveness of the Company in the future. The focus of new investment projects in the future is on those that can help increase the technical ability for the system integration engineering service, and the newly added investment projects for increasing business opportunities are controlled as much as possible in order to avoid an excessive expansion of investment in this business category. In addition, the Company will strengthen the follow-up and supervision of the financial and business conditions of the invested company. If the invested company is not performing as well as when it was originally invested and there is no sign of improvement, the Company does not rule out the possibility of changing long-term investment policies and will choose to have the shares disposed. The investment projects that are carried out to increase business opportunities will be sold at an appropriate time to recover the funds for better overall use.

(II) The main reasons for profit or loss: the investment in Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited, and JG Environmental Technology Co., Ltd. under the Equity Method recognized on December 31, 2018 and 2017 are accounted for 3.64% and 4.53% of the total assets, respectively. The ratio of profit and loss from the associates under the equity method was accounted for 2.10％ and 3.45％ of the net income before tax for the period of January 1 - December 31, 2018 and 2017, respectively.

(III) Future Investment Plan: The Company will continue to invest in compliance with the strategy of "enhancing professional technical capabilities and increasing business opportunities."

VI. Risk management analysis and evaluation

(I) The impact of interest rates, changes in exchange rate, and inflation on the Company's profit and loss in the most recent year and as of the annual report printing date, and the countermeasures in the future:

1. Due to stable growth in business performance and stable annual interest rate maintained, the Company has a high credit rating in the banking sector. Compared with other companies, the Company enjoys a better interest rate. Therefore, changes in interest rate have no significant impact on the Company.
2. The Company is mostly engaged in the system integration engineering projects of electronics factories. Some of the equipment is purchased and imported from abroad. In this regard, the countermeasures of the Finance Office are with the exchange rate trend considered, if necessary, the operating procedures for derivative financial products are applied to operate options or forward foreign exchange transactions for a fixed exchange rate in order to avoid risks.
3. Since most of the projects undertaken by the Company are done with the spare parts produced by electronics factory, which usually take 1-2 years, the risk of inflation has never occurred.

(II) The engagement in high-risk and high-leverage investment, loaning of funds, endorsements and guarantees, and derivative products policy in the most recent year and as of the annual report printing date, the main reason for the profit or loss, and future countermeasures:

1. The Company has always adhered to the principle of focusing on the main business operation and pragmatic practice. For the high-risk and high-leverage investment and derivative products transactions, such as, non-principal clearance, investment with bank loans, and other speculative businesses, it is not within the scope of the

non-operating income of the Company. If there are idle funds, the Company will choose a more stable practice, such as, bank deposit or bond funds, so the above practice does not have a significant impact on the Company.

2. The Company's loaning of funds and making of endorsements/guarantees are mainly due to business transactions; also, it is handled in accordance with the Company's "Operating procedures for loaning of funds" and "Operating procedures for making of endorsements / guarantees."

(III) Research and development plans and estimated R&D expenses in the most recent year and as of the annual report printing date:

1. The research and development plans in the most recent year

(1) Wireless smart home system R&D

Home Center Upgrade

Innovative product design

ODM product design

2. Estimated R&D expenses

(1) Home Center and product innovation: NT$10 million

(IV) The impact of important domestic and international policies and legal changes on the Company's financial business and the countermeasures in the most recent year and as of the annual report printing date: None.

(V) The impact of technological changes and industrial changes on the Company's financial business and the countermeasures in the most recent year and as of the annual report printing date: None.

(VI) The impact of changes in corporate image on corporate crisis management and the countermeasures in the most recent year and as of the annual report printing date: None.

(VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions in the most recent year and as of annual report printing date: None.

(VIII) Expected benefits, possible risks, and countermeasures for the expansion of the plant in the most recent year and as of the annual report printing date: None.

(IX) Risks of centralized sales or purchases of goods and the countermeasures in the most recent year and as of the annual report printing date: None.

(X) The impact of a large number of shares transferred or replaced by the directors, supervisors, or shareholders with more than 10%

shareholding on the Company, the risks, and the countermeasures: None.

(XI) The impact of changes in management rights on the Company, the risks, and the countermeasures: None.

(XII) Litigation or non-litigation events: The sentenced or outstanding major litigation, non-litigation, or administrative dispute of the Company and the Company's directors, supervisors, president, substantive principal, major shareholders with more than 10% shareholding, and subsidiaries in the most recent year and as of the annual report printing date that may have a significant impact on shareholders' equity or securities prices:

Some of the directors of the company were convicted by the Taiwan High Court (hereinafter referred to as the "High Court") of violating the provisions of the Securities and Exchange Act. Kindly find Judgment contents which impact the Company's activities are as follows:

(i) The primary judgment contents

Director Chen, former director Wang and other involved parties were prosecuted by Taipei District Prosecutor's Office on June 5, 2002, as illegally transferred Company's fund more than $1.3 billion to Dentsu Engineering Co., Ltd. (hereinafter referred to as Dentsu Corporation), Fuguo Engineering Co., Ltd., and Huayuan Engineering Co., Ltd, then transferred the fund to themselves. In accordance with the facts, proofs and explanation provided by the defendants, the primary judgment contents given by Taipei District Prosecutor's Office on August,31, 2015 (Finance Criminal Procedure Code No. 17 Act 2013) as in: he court accepted the facts that part of the payment out of NTD 1.3 billion was paid for relevant project costs and wages incurred, and the rest was paid by Dentsu Corporation on behalf of the Company to settle urgent additional expenses, then the Company refunded the abovementioned amount. And there is no evidence to prove that the defendants committed embezzlement and breach of trust, therefore, the Court believed the defendants did not commit such crimes.However, the Court also believed that Dentsu Corporation shall be a relative party of the Company, but the notes of the financial statements did not disclose the abovementioned fact that Dentsu Corporation paid expenses on behalf of the Company, therefore, the defendants were convicted guilty by the Court of providing false financial statements. Both defendants and the prosecutor disagreed with the judgment and appealed to the High Court. The appeal was rejected in High Court, due to the former Director Wang is deceased (Taiwan High Court Case of No. 2015 Gim Sun Zon Su 40). On July 25 2017, the High Court convicted the defendants not guilty of embezzlement and breach of trust, because lack of evidence, the prosecutor accepted the judgment and stopped appealing. However, regarding the defendants were convicted guilty by the High Court of providing false financial statement, two of them were in probation without appeal. Director Chen has appealed to the third instance and is still under processing by the High Court. The second instance was revoked by the High Court on July 25, 2017 (Supreme Court Civil Judgment of No. 2017 Tai-Shang-Tzu 3336).

(ii) Company Risk Response Strategy

The Company, set up by former Director Wang, always maintains its good performance and profitability amongst all in the same industries and distribute almost all of the profit to Directors. Former Director Wang had shown his loyalty to the Company without selling any shares since the Company had been listed. Director Chen has been assisting in the Company for decades without hesitation. The massive contribution to the Company given by them prolongs its profitability and stability. In accordance with the judgment of the first and second instance, the management is pleased to know the defendants had been found not guilty of embezzlement and breach of trust. The management is sorry to know about the judgment of false financial statement of the second instance. However, because the Supreme Court has cancelled the appeal of the second instance submitted by Director Chen and the management is waiting for the final judgment.

(iii) Operational Impact

The abovementioned judgment does not have any operational impact to the Company. The Company acquired support from various aspects, e.g. the staffs,buyers and suppliers. The project operation and financial status of the Company is stable and on growing.

(iv) Statement of Supplementary Civil Action to the Defendants

Securities and Futures Investors Protection Centre (hereinafter referred to as the SFIPC) filed a letter on September 27, 2013, requesting Supervisor of the Company to file lawsuit against the defendants seeking for compensation. The Company could not conclude any damages or evaluate the result of civil action before the final judgment. Supervisors of the Company decided to pursue the Civil and Criminal Litigation (hereinafter referred to as the CCL) against defendants under the strong will of the SFIPC on October 29, 2013, seeking for compensation.

The CCL was transferred to civil court after the judgment of Taipei District Court on August 31, 2015 (Taipei District Court Case of No. 2013 Gim Zon Su 17). The civil court rejected the lawsuit because the defendants had been found not guilty of embezzlement and breach of trust as per judgment given by Taipei District Court on March 01, 2016, under Taipei District Court Case of No. 2015 Gim 62. In the 10 days period of counter-appeal, Supervisor of the Company accepted the abovementioned judgment given which the defendants had been found not guilty of embezzlement and breach of trust, base on facts, proofs and relevant rules and regulations

(v) The SFIPC advocated to remove the defendants' directorship on December 05, 2013.

As the abovementioned, the former Director Wang had been running the Company stably, profitably, and in good will. Except the content of the indictment, the SFIPC could not prove the defendants the incompatibility as a Director. In the interim shareholders' meeting on February 06, 2014, most of the shareholders agreed and accepted the defendants work continuously as Directors. In the annual shareholders' meeting in 2015, the defendants obtained most of the supports from shareholders. Taipei District Court declared that SFIPC lost in the lawsuit on June 18, 2015, but appealed. Due to the former Director Wang's decease, the SFIPC withdraw the appeal, and amended the lawsuit to request the dismissal of directorship of the two defendants from June 16, 2015, to June 15, 2018. Taipei District Court rejected the lawsuit that amended by the SFIPC at the beginning of February, 2016, in the second instance. The SFIPC appealed the third instance on March 28, 2016, and the Supreme Court dismissed the second instance result on September 28, 2018 (Supreme Court No. 2658 Act 2017), and revision is being processed. The lawsuit does not impact on any operation and financial status of the Company.

(vi) The SFIPC represented the investors to file a lawsuit to the Company, Directors, former Board of Directors and etc., seeking for compensation of NTD 243 million.

As abovementioned, the Company is well developed, stable and profitable on a long term basis. No false information in finance while running operational cost in accordance with per defendants stated. The final judgment result of Director Chen is still pending, the Company reserves the right to purse any legal action. The lawsuit does not impact to the normal operation of the Company.

(vii) The SFIPC requested defendants responsible for damages while illegally transferred NTD1.3 billion and seeking for compensation to the Company. The High Court convicted the defendants no guilty in breach and transferred the lawsuit to the Subordinate Court simultaneously. Subordinate Court convicted the defendants no guilty in breach and dismissed the SFIPC lawsuit on March 22, 2018.

(c) The Company was requested to make payment of $104,559 to Dentsu Corporation for project cost, and $21,405 for wages to former Director Wang from January 2001 to April 2012, in accordance with the judgment of Subordinate Court on September 2, 2014.

The Company had accrued the project cost and wages of the third quarter in 2014, into annual financial statement (recognized as construction cost and management expenses separately) as the judgment stated. The Company prepared interest estimation of $27,921 as of December 31, 2018. (Please refer to Note 7)

The Company does not process any payment of product cost, wages and interest as abovementioned as of the reporting date.

(XIII) Other important risks and countermeasures:

1. Assessment and analysis of information security risk: No significant risks.

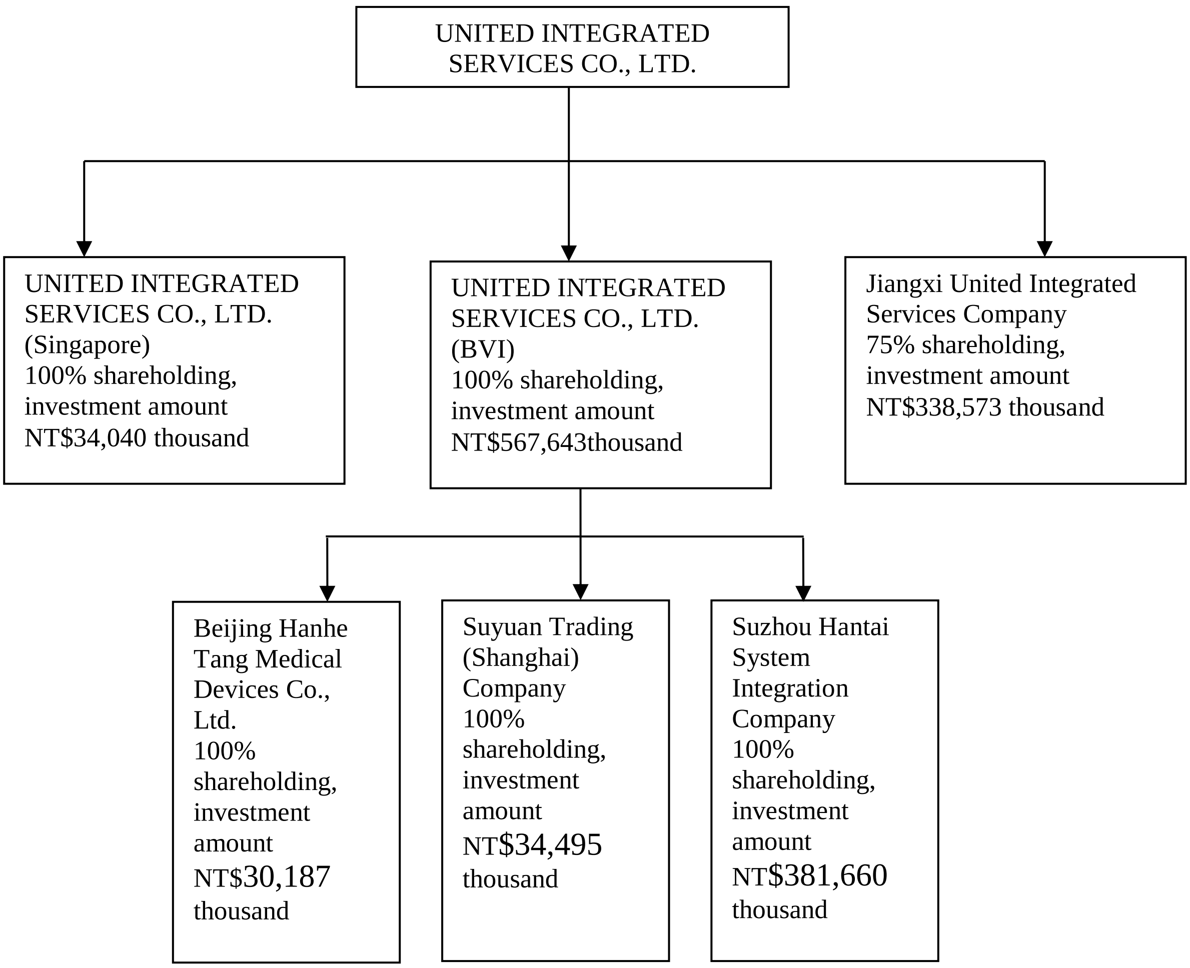
VII. Other important matters: None.

Eight. Special notes

I. Information of the affiliates

(I) Consolidated business report of the affiliates

1. Organizational chart of the affiliates



2. Basic profile of the affiliates

Unit: NT$ Thousands

Company Name	Establishment date	Address	Paid-in capital	Actual investment amount	Main business or production project
UNITED INTEGRATED SERVICES CO., LTD. (BVI)	2000.12.19	Commence Chambers, Road Town Totola, British Virgin Islands.	567,643	567,643	Investment business
Suyuan Trading (Shanghai) Company	2001.7.2	Room 1102, No. 438, Pudian Road, Pudong New Area, Shanghai	34,495	34,495	Trades of semiconductors, cleanrooms, and electromechanical equipment
Suzhou Hantai System Integration Company	2006.4.29	No. 7, Chenghu East Road, Wuzhong Economic Development Zone, Suzhou	381,660	381,660	Production and sales of construction hardware and materials
Jiangxi United Integrated Services Company	2003.09.18	No. 176, Beijing West Road, Nanchang City, Jiangxi Province	453,360	338,573	Electromechanical business and pipeline equipment installation engineering
UNITED INTEGRATED SERVICES CO., LTD. (Singapore)	2011.01.25	30 MARSILING IND ESTATE ROAD 5#01-01 WIDEFIELD INDUSTRIAL BUILDING SINGAPORE	34,040	34,040	Cleanroom construction
Beijing Hanhe Tang Medical Devices Co., Ltd.	2012.06.19	Room 801, Building A, Wantong Center, No.6, Chaoyan Gate Street, Chaoyang District, Beijing City	30,187	30,187	Sales of Class III and Class II medical devices

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3. The shareholders of the companies that are with a relationship of control and affiliation

Presumptive reasons	Title or name	Shareholdings		Establishment date	Address	Paid-in capital (NT$ Thousands)	Main business operations
		Shares	Shareholding ratio				
Related party A substantial control relationship	Dentsu Engineering Co., Ltd.	-	-	1981.06.19	5F, No. 79, Minsheng Road, Yonghe District, New Taipei City	27,000	Design and installation of computerized central monitoring systems, traffic control, environmental monitoring, computers, cleanroom, etc.
Related party A substantial control relationship	Fuguo Engineering Co., Ltd.	-	-	1985.03.18	6F-2, No. 95, Fuguo Road, Taipei City	25,000	Design and installation of computer room; electronic communication control system engineering, and the related material trades of the projects in the preceding paragraph
Related party A substantial control	Huayuan Engineering Company	-	-	2006.07.13	2F, No. 109-1, Baoqing Street, Taipei City	10,000	Electrical installation, piping engineering, fire safety automatic control equipment engineering, etc.

relationship							

4. Information of directors, supervisors, and President of each affiliate

Unit: Shares; %

Company name	Job title	Name or representative	Shareholdings	
			Shares	Shareholding ratio
UNITED INTEGRATED SERVICES CO., LTD. (BVI)	Chairman	C.S. Chen	17,697,630	100.
Suyuan Trading (Shanghai) Company	Chairman	Benny Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
	Director	C.S. Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
	Director	Juichin Wu (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
Suzhou Hantai System Integration Company	Chairman	Benny Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
	Director	C.S. Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
	Director	Juichin Wu (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
	Supervisor	Yuanyi Wang (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
Jiangxi United Integrated Services Company	Chairman	Benny Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	75.
	Director	C.S. Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	75.
	Director	Joseph Lee (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	75.
	Director	Shaoming Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	75.
	Director	Juichin Wu (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	75.
	Director	Chienhu Huang (Representative of Jiangxi Construction Engineering (Group) Co., Ltd.)	Note	25.
	Director	Hsin Hsu (Representative of Jiangxi Construction Engineering (Group) Co., Ltd.)	Note	25.
UNITED INTEGRATED SERVICES CO., LTD. (Singapore)	Chairman	Benny Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
	Director	ZHAO KE (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
Beijing Hanhe Tang Medical Devices Co., Ltd.	Chairman	Benny Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
	Director	Ou Chang (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.
	Director	Shihao Chen (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.

	Supervisor	Huifen Li (Representative of UNITED INTEGRATED SERVICES CO., LTD.)	Note	100.

Note: It is registered with the capital contribution amount indicated.

5. Affiliate operation overview

Unit: NT$ Thousands December 31, 2018

Company name	**Capital amount**	**Total assets**	**Total liabilities**	**Net worth**	**Operating income**	**Operating profit**	**Profit and loss (after tax)**	**Earnings per share (NT$) (after tax)**
UNITED INTEGRATED SERVICES CO., LTD. (BVI)	567,643	942,849	263,427	679,422	449,852	33,914	29,654	1.676
UNITED INTEGRATED SERVICES CO., LTD. (Singapore)	34,040	543,448	353,698	189,750	1,577,690	1,834	24,440	16.29
Jiangxi United Integrated Services Company	453,360	3,776,573	2,846,857	929,716	6,616,167	760,380	506,414	3.798

(II) Consolidated business report of the affiliates: Please refer to Appendix **A**.

(III) Relationship report: Not applicable.

II. For the private placement of securities processed in the most recent year and as of the annual report printing date, it is necessary to disclose the date and amount resolved in the shareholders meeting or the board meeting, the basis and reasonableness of the price determination, the method of selecting the specific persons, the must reasons for the private placement, and from the stock proceeds collected to the fund implementation plan completed, the fund use of the private placement of securities, and plan implementation in the most recent year and as of the annual report printing date: None.

III. The Company’s stock shares held or disposed by the subsidiary in the most recent year and as of the annual report printing date

The acquisition and disposal of the Company’s stock shares by the subsidiaries

Unit: NT$ Thousands / Thousand shares / %

Name of subsidiary	Paid-in capital	Source of funds	The Company’s shareholding ratio	Acquisition or disposal date	Number of shares acquired and amount	Number of shares disposed and amount	Investment gains and losses	Number of shares held and amount as of the annual report printing date	Pledge made	Making of endorsements/ guarantees for the subsidiary by the Company	Loaning of funds to the subsidiary by the Company
UNITED INTEGRATED SERVICES CO., LTD. (BVI)	567,643	Shareholders’ investment	100.00%	2018	-	-	-	-	-	-	-
				As of the current annual report printing date	-	-	-	-	-	-	-
Suyuan Trading (Shanghai) Company	34,495	Shareholders’ investment	100.00%	2018	-	-	-	-	-	-	-
				As of the current annual report printing date	-	-	-	-	-	-	-
Jiangxi United Integrated Services Company	453,360	Shareholders’ investment	75.00%	2018	-	-	-	-	-	-	172,172
				As of the current annual report printing date	-	-	-	-	-	-	176,330
UNITED INTEGRATED SERVICES CO., LTD. (Singapore)	22,620	Shareholders’ investment	100.00%	2018	-	-	-	-	-	-	122,860
				As of the current annual report printing date	-	-	-	-	-	-	123,280

IV. Other necessary supplementary notes: None.

Nine. The occurrence of the events that have significant impact on shareholders’ equity or securities price as stipulated in Section 2, Paragraph 2, of Article 36 of the Act in the most recent year or as of the annual report printing date should be itemized for illustration:

Please refer to this annual report (Page 119 of the annual report) Seven: review and analysis of financial conditions and operating results and risk matters, Clause 12 of Paragraph 6 “Risk Management Analysis and Evaluation:” Litigation or non-litigation events: The sentenced or outstanding major litigation, non-litigation, or administrative dispute of the Company and the Company’s directors, supervisors, president, substantive principal, major shareholders with more than 10% shareholding, and subsidiaries in the most recent year and as of the annual report printing date that may have a significant impact on shareholders’ equity or securities prices.

Stock Code:2404

UNITED INTEGRATED SERVICES CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

Address: **5F., No.3, Ln.7, Baogao Rd., Xindian Dist., New Taipei City 231, Taiwan (ROC)**

Telephone: **(02)2917-4060**

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Representation Letter

The entities that are required to be included in the combined financial statements of United Integrated Services Co., Ltd. as of and for the year ended December 31, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, United Integrated Services Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: United Integrated Services Co., Ltd.

Chairman: Chao-Shui, Chen

Date: March 25, 2019

Independent Auditors' Report

To the Board of Directors of United Integrated Services Co., Ltd.:

Opinion

We have audited the consolidated financial statements of United Integrated Services Co., Ltd. and its Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017 and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the other auditors' report (please refer to other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. 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 the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

Other companies included in investments accounted for using equity method of the Group, which like Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd. The financial statements have not been audited by us but by other auditors. Therefore, the amounts of the financial statements about Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd. are based on the other auditors' report. As of December 31, 2018 and 2017, the Group recognized the amount of investment in the equity method of Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd., accounted for 3.64% and 4.53% of total assets, respectively.

For the years ended December 31, 2018 and 2017, share of profit of associates accounted for using equity method accounted for 2.10% and 3.45% of income before tax, respectively.

Some directors of United Integrated Services Co., Ltd. are judged by the Taiwan High Court, who were involved in the violation of the Securities Exchange Act. For circumstances of these cases, please refer to note12 (b) of the consolidated financial statements.

United Integrated Services Co., Ltd. has prepared individual financial statements for the years of 2018 and 2017, and we have issued an unqualified opinion with other matter section thereon.

Key Audit Matters

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

1. Revenue recognition

   For the accounting policies related to revenue recognition, please refer to Note 4 (p) Revenue recognition; Revenue recognition of accounting estimates and assumptions of uncertainty, please refer to Note 5 (b) Income recognition; For the description of revenue recognition, please refer to Note 6 (v) Revenue.

   Description of Key Audit Matters:

   Construction contract revenue of the Group is recognized by the degree of completion of the contract. The degree of completion is based on the contract costs incurred as of the financial statements date which represents the percentage of the estimated total contract cost. Because construction contract accounting treatment involves high level of estimation and judgment, revenue recognition has been identified as a key audit matter in our audit.

   We performed our audit procedures by:

   Our principal audit procedures include the effectiveness test of internal control execution related to the timing and correctness of revenue recognition. Select samples of new construction contract during the reporting period of the Group, and review the contracts and related documents; we obtained the annual project revenue statistics of the Group, and calculated the validity of the recognition amount of the project revenue.

2. Accounts receivable impairment assessment

   For the accounting policies of the impairment assessment of accounts receivable, please refer to Note 4 (g) Financial instruments; for the accounting estimates and assumptions of the uncertainly, please refer to Note 5(a) Impairment assessment of accounts receivable; For the description of the impairment assessment of accounts receivable, please refer to Note6(d) Receivable and net accounts receivable.

   Description of Key Audit Matters:

   The Group recognized expected credit loss in accordance to the Group's policy of allowance for bad debts, and established its estimation based on its client's credit risk, historical experiences of credit loss, and the rational expectation of future economic status. Since the accounting treatment of expected credit losses involves high level of estimation and judgment, the assessment of impairment of accounts receivable has been identified as a key audit matter in our audit.

   We performed our audit procedures by:

   Our principal audit procedures include (i) understanding the accounting policies of notes receivable, accounts receivable, and their impairment assessment; (ii) implementing sampling procedures to examine accuracy of accounts receivable aging report; (iii) analyzing the changes of aging of accounts receivable in each period; (iv) performing random examination of the historical collection records; (v) examining subsequent events to evaluate the reasonableness of the Group's recognition of allowance for impairment losses.

3. Financial instruments assessment

   For the accounting policies related to the assessment of financial instruments, please refer to Note 4 (g) Financial Instruments; Financial instruments of accounting estimates and assumptions uncertainty, please refer to Note 5 (c) Financial assets impairment; For the description of the financial instruments assessment, please refer to Note 6 (z) Financial value and level information.

   Description of Key Audit Matters:

   The valuation for accounting treatment of financial instruments of the Group, which involves the exercise of professional judgments on valuation techniques and important parameters. Therefore, the valuation of financial instruments has been identified as a key audit matter in our audit.

   We performed our audit procedures by:

   Our principal audit procedures included (i) performing an assessment over the investment cycle of its initial recognition and disclosures on financial statements, which involved in internal control procedures for fair value measurement performed by the management (ii) Appointed our valuation specialists to assess the reasonableness of valuation techniques and to test the key parameters of financial assets without active market prices, wherein valuation models were used to ensure that the applied valuation techniques were in accordance with IFRS 13 “Fair Value Measurement”.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance including members of the Audit Committee are responsible for overseeing the Group's 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 misstatement, 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 consolidated financial statements.

As part of an audit in accordance with 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 assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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 the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the year ended December.31, 2018 and are therefore the key audit matters. 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.

The engagement partners on the audit resulting in this independent auditors' report are Jung-Lin, Lee and Tzu-Hui, Lee.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2019

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note6(a))	$ 7,029,298	34	7,995,750	48
1110	Financial assets at fair value through profit or loss－current (note6(b), (z))	149,575	1	42,323	-
1125	Available-for-sale financial assets-current (note6(c),(z))	-	-	100,350	1
1140	Contract assets-current (note6(v))	2,176,124	10	-	-
1150	Notes receivable, net (note6(d))	581,743	3	296,972	2
1170	Accounts receivable, net (note6(d))	3,822,249	18	1,410,567	8
1190	Accounts receivable of construction contracts (note6(e))	-	-	1,695,309	10
1221	Current tax assets	14,485	-	9,599	-
130X	Inventories (note6(f))	39,233	-	34,957	-
1410	Prepayments (note6(g))	1,453,776	7	621,816	4
1470	Other current assets (note6(n),7and 8)	2,058,412	10	1,642,271	10
	Total current assets	17,324,895	83	13,849,914	83
	Non-current assets:				
1543	Financial assets carried at cost－non-current (note6(j))	-	-	1,018,462	6
1510	Financial assets at fair value through profit or loss－non-current (note6(h), (z))	7,879	-	-	-
1517	Financial assets at fair value through other comprehensive income－non-current (note6(i), (z))	1,636,961	8	-	-
1550	Investments accounted for under equity method (note6(k))	756,814	4	752,728	5
1600	Property, plant and equipment (note6(l))	806,633	4	736,116	4
1780	Intangible assets (note6(m))	1,341	-	1,809	-
1840	Deferred income tax assets (note6(s))	84,696	-	92,852	1
1900	Other non-current assets (note6(n) and 8)	191,384	1	173,690	1
	Total non-current assets	3,485,708	17	2,775,657	17
	Total assets	$ 20,810,603	100	16,625,571	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2130	Contract liabilities (note6(v))	6,943,358	33	-	-
2150	Notes payable (note6(z))	241,795	1	46,861	-
2160	Notes payable-related parties (note6(z) and 7)	38,960	-	-	-
2170	Accounts payable (note6(z))	4,100,557	20	2,252,559	15
2180	Accounts payable－related parties (note6(z) and 7)	84,831	-	50,399	-
2190	Accounts payable of construction contracts (note6(e))	-	-	6,557,290	39
2220	Other payables-related parties (note7)	125,964	1	147,587	1
2230	Current income tax liabilities	444,470	2	60,380	-
2250	Provision liabilities-current (note6(p))	13,354	-	3,205	-
2300	Other current liabilities	868,349	4	496,819	3
	Total current liabilities	12,861,638	61	9,615,100	58
	Non-Current liabilities:				
2550	Provision liabilities－non-current (note6(r))	334,415	2	309,270	2
2570	Deferred income tax liabilities (note6(s))	118,983	1	89,318	1
2645	Guarantee deposit received (note6(z))	8,802	-	4,523	-
	Total non-curreant liabilities	462,200	3	403,111	3
	Total liabilities	13,323,838	64	10,018,211	61
	Equity attributable to shareholders of the company:				
3100	Common stock	1,905,867	9	2,382,334	14
3200	Capital surplus	374,156	2	611,987	4
	Retained earnings:				
3310	Legal reserve	1,515,740	7	1,394,285	8
3320	Special reserve	112,888	1	133,666	1
3350	Unappropriated earnings	2,780,424	13	1,992,541	12
		4,409,052	21	3,520,492	21
3400	Other equity	565,261	3	(112,888)	(1)
	Total equity attributable to shareholders of the parent company	7,254,336	35	6,401,925	38
36XX	Non-controlling interests	232,429	1	205,435	1
	Total equity	7,486,765	36	6,607,360	39
	Total liabilities and equity	$ 20,810,603	100	16,625,571	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2018		2017	
		Amount	%	Amount	%
	Operating Revenues (note(v), (w) and 7):				
4520	Construction revenue (note6(v))	17,898,319	99	12,247,176	98
4600	Service and design revenue	229,615	1	278,742	2
	Operating revenue, net	18,127,934	100	12,525,918	100
	Operating costs (note6(f), (m), (r), (x), 7 and 12):				
5520	Construction cost	14,786,885	82	10,131,450	81
5600	Service and design cost	157,608	1	159,954	1
	Total operating costs	14,944,493	83	10,291,404	82
	Gross profit from operations	3,183,441	17	2,234,514	18
	Operating expenses (note6(m), (p), (q), (r), (x) and 12):				
6100	Selling expenses	32,382	-	26,704	-
6200	General and administrative expenses	695,937	4	555,339	4
6300	Research and development expenses	36,070	-	42,120	-
6450	Expected credit impairment losses	46,952	-	-	-
	Total operating expenses	811,341	4	624,163	4
	Net operating income	2,372,100	13	1,610,351	14
	Non-operating income and expenses:				
7010	Other income (note6(y))	389,382	2	319,528	3
7020	Other gains and losses (note6(y))	72,258	-	(339,021)	(3)
7100	Interest income	146,014	1	100,240	1
7510	Interest expense (note6(y) and 7)	(6,368)	-	(6,572)	-
7370	Share of profit of associations and joint ventures accounted for using equity method (note6(k))	63,636	-	61,056	-
	Total non-operating income and expenses	664,922	3	135,231	1
	Profit from continuing operations before tax	3,037,022	16	1,745,582	15
7950	**Less: Income tax (note6(s))**	762,853	4	403,818	3
	Net Profit	2,274,169	12	1,341,764	12
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(21,830)	-	(29,593)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income(note6(i))	(954,501)	(5)	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(133)	-	(510)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	9,567	-	5,031	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(966,897)	(5)	(25,072)	-
8360	**Other components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation(note6(t))	(39,178)	-	(18,227)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets(note6(t))	-	-	34,780	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	1,127	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6,397	-	3,098	-
	Components of other comprehensive income that will be reclassified to profit or loss	(32,781)	-	20,778	-
8300	**Other comprehensive income, net**	(999,678)	(5)	(4,294)	-
	Total comprehensive income	$ 1,274,491	7	1,337,470	12
	Profit attributable to:				
8610	Profit attributable to owners of parent (note6(u))	$ 2,147,566	11	1,214,548	11
8620	Profit attributable to non-controlling interests	126,603	1	127,216	1
		$ 2,274,169	12	1,341,764	12
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 1,155,079	6	1,210,254	11
8720	Comprehensive income, attributable to non-controlling interests	119,412	1	127,216	1
		$ 1,274,491	7	1,337,470	12
9750	**Basic earnings per share (note6(u))**	$	9.42		5.10
9850	**Diluted earnings per share (note6(u))**	$	9.27		5.00

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		Equity attributable to owners of parent													
								Total other equity interest							
		Share capital		Retained earnings											
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	A1	$ 2,382,334	610,422	1,239,086	63,220	2,458,110	3,760,416	(23,896)	-	(109,770)	(133,666)	(594)	6,618,912	16,170	6,635,082
Net income for the year	D1	-	-	-	-	1,214,548	1,214,548	-	-	-	-	-	1,214,548	127,216	1,341,764
Other comprehensive income (losses) for the year	D3	-	-	-	-	(25,072)	(25,072)	(14,002)	-	34,780	20,778	-	(4,294)	-	(4,294)
Total comprehensive income (losses) for the period	D5	-	-	-	-	1,189,476	1,189,476	(14,002)	-	34,780	20,778	-	1,210,254	127,216	1,337,470
Appropriation and distribution of retained earnings:															
Legal reserve	B1	-	-	155,199	-	(155,199)	-	-	-	-	-	-	-	-	-
Special reserve	B3	-	-	-	70,446	(70,446)	-	-	-	-	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(1,429,400)	(1,429,400)	-	-	-	-	-	(1,429,400)	-	(1,429,400)
Other changes in capital surplus:															
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	294	-	-	-	-	-	-	-	-	-	294	-	294
Other changes in capital surplus	C17	-	268	-	-	-	-	-	-	-	-	-	268	-	268
Disposal of company's stock by subsidiaries recognized as treasury stock transactions	L7	-	1,003	-	-	-	-	-	-	-	-	594	1,597	-	1,597
Changes in non-controlling interests	O1	-	-	-	-	-	-	-	-	-	-	-	-	62,049	62,049
Balance at December 31, 2017	Z1	2,382,334	611,987	1,394,285	133,666	1,992,541	3,520,492	(37,898)	-	(74,990)	(112,888)	-	6,401,925	205,435	6,607,360
Effects of retrospective application	A3	-	-	-	-	(55,443)	(55,443)	-	1,583,250	74,990	1,658,240	-	1,602,797	-	1,602,797
Equity at beginning of period after adjustments	A5	2,382,334	611,987	1,394,285	133,666	1,937,098	3,465,049	(37,898)	1,583,250	-	1,545,352	-	8,004,722	205,435	8,210,157
Net income for the year	D1	-	-	-	-	2,147,566	2,147,566	-	-	-	-	-	2,147,566	126,603	2,274,169
Other comprehensive income (losses) for the year	D3	-	-	-	-	(12,396)	(12,396)	(25,590)	(954,501)	-	(980,091)	-	(992,487)	(7,191)	(999,678)
Total comprehensive income (losses) for the period	D5	-	-	-	-	2,135,170	2,135,170	(25,590)	(954,501)	-	(980,091)	-	1,155,079	119,412	1,274,491
Appropriation and distribution of retained earnings:															
Legal reserve	B1	-	-	121,455	-	(121,455)	-	-	-	-	-	-	-	-	-
Special reserve	B3	-	-	-	(20,778)	20,778	-	-	-	-	-	-	-	-	-
Cash dividends	B5	-	(238,233)	-	-	(1,191,167)	(1,191,167)	-	-	-	-	-	(1,429,400)	-	(1,429,400)
Other changes in capital surplus:															
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	402	-	-	-	-	-	-	-	-	-	402	-	402
Capital reduction	E3	(476,467)	-	-	-	-	-	-	-	-	-	-	(476,467)	-	(476,467)
Changes in non-controlling interests	O1	-	-	-	-	-	-	-	-	-	-	-	-	(92,418)	(92,418)
Balance at December 31, 2018	Z1	$ 1,905,867	374,156	1,515,740	112,888	2,780,424	4,409,052	(63,488)	628,749	-	565,261	-	7,254,336	232,429	7,486,765

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018	2017
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit before tax**	$ 3,037,022	1,745,582
A20000	**Adjustments:**		
A20010	**Adjustments to reconcile profit (loss):**		
A20100	Depreciation expense	27,408	25,258
A20200	Amortization expense	3,708	5,604
A20300	Expected credit loss for bad debt expense (reversal of provision)	46,952	(17,746)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	15,206	(24,489)
A20900	Interest expense	6,368	6,572
A21200	Interest income	(146,014)	(100,240)
A21300	Dividend income	(356,400)	(257,432)
A22300	Share of profit of associates and joint ventures accounted for using equity method	(63,636)	(61,056)
A22500	Loss (gain) on disposal of property, plant and equipment	(1)	27
A23100	Gain on disposal of investments	-	(13,656)
A23500	Impairment loss on financial assets	-	3,300
A20010	**Total adjustments to reconcile profit (loss)**	(466,409)	(433,858)
A30000	**Changes in operating assets and liabilities:**		
A31000	**Changes in operating assets:**		
A31125	Increase in contract assets	(480,815)	-
A31130	Decrease(increase) in notes receivable	(284,771)	463,996
A31150	Decrease(increase) in accounts receivable	(2,458,634)	2,307,972
A31160	Decrease in accounts receivable due from related parties	-	144
A31170	Increase in construction contracts receivable	-	(322,888)
A31200	Increase in inventories	(4,276)	(3,483)
A31230	Decrease(increase) in prepayments	(831,960)	312,820
A31240	Increase in other current assets	(3,110)	(191,150)
A31000	**Subtotal of changes in operating assets**	(4,063,566)	2,567,411
A32000	**Changes in operating liabilities:**		
A32125	Increase in Contract liabilities	386,068	-
A32130	Increase (decrease) in notes payable	194,934	(111,524)
A32140	Increase (decrease) in notes payable to related parties	38,960	(40,246)
A32150	Increase (decrease) in accounts payable	1,847,998	(710,609)
A32160	Increase (decrease) in accounts payable to related parties	34,432	(43,614)
A32170	Increase in construction contracts receivable	-	762,191
A32190	Decrease in other payable to related parties	(21,623)	-
A32200	Increase (decrease) in provisions	10,149	(4,731)
A32230	Increase (decrease) in other current liabilities	371,530	(157,709)
A32240	Increase in net defined benefit liability	3,314	2,354
A32000	**Subtotal of changes in operating liabilities**	2,865,762	(303,888)
A30000	**Subtotal of changes in operating assets and liabilities**	(1,197,804)	2,263,523
A20000	**Total adjustments**	(1,664,213)	1,829,665
A33000	Cash inflow (outflow) generated from operations	1,372,809	3,575,247
A33100	Interest received	135,539	93,992
A33300	Interest paid	-	(291)
A33500	Income taxes refund (paid)	(329,869)	(495,276)
AAAA	**Net cash flows from (used in) operating activities**	1,178,479	3,173,672
BBBB	**Cash flows from (used in) investing activities:**		
B00100	Acquisition of financial assets designated at fair value through profit or loss	(826)	-
B00200	Proceeds from disposal of financial assets designated at fair value through profit or loss	1,806	67,358
B00300	Acquisition of available-for-sale financial assets	-	(1,310)
B01400	Proceeds from capital reduction of financial assets at cost	-	5,132
B01800	Acquisition of investments accounted for using equity method	(10,382)	(2,579)
B02700	Acquisition of property, plant and equipment	(9,564)	(6,527)
B02800	Proceeds from disposal of property, plant and equipment	2,603	-
B03800	Increase (decrease) in refundable deposits	(104,253)	2,686
B04100	Increase in other receivables	6,345	-
B04500	Acquisition of intangible assets	-	(718)
B06500	Increase in other financial assets	(87,094)	(775,555)
B06800	Decrease in other non-current assets	-	4,990
B07200	Decrease in prepayments for business facilities	2,176	7,123
B07600	Dividends received	80,903	325,310
BBBB	**Net cash flows from (used in) investing activities**	(118,286)	(374,090)
CCCC	**Cash flows from (used in) financing activities:**		
C03100	Increase in guarantee deposits received	4,279	(1,534)
C04500	Cash dividends paid	(1,429,400)	(1,429,400)
C04700	Capital reduction payments to shareholders	(476,467)	-
C05000	Proceeds from sale of treasury shares	-	1,597
C05800	Change in non-controlling interests	(92,418)	62,049
CCCC	**Net cash flows from (used in) financing activities**	(1,994,006)	(1,367,288)
DDDD	**Effect of exchange rate changes on cash and cash equivalents**	(32,639)	(8,399)
EEEE	**Net increase (decrease) in cash and cash equivalents**	(966,452)	1,423,895
E00100	**Cash and cash equivalents at beginning of period**	7,995,750	6,571,855
E00200	**Cash and cash equivalents at end of period**	$ 7,029,298	7,995,750

See accompanying notes to consolidated financial statements.

(1) Company history

United Integrated Services Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Ministry of Economic Affairs, R.O.C on September 13, 1982, named as United Technology And Engineering Co., Ltd.. The Company changed its organization to shares of common stock , and was named as United Linkfast Co., Ltd. on March 14, 1990. On October 30, 1990, the Company merged with Linkfast System Co., Ltd. The continuing company was United Linkfast Co., Ltd., and renamed as United Integrated Services Co., Ltd. on May 29, 2002. The registered address of the Company is 6F., No.297 Sec.6 , Roosevelt Rd., Wenshan Dist., Taipei City, Taiwan(R.O.C). On July 29, 2003, the Company merged with TAI-QUN Technology Co., Ltd. by cash consideration method. The continuing company is United Integrated Services Co., Ltd..

The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in: (1) Contracting various running water projects, instrument control projects, refrigerating and air-conditioning projects, installation of clean rooms and the manufacture and transaction related to it. (2) Traffic surveillance & control system engineering building, computer control monitoring system of factory, monitoring system of engineering environment, the design and installation of toll collection engineering system and the transaction related to it. (3) Various electrical and mechanical engineering contracts for transmission and distribution of electric power. (4) The design, installation, maintenance and the trading of related equipment of various computerized automatic monitoring engineering system.(5) Contracting of various computer and communication system integration projects and the manufacturing and trading of related software and hardware. (6) Installation and design of the controlling equipment in computer room. (7) Technical advisory services for the planning and design of projects. (8) Import of restrained telecom radio frequency equipment.

Han-Tai Investment Co., Ltd. (Han-Tai Investment), incorporated on the basis of "Company Act" endorsed by the Ministry of Economic Affairs(R.O.C.) on March 26, 1998, was primarily engaged in investment in domestic and foreign technology industries, and domestic general manufacturing industries. Han-Tai Investment's the board of directors had resolved to dissolve on November, 2017.

United Integrated Services (British Virgin Islands) Ltd. (UIS BVI), a company established in the third place in accordance with the relevant laws of the Republic of China, was established in accordance with the British Virgin Islands International Business Law on October 31, 2001. The main business is investing in Su Yuan (Shanghai) Trading Ltd. and Suzhou Han Tai System Integrated Ltd., and trading various engineering equipment and installation engineering. On August, 2012, UIS BVI invested in Beijing Han He Tang Medical Instrument Ltd. and engaged in businesses like distribution and agency for medical devices.

On September 18, 1993, Jiangxi United Integrated Services Ltd. was incorporated as a company limited by shares under Ministry of Commerce of the People's Republic of China and Jiangxi Provincial Administration of Industry and Commerce, and the main business is pipeline equipment installation.

On January 25, 2011, Singapore United System Integrated Services Ltd. was incorporated as a company limited by shares under Singapore Accounting & Corporate Regulatory Authority, and the main business is constructing clean room.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017, the composition of the consolidated financial statements include the Company and its subsidiaries (the Group), and the interest of the Group in the associates. Please refer to note 4 (c) for the main operating items of the Group.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were presented to the board of directors and authorized for issued afterward on March 25, 2019.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, which means it needs not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Providing services

The Group provides services and designs related to the projects. In the past, if the services under a single arrangement were provided in different reporting periods, then the consideration was allocated on a relative fair value basis to different services, while services revenue was recognized using the stage-of-completion method. Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

2) Construction contracts

Contract revenue is recognized to the extent that it is will probable that the contract result in revenue and can be measured reliably, including the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. When a claim or variation is recognized, the measure of contract progress or contract price is revised, and the cumulative contract position is reassessed at each reporting date. Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

3) Impacts on financial statements

The following table summarizes the impacts of adopting IFRS15 on the Group's consolidated financial statements:

	December 31, 2018			January 1, 2018		
Impacted line items on the consolidated balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Accounts receivable-construction contracts	$ 2,176,124	(2,176,124)	-	1,695,309	(1,695,309)	-
Current contract assets	-	2,176,124	2,176,124	-	1,695,309	1,695,309
Impact on assets		-			-	
Accounts payable-construction contracts	$ 6,933,498	(6,933,498)	-	6,557,290	(6,557,290)	-
Other liabilities	9,860	(9,860)	-	69,046	(69,046)	-
Current contract liabilities	-	6,943,358	6,943,358	-	6,626,336	6,626,336
Impact on liabilities		$ -			-	

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 "Financial Instruments Disclosures" that are applied to disclosures for year 2018.The above amendments generally do not apply to comparative information.

The significant changes of accounting policies are as follows:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(g).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(g).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

– The determination of the business model within which a financial asset is held.

– The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

– The designation of certain investments in equity instruments not held for trading as at FVOCI.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018. (The original measurement categories and the carrying amount of financial liabilities did not change.)

	IAS 39		IFRS 9	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and equivalents	Loans and receivables	7,995,750	Amortized cost	7,995,750
Equity instruments	Fair value through profit or loss	42,323	Fair value through profit or loss	42,323
	Available-for-sale (note 1)	100,350	Fair value through profit or loss	121,722
	Financial assets at cost(note2)	10,250	Fair value through profit or loss	9,595
	Financial assets at cost(note3)	1,008,212	Fair value through other comprehensive income	2,591,462
Trade and other receivables	Loans and receivables	1,707,539	Amortized cost	1,707,539
Other financial assets	Loans and receivables	1,464,001	Amortized cost	1,464,001

Note 1: Under IAS39, the Group classified the investment of the equity instruments as available-for-sale financial asset. The Group assessed their business model and followed the rules of IFRS 9, classifying the investment to FVTPL at the date of initial application. Therefore, the Group recognized an increase of $21,372 thousand in those assets, an increase of $74,990 thousand in other equity interest, and a decrease of $$53,618 thousand in retained earnings were recognized on January 1, 2018.

Note 2:Under IAS39, the Group classified the investment of the equity instruments as financial asset measured at cost. The Group assessed their business model and followed the rules of IFRS 9, classifying the investment to FVTPL at the date of initial application. Therefore, the Group recognized a decrease of $655 thousand in those assets, and a decrease of $655 thousand in retained earnings on January 1, 2018.

Note 3: The equity instrument stands for the strategic investment that the Group intends to hold it for a long period of time. The Group classified the investment to FVOCI at the date of initial application. Consequently, the Group recognized an increase of $1,583,250 thousand in those assets, and an increase of $1,583,250 thousand in retained earnings on January 1, 2018

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on January 1, 2018.

	2017.12.31		2018.1.1	2018.1.1	2018.1.1

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	IAS 39 Carrying Amount	Reclassifications	Remeasurements	IFRS 9 Carrying Amount	Retained earnings effect	Other equity effect
Fair value through profit or loss						
Beginning balance of FVTPL (IAS 39)	$ 42,323	-	-		-	-
Beginning balance of available-for-sale (including measured at cost) (IAS 39)	110,600	(110,600)	-		-	-
Additions – equity instruments:						
From available for sale	-	100,350	21,372		(53,618)	74,990
From financial assets measured at cost	-	10,250	(655)		(655)	-
Total	$ 152,923	-	20,717	173,640	(54,273)	74,990
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 1,008,212	(1,008,212)	-		-	-
Addition – equity instruments:						
From financial assets measured at cost	-	1,008,212	1,583,250		-	1,583,250
Total	$ 1,008,212	-	1,583,250	2,591,462	-	1,583,250

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

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1) Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group will use these practical expedients after assessment as follows:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Group will have to recognize the

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new assets and liabilities for its operating leases of offices, warehouses, and factory facilities. It is estimated that the above difference may increase the right to use assets and lease liabilities of January 1, 2019 by $28,498 and $28,498, respectively, and the retained earning will be reduced by $229. Besides, The Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant. And for the contract of the intermediate lessor of the sub-leasing transaction for the Group , no adjustments are required after evaluation.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
October 22, 2018	Amendments to IFRS 3 “Definition of a Business”	The IASB has issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the IASB has provided supplementary guidance.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations) and the IFRSs endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis, unless, otherwise stated:

1) Fair value through profit or loss financial assets

2) Fair value through other comprehensive profit or loss, financial assets as measured by fair value (available-for-sale).

3) The net liability of the defined benefit asset is measured by the fair value of plan assets less the present value of the defined benefit obligation and the effect of the ceiling.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which is Company's functional currency. The assets and liabilities of foreign operations are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Group. The Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions and balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The comprehensive income from subsidiaries is allocated to the Company and its non-controlling

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interests, even if the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the parent.

(ii) List of the subsidiaries included in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2018	Shareholding December 31, 2017	Description
The Company	United Integrated Services BVI	Investment Business	100%	100%	Subsidiary of the Company
The Company	Jiangxi United Integrated Services Ltd.	Electromechanical business and pipeline engineering business	75%	75%	Subsidiary of the Company
The Company	Singapore United Integrated Services Ltd.	Clean room construction	100%	100%	Subsidiary of the Company
United Integrated Services BVI	Su Yuan (Shanghai) Trading Ltd.	Selling semiconductors, clean rooms and electromechanical equipment	100%	100%	Subsidiary of United Integrated Services BVI
United Integrated Services BVI	Suzhou Han Tai System Integrated Ltd	Construction hardware materials production and sales	100%	100%	Subsidiary of United Integrated Services BVI
United Integrated Services BVI	Beijing Han He Tang Medical Instrument Ltd.	Distribution agency for medical equipment,	100%	100%	Subsidiary of United Integrated Services BVI

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising from remeasurement are recognized in profit or loss, except for the difference resulting from available for sale equity investment which is recognized in other comprehensive income arising from the remeasurement.

(ii) Foreign operation

The assets and liabilities of foreign operating, including goodwill and fair value adjustments arising from the acquisition, are translated to the Group's functional currency in New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated to the Group's functional currency at the average rates. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation adjustments in equity.

When disposing of a foreign operating agency for loss of control, joint control or significant influence. The cumulative exchange difference associated with the foreign operating agency is fully reclassified as profit or loss. When some of the subsidiaries contain subsidiaries of foreign operating agencies, the relevant cumulative exchange difference is re-owned to non-controlling interests proportionally. When partial disposal of investments involving affiliates or joint ventures of foreign operating agencies, the relevant cumulative exchange differences are reclassified to profit and loss on a pro-rata basis.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation, and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

(i) An entity shall classify an asset as current when:

1) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

2) It holds the asset primarily for the purpose of trading;

3) It expects to realize the asset within twelve months after the reporting period; or

4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

(ii) An entity shall classify a liability as current when:

1) It expects to settle the liability in its normal operating cycle;

2) It holds the liability primarily for the purpose of trading;

3) The liability is due to be settled within twelve months after the reporting period even if refinancing or a revised repayment plan is arranged between the reporting date and the issuance date of the financial statements; or

4) It does not have an unconditional right to defer settlement of the liability for at least

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twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non current.

(iii) Other

The Group is mainly engaged in the planning, designation and construction contracting of various projects. Its business cycle is about three to five years. Due to assets and liabilities related to the engineering business, are based on operating cycle as the standard for dividing current or non-current.

(f) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalent refers to short term investments with high liquidity that are subject to insignificant risk of changes in their fair value, and can be cashed into fixed amount of money. The definition of time deposit within 3 months is similar to that of cash equivalent; however, the purpose of holding time deposit is for short term cash commitment rather than investment.

(g) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual rights or obligations of the instruments.

(i) Financial assets (applicable from January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost reduced by impairment losses using the effective interest method. Interest income, foreign exchange gains and losses, and impairment loss are recognized as profit or loss. Any gain or loss on derecognition is recognized as profit or loss.

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2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

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- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable and contract assets.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due, or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

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・significant financial difficulty of the borrower or issuer;

・a breach of contract such as a default or being more than 90 days past due;

・the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial assets (applicable before January 1, 2018)

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets carried at cost, available-for-sale financial assets, and receivables.

1) Fair value through profit or loss (FVTPL)

Financial asset and derivative instruments, excluding designated and effective hedging instrument, are classified as held for trading if acquired principally for the purpose of selling or repurchasing in the short term. Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes measured at fair value are recognized in profit or loss. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

Financial assets are measured at fair value upon initial recognition. The fair value of shares of companies listed in Taiwan refers to the closing price of the reporting period. Open-end Funds, whose fair value refers to the net value of the fund assets on the report date.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available for sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, dividend income, and foreign currency differences on available for sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in non-operating income and expense. The purchase disposal of financial assets are recognized using trade date accounting.

3) Financial assets carried at cost

Equity commodity investments whose fair value cannot be reliably measured, measured at the cost of the original recognition. If there is objective evidence of impairment, the impairment loss is recognized, and the impairment loss is not reversed. Stock dividends are only noted as an increase in the number of investment shares, and are not classified as investment income. Cost of sale is calculated by weighted average method.

4) Notes receivable and accounts receivable, other receivables

Notes receivable and accounts receivable are claims arising from the sale of goods or services, other receivables are arising from non-operating activities. At initial recognition, the costs of the financial assets are valued at their fair value plus the direct acquisition costs, and are subsequently measured at their amortized cost minus impairment loss using the effective interest method.

5) Impairment of financial assets

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

The objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. If objective evidence of an impairment exists, an impairment loss should be recognized. An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Collateral and proceeds from insurance should also be considered when determining the estimated future cash flows. Losses are recognized in profit or loss and are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. However, the reversing amount cannot exceed the amortized balance of the assets assuming no impairment was

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recognized in prior periods.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Impairment losses recognized on an available for sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries are recognized in profit or loss. Recovery and loss on doubtful debts of account receivables are included in operating expense; others are included in non-operating income and expense.

6) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivables and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity－unrealized gains or losses from available for sale financial assets is recognized in profit or loss, and included in non-operating income and expense.

The Group separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss, and is included in non operating income and expense. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is

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derecognized, based on the relative fair values of those parts.

(iii) Financial liabilities and equity instruments

1) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is recorded under non operating income and expenses.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired.

The difference between the carrying amount of a financial liability removed and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non operating income and expense.

3) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Construction contract (applicable before January 1, 2018)

If the results of the construction contract can be reliably estimated, the income and costs are recognized separately on the balance sheet date with reference to the degree of completion of the contractual activities, and the degree of completion is measured by the ratio of the contract costs

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incurred to date to the estimated total contract costs. Except where the degree of completion is not representative. In the event of a change in contract work, a claim and a bonus, it will be included in the contract income only if the amount can be reliably measured and is likely to be received.

If the total contract cost is likely to exceed the total contract revenue, all expected losses are immediately recognized as expenses.

Construction contracts in progress are presented as the amount due from customers for contract work in the balance sheets for all contracts in which costs incurred plus recognized profits exceed progress billings and recognized losses. If progress billings exceed costs incurred plus recognized profits exceed recognized losses, then the difference is presented as amount due to customers for contract work in the balance sheets. The amount of money received before the relevant work is carried out is included in other current liabilities. The amount of project billing, which the customer has not paid, is included in construction contracts receivable.

(j) Investment affiliate

Affiliated companies are the Group that has a significant impact on their financial and operating policies, but not enough to have ability to control them. When the Group holds 20% to 50% of the voting rights of the investee company, assumes it has significant influence.

Under the equity method, the original acquisition is measured at cost. Investment costs include the cost of the transaction. The carrying amount of the investment-related company includes the goodwill recognized at the original investment subtract any accumulated impairment loss.

The consolidated financial report includes from the date of significant influence to the date of loss of significant influence. After adjusting for consistency with the Group’s accounting policies, the Group recognizes the amount of profit or loss and other comprehensive gains and losses of each of the investment-related enterprises in proportion to equity.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group’s interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses equals or exceeds its interest in the affiliated enterprise, the Group will stop recognizing those losses. And only within the scope of legal obligation, constructive obligation, or payments made on behalf of the investee company, recognizes the additional losses and related liabilities.

(k) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non operating income and expense.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount,and it shall be allocated on a systematic basis over its useful life. Items of property and equipment with the same useful life may be grouped in determing the depreciation charge. The remainder of the items may by depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Buildings	3~55 years
Machinery equipment	3~12 years
Plant equipment	50 years
Transportation equipment	5~6 years
Office equipment	3~8 years
Lease improvement	5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(l) Leases

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present of the minimum lease payments. Subsequent minimum lease payments are attributable to finance cost and the reduction of the outstanding liabilities, and the finance cost is allocated to each period during the lease term using a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in the Group's statement of financial position. Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized as an integral of the total lease expense over the term of the lease. Any benefit provided by the lessor for the purpose of reaching the agreement is accounted for as a

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reduction of lease expense on a straight line basis.

(m) Intangible assets

Intangible assets except goodwill acquired by the Group are measured at cost less accumulated amortization and cumulative impairment. Subsequent expenditures can be capitalized only when they can increase the future economic benefits of the relevant specific assets, and all other expenses are recognized in profit or loss when incurred. Amortization is the amortizable amount after the asset cost is deducted from the residual value. From the availability, the intangible assets of the Group are the cost of obtaining computer software, amortization based on estimated straight-line method for three to five years. The amortization charge for each period shall be recognized in profit or loss.

Review the residual value of intangible assets, amortization period and amortization method at least annually at the end of the financial year. If there is a change, it is regarded as a change in accounting estimates.

(n) Impairment of non-financial assets

The carrying amounts of the The Group ‘s non-financial assets, other than assets arising from construction contracts, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Assets, excluding goodwill, accumulated impairment losses recognized in previous years, will be revolved if they do not exist or decrease thereafter. Increase the book value of the assets to the recoverable amount, except that the assets are not deducted from the impairment losses, and the depreciation or amortization should be deducted.

The recoverable amount is the fair value of individual assets or cash-generating units less the cost of sales and its value in use. If the recoverable amount of an individual asset or a cash-generating unit is less than the carrying amount, the book value adjustment of the individual asset or cash-generating unit is reduced to the recoverable amount and recognize the impairment loss. The impairment loss is immediately recognized in the current profit and loss.

The Group reassesses at each reporting date whether there is any indication that the impairment loss recognized by non-financial assets other than goodwill in previous years may no longer exist or decrease. If there is any change in the estimate used to determine the recoverable amount, then the derogation loss is lost. To increase the carrying amount of individual assets or cash-generating units to their recoverable amount, only if the individual asset or cash-generating unit in the previous year does not recognize the impairment loss and deduct the carrying amount after depreciation or amortization should be included.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an ouflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the monetary market time value of money and the risks specific to the liability.The unwinding of the discount is recognized as interest cost.

The Group shall provide one-thousandth of the total contract amount for the completed project within one year of the period-end settlement for the project warranty reserve. When the actual expenditure occurs, the provision is reversed, and if there is a deficiency, it is listed as the annual expense.

When the Group anticipates that the inevitable cost of performing a contractual obligation exceeds the expected economic benefit from the contract, the Group will recognize the liability provision for the onerous contract. The liability provision is measured at the lower of the present value of the estimated cost of terminating the contract and the estimated net cost of continuing the contract, and all impairment losses of assets related to the contract are recognized before the recognition of the liability provision for the onerous contract.

(p) Revenue from contracts with customers

(i) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Consulting Services

The Group is engaged in providing construction consulting and design services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided at the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on surveys of work performed.

3) Construction contracts

The Group enters into contracts to build constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations, accumulated experience is used to estimate the amount of variable

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consideration, using the expected value method. For other variable considerations, the Group estimates the amount of variable consideration using the most likely amount. Considering the progress of a public construction is highly susceptible to factors outside the Group's control and, therefore, completion bonus is usually constrained, the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For constructions, the Group offers a standard warranty to provide assurance that they comply with agreed-upon specifications and has recognized warranty provisions for this obligation.

(q) Contract costs (applicable from January 1, 2018)

(i) Incremental costs of obtaining a contract

The Group recognizes the incremental costs of obtaining a contract with a customeras an asset, if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred, if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

- The costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date (market yields of high quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings.

(iii) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(s) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(t) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Group. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Group, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and each operating segment consists of standalone financial information. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

The Group has less than 20% of the voting or potential voting rights of Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd.. However, the Group has determined that it has significant influence because it has representation on the Board of Directors of Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd..

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6 (d).

(b) Income recognition

The Group is based on the completion of the construction contract, and the contracted revenue is recognized over time, and the degree of completion is measured by the proportion of contract costs incurred to date and the estimated total contract cost. The Group considers the nature of each project, the estimated construction period, the project, the construction process, the construction method and the estimated amount of the contract to be estimated. Any change in the basis of the above estimates may result in a significant adjustment to the estimated amount.

(c) Fair value of financial instruments

The fair value of financial instruments in non-active markets or without open market quotes is determined by the evaluation model or counterparty quotation. When using the evaluation model to determine fair value, all models use only observable data as input values without artificial adjustment. The observable input value is based on the principle of long-term stable market-used parameters. Avoid differences in cross-period financial reporting due to changes in data sources, and the model must be repeatedly adjusted and verified to ensure that the output is sufficient to properly reflect the value of the asset.

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Detailed information on the main assumptions used in determining the fair value of the financial instruments ,for a detailed sensitivity analysis of these assumptions, please refer to Note 6 (z).

(d) Measurement of Defined benefit obligation

Defined benefit costs and net defined benefit liabilities (assets) under defined benefit pension plans are calculated using the Projected Unit Credit Method. The Group determine the appropriate actuarial assumptions, and comprise the discount rate and future salary increase rate. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Please refer to Note6 (r) for the material actuarial assumptions and sensitivity analysis of actuarial.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2018	**December 31, 2017**
Cash on hand and petty cash	$	17,236	15,197
Demand deposits		2,505,776	3,099,460
Time deposits		4,506,286	4,881,093
Cash and cash equivalents per statements of cash flow	**$**	**7,029,298**	**7,995,750**

Please refer to note 6(z) for the disclosure of the sensitivity analysis and interest rate risk of the financial assets and financial liabilities of the Group.

(b) Financial assets measured at fair value through profit or loss－current

		December 31, 2018	**December 31, 2017**
Financial asset measured at fair value through profit or loss:			
Stock listed on markets	$	117,896	117,896
Stocks unlisted on domestic markets		175,345	-
Valuation adjustment		(143,666)	(75,573)
Total	**$**	**149,575**	**42,323**

(c) Available-for-sale financial assets－current

		December 31, 2017
Stock affairs by public	$	175,345
Valuation adjustment		(74,995)
Total	**$**	**100,350**

Statements of changes in loss of valuation adjustment：

December 31, 2017

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Beginning balance	$	(109,775)

Changes in current period	34,780
Total	$ (74,995)

(i) As of December 31, 2017, the financial assets at fair value through other comprehensive income of the Group had not pledged as collateral for long-term borrowings.

(ii) These investments above were classified as financial assets at fair value through other comprehensive income on December 31, 2017.

(d) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable-unrelated parties	$ 581,743	296,972
Accounts receivable-unrelated parties	4,057,027	1,659,707
Less: allowance for impairment	234,778	249,140
Total	$ 4,403,992	1,707,539

The Group holds part of the accounts receivable by the business model of collecting contractual cash flows. Therefore, the accounts receivable are measured at amortized cost starting from January 1, 2018.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The expected credit losses of the note receivables and trade receivables for the year ended December 31, 2018 was as followed:

	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss
Not overdue	$ 3,789,402		-
Overdue 0~60 days	435,105	1%	4,351
Overdue 61~120 days	111,642	1%	1,116
Overdue 121~365 days	74,051	1%	741
Overdue one year past due	228,570	100%	228,570
	$ 4,638,770		234,778

As of December 31, 2017, the Group applies the incurred loss model to consider the loss allowance provision of notes and accounts receivable, and the aging analysis of notes and accounts receivable, which were past due but not impaired, was as follows:

	December 31, 2017
Not overdue	$ 1,503,137
Overdue 0~60 days	3,783

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Overdue 61~120 days	16,431

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Overdue 121~365 days	162,940
Overdue one year past due	270,388
	$ 1,956,679

The movement in the allowance for impairment with respect to notes and accounts receivable during the year was as follows:

	2018	2017 Individually assessed impairment	2017 Collectively assessed impairment
Balance on January 1, 2018 and 2017 per IAS 39	$ 249,140	171,085	97,891
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018 per IFRS 9	249,140		
Impairment loss reversed	33,226	-	(17,746)
Write off	(43,700)	-	-
Effect of changes in exchange rates	(3,888)	(1,927)	(163)
Balance on December 31, 2018 and 2017	$ 234,778	169,158	79,982

The Group provides for the above-mentioned allowance for bad debts based on the industry characteristics of historical payment behavior and the credit rating of customers who have extensive analysis of the subject matter.

The Group has not provided the notes and accounts receivable as collateral or provided as collateral.

(e) Construction Contracts

Construction revenue recognized in profit or loss for the year ended December 31, 2017 was as follows:

	2017
Construction revenue recognized in current profit or loss	$ 12,247,176

	December 31, 2017
Accumulated costs incurred (including contract costs that relate to future activity of the contract)	$ 44,707,794
Add:Accumulated profit recognized arising from the construction	4,621,102
Accumulated costs and profit recognized (less, losses recognized)	49,328,896
less:Progress billings	54,190,877
	$ (4,861,981)
Amount due from customers for contract work – presented as an asset	$ 1,695,309
Amount due to customers for contract work – presented as a liability	6,557,290
	$ (4,861,981)
Accumulating advance received(Payment received before work)	15,731

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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For the amount of contract balance on December 31, 2018 and revenue recognized for the year ended December 31, 2018, please see Note6(v).

(f) Inventories

	December 31, 2018		
	Cost	Allowance for Impairment	Carrying Amount
Raw materials	$ 41,422	(12,046)	29,376
Work in progress	21,272	(19,032)	2,240
Finished goods	19,280	(11,663)	7,617
Merchandise	6,532	(6,532)	-
Total	$ 88,506	(49,273)	39,233

	December 31, 2017		
	Cost	Allowance for Impairment	Carrying Amount
Raw materials	$ 57,469	(21,893)	35,576
Work in progress	20,356	(18,830)	1,526
Finished goods	9,972	(12,117)	(2,145)
Merchandise	1,685	(1,685)	-
Total	$ 89,482	(54,525)	34,957

As of 2018 and 2017, as the inventory is reduced to the net realizable value, the gain from price recovery of inventory (inventory valuation losses) is recognized as $5,252 and $4,158, respectively, and has been recognized as the increase or decrease in the cost of goods sold.

As of December 31, 2018 and 2017, the Group's inventories were not provided as pledged assets.

(g) Prepayments

	December 31, 2018	December 31, 2017
Domestic purchase of materials	$ 109,840	45,374
Foreign purchase of materials	1,158,065	555,195
Prepaid project	135,638	12,290
Prepaid insurance	20,009	1,653
Others	30,224	7,304
Total	$ 1,453,776	621,816

(h) Financial assets measured at fair value through profit or loss－non-current

	December 31, 2018	December 31, 2017
Financial assets measured at fair value through profit or loss:		
Unlisted company stock	$ 36,300	-

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Valuation adjustments	(28,421)	-

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Total	**$ 7,879**	**-**

(i) Financial assets measured at fair value through other comprehensive income

	December 31, 2018
Equity instruments measured at fair value through other comprehensive income	
Unlisted stocks (overseas)	$ 1,008,212
Valuation adjustment	628,749
Total	**$ 1,636,961**

(i) The Group held equity instrument investment, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income. These investments were classified as inancial assets at cost－non-current on December 31, 2017. These equity instrument investments have been announced in September, 2018 to merge the company with a dividend of $341,871.

(ii) Financial assets measured at fair value through other comprehensive income in 2018- Valuation adjustment changes are as follows:

	2018
Beginning balance	$ -
Effect of retrospective application	1,583,250
Add: Recognition for current period	(954,501)
Total	**$ 628,749**

(j) Financial assets carried at cost－non-current

	December 31, 2017
Stock investment－	
Jiangxi Construction Engineering Group Co.,Ltd.	$ 1,008,212
Taiwan Electronic Data Processing Co..	6,600
WK Technology Fund	3,650
Total	**$ 1,018,462**

The Group has received a dividend of $248,943 from Jiangxi Construction Engineering Group Co., Ltd. in July 2017.

The shareholders meeting of WK Technology Fund decided to reduce the capital repayment in July 2017. The capital reduction ratio is 50%. The legal procedures have been completed and the shares have been returned to the Group.

Hannspree Inc. (Cayman) shareholders' meeting decided to go through the liquidation process in November 2017, so the Group will deduct its own account and estimate the relevant recoverable amount of $23,510 (accounting for other current assets), and the amount was recovered on October 15, 2018.

The above unlisted (cabinet) stock investment held by the Group was measured at cost reducted impairment loss on December 31, 2017. Because the range of reasonable fair value estimates is significant and the probability of various estimates cannot be reasonably assessed, the management of the Group believes that its fair value cannot be reliably measured. These assets are classified as financial assets at fair value through other comprehensive gains and losses or at fair value through profit or loss at December 31, 2018. After the assesment, the Group did not propose impairment losses in 2017. The Group is estimated using the net equity of the company as the recoverable amount at the time of the impairment test.

(k) Investments accounted for using equity method

(i) The details of the significant associates are as follows:

Name of associates	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right	
			December 31, 2018	December 31, 2017
Ablerex electronics co., Ltd.	Selling of Manufacturing of UPS	Taiwan	33.30%	33.30%

For those listed companies that are significant to the consolidated company, the fair value is as follows:

	December 31, 2018	December 31, 2017
Ablerex electronics co., Ltd.	$ 1,485,000	1,737,000

A summary of the financial information of the significant associates were as follows:

Summary of financial information of

	December 31, 2018	December 31, 2017
Current assets	$ 1,763,345	1,778,637
Non-current assets	947,340	970,679
Current liabilities	(1,078,347)	(1,080,486)
Non-current liabilities	(103,598)	(98,184)
Net assets	$ 1,528,740	1,570,646
Net assets attributed to non-controlling interest	$ 11,097	9,554
Net assets attributed to investee	$ 1,517,643	1,561,092

	2018	2017
Revenue	$ 2,530,613	2,395,346
Net income of continued operations	$ 74,916	80,539
Other comprehensive income (loss)	(4,323)	(16,387)
Total comprehensive income (loss)	$ 70,593	64,152
Total comprehensive income attributed to	$ 1,543	923

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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non-controlling interest			
Total comprehensive income attributed to investee	$	69,050	63,229

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

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	2018	2017
Beginning equity of the associate attributable to the Group	$ 521,571	543,026
Current total comprehensive income of the associate attributable to the Group	22,996	20,926
Increase shareholding in the current period	-	2,579
Dividends received from affiliated companies in the current period	(37,466)	(44,960)
The share of the net assets of the affiliated companies at the end of the period	507,101	521,571
Add:Goodwill	116	116
Ending balance of the equity of the associate attributable to the Group	$ 507,217	521,687

(ii) Not significant associates

Summary of respectively not significant associates recognized under the equity method were as follows:

	December 31, 2018	December 31, 2017
Balance of not significant associate's equity	$ 249,597	231,041

	2018	2017
Attributable to the Group:		
Income from continued operation	$ 39,272	33,924
Other comprehensive income	(1,246)	(725)
Total comprehensive income	$ 38,026	33,199

As of 2018 and 2017 in the preparation of the financial report, the investee company evaluated by the equity method is evaluated according to the equity method based on the financial report of the investee company audited by other accountants. As of 2018 and 2017, the investment interests recognized by the equity method were $63,636 and $60,142.

(iii) Guarantee

The Group did not pledge its Investment using the equity method.

(l) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Machinery	Plant equipment	Transportation Equipment	Office equipment	Leashelod Improvements	Total
Cost and revaluation:								
Balance at January 1, 2018	$ 398,537	284,770	118,488	156,400	11,378	69,560	2,076	1,041,209
Additions	-	93,676	-	85	4,400	5,079	-	103,240
Disposals	-	-	(14,265)	-	(976)	(2,987)	-	(18,228)
Effect of changes in exchange rates	-	(4,604)	(92)	-	(122)	(268)	-	(5,086)

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

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Balance at December 31, 2018	**$ 398,537**	**373,842**	**104,131**	**156,485**	**14,680**	**71,384**	**2,076**	**1,121,135**
Balance at January 1, 2017	$ 398,537	286,806	119,216	156,300	8,619	67,226	2,076	1,038,780
Additions	-	479	248	100	2,816	2,884	-	6,527
Disposals	-	-	(678)	-	-	(418)	-	(1,096)
Effect of changes in exchange rates	-	(2,515)	(298)	-	(57)	(132)	-	(3,002)
Balance at December 31, 2017	**$ 398,537**	**284,770**	**118,488**	**156,400**	**11,378**	**69,560**	**2,076**	**1,041,209**
Depreciation and impairment loss:								
Balance at January 1, 2018	$ 1,160	95,330	103,957	35,064	8,137	59,977	1,468	305,093
Depreciation	-	13,581	4,265	4,222	1,587	3,446	307	27,408
Disposal	-	(932)	(11,967)	-	-	(2,783)	-	(15,682)
Effect of changes in exchange rates	-	(1,472)	(520)	-	(114)	(211)	-	(2,317)
Balance at December 31, 2018	**$ 1,160**	**106,507**	**95,735**	**39,286**	**9,610**	**60,429**	**1,775**	**314,502**
Balance at January 1, 2017	$ 1,160	86,306	98,215	30,776	6,766	57,496	1,053	281,772
Depreciation	-	9,538	6,706	4,288	1,396	2,915	415	25,258
Disposal	-	-	(678)	-	-	(378)	-	(1,056)
Effect of changes in exchange rates	-	(514)	(286)	-	(25)	(56)	-	(881)
Balance at December 31, 2017	**$ 1,160**	**95,330**	**103,957**	**35,064**	**8,137**	**59,977**	**1,468**	**305,093**
Carrying value:								
December 31, 2018	**$ 397,377**	**267,335**	**8,396**	**117,199**	**5,070**	**10,955**	**301**	**806,633**
January 1, 2017	**$ 397,377**	**200,500**	**21,001**	**125,524**	**1,853**	**9,730**	**1,023**	**757,008**
December 31, 2017	**$ 397,377**	**189,440**	**14,531**	**121,336**	**3,241**	**9,583**	**608**	**736,116**

(m) Intangible assets

The cost and amortization of the intangible assets of the Group were as follows:

	Computer software
Costs:	
Balance at January 1, 2018	$ 8,504
Balance at December 31, 2018	**$ 8,504**
Balance at January 1, 2017	$ 7,786
Additions	718
Balance at December 31, 2017	**$ 8,504**
Amortization:	
Balance at January 1, 2018	$ 6,695
Amortization	468
Balance at December 31, 2018	**$ 7,163**
Balance at January 1, 2017	$ 6,008
Amortization	687
Balance at December 31, 2017	**$ 6,695**
Carrying value:	
December 31, 2018	**$ 1,341**
January 1, 2017	**$ 1,778**
December 31, 2017	**$ 1,809**

For the year ended December 31, 2018 and 2017, the amortization expenses amounted to $468 and $687, respectively, were reported as operating expenses and operating costs in the consolidated

(Continued)

statements of comprehensive income.

(n) Other current assets and non-current assets

(i) Details of other current assets of the Group are as follows:

		December 31, 2018	December 31, 2017
Other financial assets	$	1,392,071	1,314,736
Construction refundable deposits		8,779	24,059
Liquidation receivable of subsidiary		-	86,000
Offset against business tax payable of subsidiary		-	-
Dividend receivable		307,684	-
Temporary payments		39,028	-
Other		310,850	217,476
Total	$	2,058,412	1,642,271

The other financial assets are time deposit certificates with maturity of three to twelve months. For the years ended December 31, 2018 and 2017, the balances were $1,390,371 thousand and $980,676 thousand respectively. And the restricted deposits were $1,700 and $334,060 respectively.

(ii) Details of other non-current assets of the Group are as follows:

		December 31, 2018	December 31, 2017
Other Financial Assets	$	29,076	19,317
Refundable deposits		124,142	19,889
Prepayments For Business Facilities		481	96,332
Long-term prepaid expenses		33,287	34,838
Other		4,398	3,314
Total	$	191,384	173,690

Other financial assets are mainly deposit certificates with a maturity of more than 12 months.

(o) Short-term debt

The details of the short-term loans of the Group are as follows:

		December 31, 2018	December 31, 2017
Loan interest rate interval (%)		-	
Unused short-term loan amount	$	4,061,884	3,135,664

(p) Provisions

		Warranty
Balance at January 1, 2018	$	3,205
Increase in provisions		12,173
Provisions used during the year		(2,024)
Balance at December 31, 2018	$	13,354
Balance at January 1, 2017	$	7,936
Increase in provisions		5,313
Provisions used during the year		(10,044)
Balance at December 31, 2017	$	3,205

The Group shall provide one-thousandth of the total contract amount for the completed project within one year of the period-end settlement for the project warranty preparation. When the actual occurrence occurs, the preparation is reversed. And if there is a deficiency, it is listed as the annual payment.

(q) Operating leases

Lessee

Non-cancellable rental payables of operating leases were as follows:

		December 31, 2018	December 31, 2017
Less than 1 year	$	7,898	5,092
1 to 5 years		31,433	280
	$	39,331	5,372

The Company leases offices and warehouse under operating leases. The leases typically run for a period of 1 to 3 years, with an option to renew the lease.

For the years ended December 31, 2018 and 2017, lease expenses were $11,350 and $13,967, respectively.

(r) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

		December 31, 2018	December 31, 2017
The present value of the defined benefit obligations	$	(431,883)	(414,292)
Fair value of plan assets		97,468	105,022
The net defined benefit liability	$	(334,415)	(309,270)

The details of the employee benefit liabilities of the Group are as follows:

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		December 31, 2018	December 31, 2017
Short-term compensated absence liabilities (Accounts payable and other current liabilities)	$	19,789	18,100

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. Minimum annual distributions of the funds by the Bureau shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $97,467 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit plan obligation

The movements in present value of the Group's defined benefit plan obligation for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Defined benefit obligation at 1 January	$	414,292	379,233
Current service costs and interest		8,116	8,406
Remeasurements of the net defined benefit liability (asset)			
－Return on plan assets (excluding amounts included in net interest expense)		24,592	29,008
Benefits paid by the plan		(15,117)	(2,355)
Defined benefit obligation at 31 December	$	431,883	414,292

3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Fair value of plan assets, January 1	$	105,022	101,910
Interest revenue		1,423	1,591
Remeasurements of the net defined benefit liability (asset)			

(Continued)

－Return on plan assets (excluding amounts included in net interest expense)		2,761	(585)
Contributions made		3,379	3,643
Benefits paid by the plan		(15,117)	(1,537)
Fair value of plan assets, December 31	$	97,468	105,022

4) Expenses recognized in profit or loss

		2018	2017
Current service cost	$	2,504	2,488
Net interest on the defined benefit liability (asset)		4,189	4,327
	$	**6,693**	**6,815**

5) Remeasurement in the net defined benefit liability recognized in other comprehensive income

the Group’s remeasurement in the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Cumulative amount, January 1	$	130,394	100,801
Recognized during the period		21,830	29,593
Cumulative amount, December 31	**$**	**152,224**	**130,394**

6) Actuarial assumptions

The following are the Group’s principal actuarial assumptions at the reporting dates:

	2018	2017
Discount rate	0.97%	1.35%
Future salary increases rate	2.00%	2.50%

The Group expects to make contributions of $5,547 to the defined benefit plans in the next year starting from the reporting date of 2018.

The weighted average duration of the defined benefit obligation is 12.00 years.

7) Sensitivity analysis

As of December 31, 2018 and 2017, the present value of defined benefit obligation impact was as follow:

		The impact of defined benefit obligation	
		Increase	Decrease
December 31, 2018			
Discount rate (0.50%)	$	(20,068)	21,528

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Future salary increase rate (0.25%)	10,304	(10,002)
December 31, 2017		
Discount rate (0.50%)	(19,624)	21,073
Future salary increase rate (0.50%)	10,073	(9,772)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

The method and assumptions used on current sensitivity analysis are the same as those of the prior year.

(ii) Defined contribution plans

The Company has made monthly contributions equal to 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group’s pension costs under the defined contribution plan were $27,665 and $31,114 for the years 2018 and 2017, respectively. Payments were made to the Bureau of Labor Insurance.

(iii) The Group reported expense for the years ended 2018 and 2017 were as follows:

	2018	2017
Operating expense	$ 20,775	36,748
Selling expense	-	333
Administration expense	12,878	17,010
Research & Development expense	705	1,542
	$ 34,358	55,633

(s) Income tax

According to the amendments to the "Income Tax Act” enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing 2018.

(i) Income tax expenses

The amounts of income taxes of the Group were as follows:

	2018	2017
Current tax expense		
Current period	704,285	355,158
Adjustments of prior year's income tax	4,788	3,814

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	709,073	358,972
Deferred income tax expense		
Origination and reversal of temporary differences	49,207	44,846
Adjustment of tax rates	4,573	-
Income taxes relating to continuing operations	762,853	403,818

Income taxes expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Items that could not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	$ 9,567	5,031
Items that will subsequently be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	6,397	3,098
	$ 15,964	8,129

Reconciliations of the Group's income tax expense and the profit before tax for 2018 and 2017 were as follows:

	2018	2017
Income before tax	$ 3,037,022	1,745,582
Income tax calculated on pretax accounting income at statutory rate	$ 607,404	296,749
Effect of tax rates in foreign jurisdiction	158,169	122,642
temporary differences	(49,207)	(44,846)
Tax- exempt income	(13,337)	(16,328)
Permanent difference	1,256	(3,069)
Deferred tax	49,207	44,846
Adjustment of tax rates	4,573	-
Income tax adjustments on prior years	4,788	3,814
Others	-	10
Total	$ 762,853	403,818

(ii) Recognized deferred tax assets and liabilities

i. Unrecognized deferred income tax assets

The Deferred income tax assets that have not been recognized by the Group are as follows:

	December 31, 2018	December 31, 2017

(Continued)

The court adjudged to pay the payment and interest	$ 29,620	25,090
Adjustment of tax rates	(4,428)	-
	$ 25,192	25,090

ii. Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2018 and 2017 were as follows:

Deferred tax liabilities:

	Unrealized exchange interest	Investing in foreign interests	cumulative translation adjustment	Total
Balance at January 1, 2018	$ -	89,295	23	89,318
Recognized in profit or loss	-	36,058	-	36,058
Recognized in other comprehensive income	-	-	(6,393)	(6,393)
Balance at December 31, 2018	$ -	125,353	(6,370)	118,983
Balance at January 1, 2017	$ -	23,529	3,121	26,650
Recognized in profit or loss	-	65,766	-	65,766
Recognized in other comprehensive income	-	-	(3,098)	(3,098)
Balance at December 31, 2017	$ -	89,295	23	89,318

Deferred tax assets:

	Defined benefit plans	Unrealized warranty	Bad debt loss limit	Inventory price loss	Other	Total
Balance at January 1, 2018	$ 29,470	2,648	10,925	9,269	40,540	92,852
Recognized in profit or loss	-	2,497	(6,513)	585	(14,292)	(17,723)
Recognized in other comprehensive income	9,567	-	-	-	-	9,567
Balance at December 31, 2018	$ 39,037	5,145	4,412	9,854	26,248	84,696
Balance at January 1, 2017	$ 24,439	3,452	8,488	9,976	20,545	66,900
Recognized in profit or loss	-	(804)	2,437	(707)	19,995	20,921
Recognized in other comprehensive income	5,031	-	-	-	-	5,031
Balance at December 31, 2017	$ 29,470	2,648	10,925	9,269	40,540	92,852

(iii) Examination and approval

The ROC income tax authorities have examined the income tax returns of the Company all year through 2016.

(t) Capital and other equity

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

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(i) Capital stock

As of December 31, 2018 and 2017, the Company’s government registered total authorized capital and issued capital stock both amounted to $3,000,000 with $10 par value per share.

On October 3, 2018, the company was approved by FSC to reduce cash capital by returning share prices (or the capital stock), the capital decreased 476,467 thousand dollars in total. The net capital was $1,905,867 and $2,382,334 thousand dollars on December 31, 2018 and 2017, respectively.

(ii) Capital surplus

The components of capital surplus were as follows:

		December 31, 2018	December 31, 2017
Consolidation premium	$	6,938	6,938
Share premium		49,987	288,220
Conversion premium of corporate bonds		215,672	215,672
Treasury share transactions		77,158	77,158
Other		24,401	23,999
	$	374,156	611,987

In accordance with the ROC Company Act , realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

In accordance with the Company's articles of incorporation, in the event that the annual audit renders earnings, the Company shall pay taxes according to law and cover cumulative losses before setting aside 10% to be the legal reserve; if the legal reserve has reached the Company's paid-in capital size, however, it is allowed not to set aside further earnings. From the remainder the special reserve shall be set aside or reversed as required by law and any further remainder after that shall be brought forth in the shareholder's meeting based on the Earnings Distribution Proposal prepared by the Board of Directors along with accumulated retained earnings for a decision on assignment of dividend bonus to shareholders.

The Company's current industrial development is in the growth stage, capital requirements for increased operating income over the next few years, so adopt the residual dividend policy.The cash dividend in the surplus distribution should be at least 25 percent of the total dividend. Distribution of surplus in the preceding paragraph, which are initially proposed by the Board of Directors to the operational and capital expenditure needs,and drafted a case to submitted to the Shareholders' meeting to resolve.

1) Legal reserve

In accordance with the Company Act as amended in January 2012, that companies must retain 10% of their annual net earnings, as defined in the Act, until such retention equals the amount of issued share capital. When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed.

2) Special earnings reserve

As the Company adopted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments of $42,036, which were previously recognized in shareholders' equity were reclassified to retained earnings. In accordance with Regulatory Permit No.1010012865 as issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of special reserve amounted to $42,036 as of December 31, 2018.

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special earnings reserve resulting from the first time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of retained earnings

Among the distributable earnings for the year ended December 31, 2016 and 2017, the company distributed cash dividends of $5 and $6 per share for the year ended 2017 and 2018, respectively. The board of shareholders also distributed cash of $1 per share by additional paid-in capital. Other relevant information can be found on Market Observation Post System.

(iv) Treasury stock

1) In accordance with the the Securities Exchange Law,the number of shares bought back under the preceding paragraphs may not exceed ten percent of the total number of issued and outstanding shares of the company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital reserve.

2) The shares bought back by the Company in accordance with the Securities Exchange shall not be pledged. Before transfer, the shareholder's rights shall not be enjoyed.

3) The shares of the Company sold by the Company's subsidiaries in 2018 and 2017 were 0

(Continued)

thousand shares and 32 thousand shares, respectively. As of the December 31, 2018 and 2017, the Company's subsidiaries hold shares of the Company of 0 thousand shares and 0 thousand shares ,respectively.

4) According to the rules of the Company’s articles, since January 1, 2002, the Company’s shares which subsidiaries hold are view as treasury shares. However, at the end of the period, the subsidiary holds the difference between the market price of the Company's stock and the book value, the Company should calculate its financial assets evaluation loss according to the shareholding ratio, and propose the special surplus reserve without the same amount. If there is a rebound in the post-evaluation, the Company will have to revolve the special surplus reserve based on the shareholding ratio. The above mentioned provision or reversal of special surplus reserve shall be treated in conjunction with the reduction of shareholders' equity of other non-custodial shares.

(v) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Available-for-sale financial assets	Total
Balance as of January 1, 2018	$ (37,898)	-	(74,990)	(112,888)
Effects of retrospective application	-	1,583,250	74,990	1,658,240
Balance at January 1, 2018 after adjustments	(37,898)	1,583,250	-	1,545,352
Foreign exchange differences arising from foreign operations	(25,590)	-	-	(25,590)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(954,501)	-	(954,501)
Balance as of December 31, 2018	$ (63,488)	628,749	-	565,261
Balance as of January 1, 2017	$ (23,896)	-	(109,770)	(133,666)
Foreign exchange differences arising from foreign operations	(15,129)	-	-	(15,129)
Exchange differences on translation financial statements of associates accounted for using equity method	1,127	-	-	1,127
Unrealized gains (losses) from available-for-sale financial assets	-	-	34,780	34,780
Balance as of December 31, 2017	$ (37,898)	-	(74,990)	(112,888)

(u) Earnings per share

The calculation of the Group’s basic earnings per share and diluted earnings per share for the years ended 2018 and 2017, was as follows:

(i) Basic earnings per share

	2018	2017
Net income attributable to common shareholders of the Company	$ 2,147,566	1,214,548
Weighted-average number of common shares	228,051	238,233
Basic earnings per share (in NT dollars)	$ 9.42	5.10

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Diluted earnings per share

	2018	2017
Net income attributable to common shareholders of the Company (diluted)	$ 2,147,566	1,214,548
Weighted-average number of common shares (basic)	228,051	238,233
Impact of potential common shares:		
Effect of employees' bonuses	3,544	4,765
Weighted-average number of shares outstanding (diluted)	231,595	242,998
Diluted earnings per share (in NT dollars)	$ 9.27	5.00

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	2018
Primary geographic markets：	
Taiwan	$ 9,573,717
China	6,976,527
Singapore	1,577,690
	$ 18,127,934
Major products/services line:：	
Construction in Progress	$ 17,898,319
Service and Design	136,609
Sales	93,006
	$ 18,127,934
Type of contract：	
Fixed price contract	$ 18,034,928
Material-based contract	93,006
	$ 18,127,934

For details on revenue for 2017, please refer to note 6(e) and (w).

(ii) Contract balances

	December 31, 2018	January 1, 2018
Accounts receivable	$ 4,057,027	1,659,707
Less: allowance for impairment	234,778	249,140
Total	$ 3,822,249	1,410,567
Contract assets-Construction in Progress	$ 2,176,124	1,695,309

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Contract liabilities-Construction in Progress	$	6,943,358	6,557,290

For details on notes receivable, accounts receivable, and loss allowance for impairment, please refer to note 6(d).

Please refer to Note 6(e) for the Construction in Progress contract in December 31, 2017.

The beginning balance of the contractual liabilities for the year ended December 31, 2018 was recognized as income in the amount of 13,618.

Changes in contractual assets and contractual liabilities are mainly due to differences between the time when the Group transfers goods or services to customers and fulfills the performance obligation and the time of payment by the customer. Other significant changes are as follows:

	For the three months ended December 312018	
	Contract assets	**Contract liabilities**
Degree of completion measurement	$ -	181,726
Adjustments resulting from contract modifications	1,296,833	3,693,600

(w) Revenue

The Group’s revenue for the 2017 were as follows :

	2017
Construction revenue	$ 12,247,176
Service revenue	155,482
Design revenue	123,260
	$ 12,525,918

(x) Remuneration to employees and directors

In accordance with the Articles of Incorporation, 6% to 10% of employee compensation and no more than 2% of directors and supervisors compensation should be distributed if there is profit for the period. However, if the company has accumulated losses, the earnings shall first be offset against any deficit. Employees entitled receive share or cash, include the employees of the subsidiaries meeting certain requirements.

The Company estimated its remuneration to employees amounting to $300,000 thousand and $163,000 thousand, as well as it directors' $27,000 thousand and $24,000 thousand for the years 2018 and 2017, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. Related information would be available at the Market Observation Post System website. The aforementioned remuneration to employees and directors are consistent to the estimated amounts disclosed in the Company's consolidated financial statements.

(y) Non-operating income and expenses

(i) Other income

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

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The Group's other income for 2018 and 2017 were as follows:

		2018	2017
Rental income	$	12,498	18,024
Dividend income		356,400	257,432
Gain on reversal of bad debts		-	17,746
Other income－other			
Revenue from sale of scraps		10,358	11,676
Others		10,126	14,650
Other gains	$	389,382	319,528

ii) Other gains and losses

The Group's other gains and losses for 2018 and 2017 were as follows:

		2018	2017
Loss on disposal of property, plant and equipment	$	(3,655)	(27)
Gain on disposal of investment property		7,085	13,095
Gain(loss) on disposal of foreign currency exchange		142,694	(336,208)
Loss on financial assets at fair value through profit or loss		(15,206)	24,489
Gain(loss) on reversal of impairment loss of financial assets		-	(3,300)
Other gains and losses		(58,660)	(37,070)
Other gains and losses, net	$	72,258	(339,021)

iii) Finance costs

The Group's finance costs for the 2018 and 2017 were as follows:

		2018	2017
Others	$	(6,368)	(6,572)

(z) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amounts of financial assets and contract assets are the maximum exposure to credit risk. As of December 31, 2018 and 2017, the amounts of the maximum exposure to credit risk are $13,638,490 and $11,094,863, respectively.

The Group assesses the financial condition of its customers continuously to reduce the credit risk of accounts receivable and requires its customers to provide guarantees and collateral if it is necessary. The Group regularly evaluates the likelihood of recovery of accounts receivable and recognizes the allowance for bad debts. Therefore, the expected credit losses are in the expectation of the Group.

2) Concentration of credit risk

When the transaction of financial instruments is concentrated in a single industry or region, the ability to oblige the contract would be impacted by similar factors, thereby causing concentration of credit risk. As of December 31, 2018 and 2017, notes receivable and accounts receivables concentrated on few counter-parties are as follows:

	December 31, 2018			
Name of client		**Carrying amount**	**the maximum exposure to credit risk**	**%**
Micron Memory Taiwan Co., Ltd.	$	1,417,420	1,417,420	32.18
Taiwan Semiconductor Manufacturing Co., Ltd.		712,645	712,645	16.18
Micron Technology Taiwan Co., Ltd.		538,738	538,738	12.23
SAKAI SIO International GuangZhou Co., Ltd.		426,339	426,339	9.68
Total	$	3,095,142	3,095,142	70.27

	December 31, 2017			
Name of client		**Carrying amount**	**the maximum exposure to credit risk**	**%**
Systems on Silicon Manufacturing Co. Pte. Ltd (SSMC)	$	429,816	429,816	25.17
Taiwan Semiconductor Manufacturing Co., Ltd.		342,915	342,915	20.08
China Electronics Panda Crystal Technology, co.		293,949	293,949	17.21
Shiyuan Technology Engineering Co., Ltd.		136,211	136,211	7.98
	$	1,202,891	1,202,891	70.44

(ii) Liquidity risk

The contractual maturities of financial liabilities are as follows:

		Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2018								
Non-derivative financial liabilities								
Notes payable	$	280,755	280,755	280,755	-	-	-	-
Accounts payable		4,185,388	4,185,388	2,633,557	276,087	403,075	731,874	140,795
Expense payable		68,258	68,258	57,614	6,798	2,852	823	171
Guarantee deposits received		8,802	8,802	4,045	-	533	4,224	-
	$	4,543,203	4,543,203	2,975,971	282,885	406,460	736,921	140,966

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2017

Non-derivative financial liabilities							
Notes payable	$ 46,861	46,861	46,861	-	-	-	-
Accounts payable	2,302,958	2,302,958	1,104,958	221,158	131,488	781,152	64,202
Expense payable	70,834	70,834	67,545	2,261	853	-	175
Guarantee deposits received	4,523	4,523	-	1,233	-	3,290	-
	$ 2,425,176	2,425,176	1,219,364	224,652	132,341	784,442	64,377

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Risk exposure

The Group's financial assets and financial liabilities exposed to significant currency risk were as follows:

	December 31, 2018			December 31, 2017		
	Foreign currency	Exchange rate (dollars)	TWD	Foreign currency	Exchange rate (dollars)	TWD
Financial assets						
Monetary assets						
USD	$ 108,625	30.72	3,336,960	146,552	29.76	4,361,388
CNY	166,476	4.47	744,148	140,967	4.57	643,514
SGD	153	22.49	3,441	485	22.26	10,796
Finance liabilities						
Monetary assets						
USD	8,369	30.72	257,096	5,002	29.76	148,860
EUR	98	35.16	3,446	35	35.57	1,245
JPY	416	0.2808	117	416	0.2642	110
CNY	-	4.47	-	385	4.57	1,758
SGD	662	22.49	14,888	29	22.26	646

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. If the NTD against the USD, EUR, CNY and JPY had appreciated (depreciated) by 1%, the Group's net income before tax would have increased (decreased) by $30,472 and $40,364, for the years ended December 31, 2018 and 2017, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. In years ended 2018 and 2017, foreign exchange gain (loss) (including realized and unrealized abortions) amounted to $142,694 thousand and $336,208 thousand, respectively.

(iv) Interest rate risk analysis

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Please refer to the note on liquidity risk management for the interest rate exposure of the Group's financial assets and liabilities.

If the interest rate had increased or decreased by 0.25%, the Group’s net income after tax would have increased or decreased by $8,765 thousand and $9,976 thousand for the years ended 2018 and 2017, respectively, with all other variable factors remaining constant.

(v) Fair value information

1) Categories and fair value of financial instruments

To provide disclosure information, the Group classifies the measurement of fair value based on fair value hierarchy which reflects the significance of the inputs during the measurement. The Group categorizes fair value into the following levels:

a) Level 1

Level 1 inputs are quoted prices in active markets for identical financial instruments. An active market is a market in which all the following conditions exist:

i) The items traded within the market are homogeneous.

ii) Willing buyers and sellers can normally be found at any time.

iii) Prices are available to the public.

b) Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e. derived from prices).

c) Level 3

Level 3 inputs are valuation parameters which are not based on the information available in the market or the quoted price from the counter party. For example, historical volatility used in option pricing models is an unobservable input since it cannot represents the expected value of future volatility of the entire market participants.

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

December 31, 2018

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	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designation as financial assets at fair value through profit or loss	$ 157,454	34,631	114,944	7,879	157,454
Financial assets at fair value through other comprehensive income					
Unquoted equity instrument measured at fair value	1,636,961	-	-	1,636,961	1,636,961
Total	$ 1,794,415	34,631	114,944	1,644,840	1,794,415

	December 31, 2017				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-Derivative financial assets held for trading	$ 42,323	42,323	-	-	42,323
Available-for-sale financial assets					
Unquoted equity instrument measured at fair value	100,350	-	100,350	-	100,350
Total	$ 142,673	42,323	100,350	-	142,673

2) Transfer between Level 1 and Level 2

There were no transfer between Level 1 and Level 2 for the year ended 2018 and 2017.

3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	
	Designation as at fair value through profit or loss	Unquoted equity instruments	Total
January 1, 2018	9,595	$ 2,591,462	2,601,057
Recognized as profit or loss	(1,716)	-	(1,716)

(Continued)

Recognized as other comprehensive income	-	(954,501)	(954,501)
Ending balance (Beginning balance)	**7,879**	**1,636,961**	**1,644,840**
December 31, 2017	-	-	-

Total gains or losses mentioned above were recognized in other gains and losses or unrealized gains and losses from financial assets fair value through other comprehensive income.

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Financial assets designated as financial assets measured at fair value through profit or losses, equity investments and financial assets measured at fair value through other comprehensive income are categorized into Level 3.

The equity investments which are lack of active market and categorized into Level 3 have numerous significant unobservable inputs. The significant unobservable inputs of equity investments without active market are independent between each other. Hence, there is no correlation between each significant unobservable inputs.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through profit or loss－equity investments without an active market	Comparable Company	• Price Book Ratio (January 1, 2018 was 1.28 ,and December 31, 2018 was 1.22) • Lack of market liquidity discount (January 1, 2018 and December 31, 2018 are 17.50%)	• The higher the multiplier growth rate, the higher the fair value • Lack of market liquidity. The higher the discount, the lower the fair value

Financial asset at fair value through profit or loss－equity investments without an active market	Net asset value method	• Lack of market liquidity discount (both of January 1, 2018 and December 31, 2018 were 17.5%) • controlling discount (both of January 1, 2018 and December 31, 2018 are 22.48%)	• Lack of market liquidity. • The higher the discount, the lower the fair value • The higher the controlling discount, the lower the fair value
Financial assets at fair value through other comprehensive income－equity investments without an active market	Comparable Company	• Price Book Ratio (January 1, 2018 was 1.72 and December 31, 2018 was 0.97) • Lack of market liquidity discount (January 1, 2018 was 17.50% and December 31, 2018 was 23.90%%)	• The higher the multiplier growth rate, the higher the fair value • Lack of market liquidity. The higher the discount, the lower the fair value

5) Sensitivity and reasonableness of Level 3 fair value

While under different models or using different parameters may lead to different results, fair value measurement for financial instruments is reasonable.
The following tables shows the valuation impacts changes in input parameters on Level 3 financial instruments:

	Input	Assumptions	Fair Value through Profit and Loss		Fair value through other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2018						
Financial asset at fair value through profit or loss						
Equity investments without an active market	Liquidity discount	10%	144	(144)	-	-
Equity investments without an active market	Controlling discount	10%	82	(82)	-	-
Equity investments without an active market	Price Book Ratio	10%	505	(505)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Liquidity discount	10%	-	-	215,107	(215,107)
Equity investments without an active market	Price Book Ratio	10%	-	-	163,696	(163,696)

6) Estimated fair value of financial instruments not carried at fair value

a) Fair value information

The Group’s financial instruments that are not measured at fair value include cash and cash equivalents, note receivables, account receivables, other receivables, refundable deposits, note payables, account payables, other payables, guarantee deposits and part of other financial assets. Because their book value is reasonably approximated to fair value, the Company does not disclose their fair value.

b) Valuation techniques

The methods and assumptions that the Company used in estimating the financial instruments not measured at fair value are as follows:

Since the maturity date is close and the future receipt and reimbursement price is similar to the book value, the fair value of cash and cash equivalents, receivables, other receivables, payables and other payables are measured at book value at the reporting date.

(aa) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(v) of the consolidated financial statements for the year ended December 31, 2017.

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Group's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks.

(ii) Risk management framework

The Group's financial risk management policies are established to manage the exchange rate risks, interest rate risks, credit risks and liquidity risks related to operating activities. To reduce the related financial risk, the Group dedicated to identify, analyze and avoid the uncertainty of the market, hoping to reduce the potential unfavorable impact on the Group's financial performance caused by the changes of the market. The important financial activities of the Group were reviewed by the board of directors and internal control systems. The Group complies strictly with the financial procedure related to the overall financial risk management and the distinction between responsibility and accountability.

(iii) Credit risk

1)Notes receivable and accounts receivable

Credit risk is the risk that a Group company will incur financial losses due to the inability of customers or counterparties of financial instruments to perform its contractual obligations. The Group is required to conduct management and credit risk analysis for each of its new customers before the terms and conditions of the contract and delivery are set in accordance with the internal credit policy. The internal risk control system assesses the credit quality of customers by considering their financial status, past experiences and other factors. The main credit risk derives from cash and cash equivalents, derivative financial instruments, deposits in banks and in financial institutions. Furthermore, credit risk may derives from customers, including unreceived receivables and committed transaction.

2) Guarantees

According to Group's policy, the group can only provide financial guarantees to its subsidiary. As of December 31, 2018 and 2017, the Group provided endorsement guarantee amounted to $0 and $1,187,075, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Group cannot pay cash or deliver other financial assets to settle financial liabilities or meet its obligations.

The Group manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the effects of fluctuations on cash flows. The management supervises the utilization of bank financing quotas and ensures the compliance of loan terms.

As of December 31, 2018 and 2017, the unutilized short-term line of financing of the Group were $4,061,884 and $3,135,664, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, and optimize investment returns.

1) Currency risk

The Group is a multinational institution and therefore exposes to currency risk deriving from many different currencies, mainly from USD and RMB. The relevant currency risk stems from future commercial transactions, recognized assets and liabilities, and net investments in foreign operating agencies.

2) Interest rate risk

The short-term loans of the Group are debts with floating interest rates. Therefore, changes in market interest rates will lead to changes in the interest rate of short-term loans, resulting in fluctuations of future cash flows.

3) Other market price risk

The Group invests listed equity securities and therefore exposes to equity price risk. This equity investment is not held for trading but for strategic purposes. Hence, the Group does not trade these investments frequently.The Group management controls the related risks by holding different risk portfolios.

(ab) Capital management

The Group manages its capital to ensure that the Group will be able to operate under the premises of going concerns and growth while maximizing the return to shareholders through the optimization of the debt and equity balance.
The Group’s strategy for managing the capital structure is to lay out the plan of product development and expand the market share considering the growth and the magnitude of industry and further developing an integral plan founded on the required capacity, capital outlay, and magnitude of assets in long-term development. Ultimately, considering the risk factors such as the fluctuation of the industry cycle and the life cycle of products, the Group determines the optimal capital structure by estimating the profitability of products, operating profit ratio, and cash flow based on the competitiveness of products. The management of the Group periodically examines the capital structure and contemplates on the potential costs and risks involved while exerting different financial tools. In general, the Group implements prudent strategy of risk management.

		December 31, 2018	December 31, 2017
Total liabilities	$	13,323,838	10,018,211
Less: cash and cash equivalents		7,029,298	7,995,750
Net debt	$	6,294,540	2,022,461
Total equity	$	7,486,765	6,607,360
Debt-to-capital ratio		84.08%	30.61%

(ac) Cash flows information of buying property, plant and equipment

The supplementary information of property, plant and equipment bought by the Group are as follows:

		2018	2017
Increase in property, plant and equipment	$	9,564	6,527
Cash payments	$	9,564	6,527

(7) Related-party transactions

(a) Names and relationship with related parties

The related parties which have transactions with the Group during the coverage period of the consolidated financial report are as follows:

Name of related party	Relationship with the Group
Wholetech System Hitech Limited	Investee evaluated under equity method
Ablerex Electronics Co., Ltd.	Investee evaluated under equity method
JG Environmental Technology Co., Ltd	Investee evaluated under equity method
UniMEMS Manufacturing Co., Ltd.	Related party
AIRREX Co., Ltd.	Related party

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FU-KUO ENGINEERING CO., Ltd.	Related party

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Huayuan Engineering Co., Ltd.	Related party
Dentsu Engineering Co., Ltd.	Related party
Hao Hao Motor Technician Office	Related party
Sheng Yang Integration Co., Ltd.	Related party
All directors, supervisors, general managers and deputy general managers	The main management of the Company

(b) Significant transactions with related parties

(i) Construction revenue

The construction revenue from related parties were as follows:

	2018	2017
Associates	-	13,609
Other related parties	29	-
	29	**13,609**

There is no significant difference between the collection terms of the Group and of the same businesses.

(ii) Construction cost

The amounts of purchase from related parties were as follows:

	2018	2017
Associates	20,157	143,029
Other related parties	173,087	19,295
	193,244	**162,324**

There is no significant difference between the terms of payment of the Group and of the same businesses.

(iii) Payable to related parties

The details of the Group’s payable to related parties were as follows:

Account	Type of related parties	December 31, 2018	December 31, 2017
Accounts payable	Associates	$ 19,224	21,877
	Other related parties	65,607	28,522
Notes payable	Other related parties	38,960	-
Other payable	Other related parties－Dentsu Engineering	125,964	147,587
		$ 249,755	**197,986**

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Other payables above includes contract fee disbursements, salaries and interests, etc. Please refer note 12 (c) for further information.

(iv) Leases

Name of related party	Leases	term of the lease	Rent revenue 2018	Rent revenue 2017
Associate	1F., No.1、3, Ln. 7, Baogao Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	2017.06.01~ 2019.05.31	$ 4,290	4,290
	Parking Space Rental	2017.06.01~ 2019.05.31	72	108
Other related paties	No.18, Aly. 2, Ln. 261, Xinghua Rd., Shanhua Dist., Tainan City 741, Taiwan (R.O.C.)	2017.08.01~ 2019.04.30	194	-
			$ 4,556	**4,398**

(v) Finance costs

	2018	2017
Other related parties－Dentsu Engineering	**$ 6,298**	**6,281**

(vi) Other

1) The Group recognizes unrecoverable loss of $13,726 in September, 2018, due to the suspension of business of other related parties.

2) Due to the capital increase of affiliated companies, the Group has payment of shares amounting to $10,382 on December 31, 2018.

(c) Key management personnel compensation

The salaries and bonus for the key management personnel are as follows:

	2018	2017
Short-term employee benefits	$ 182,148	127,381
Post-employment benefits	2,183	2,041
	$ 184,331	**129,422**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2018	December 31, 2017

(Continued)

Restricted assets (other current assets)	Required of engineering performance bond	$	1,700	334,060
Restricted assets (other non-current assets)	Required of engineering performance bond		619	56
		$	2,319	334,116

(9) Commitments and contingencies

(a) As of December 31, 2018 and 2017, the Group's commitments and contingencies were as follows:

(i) As of December 31, 2018 and 2017, guaranteed notes received from construction contractors for performance guarantees or maintenance guarantees amounted to $8,909,379 and $8,254,909, respectively.

(ii) As of December 31, 2018 and 2017, guaranteed notes issued to construction contractors for performance guarantees or maintenance guarantees amounted to $168,062 and $169,240, respectively.

(iii) As of December 31, 2018 and 2017, guaranteed notes issued for bank loans and letters of credits both amounted to $400,000.

(iv) As of December 31, 2018 and 2017, guaranteed letters offered by banks for contract performance guarantees amounted to $221,326 and $798,515, respectively.

(v) As of December 31, 2018 and 2017, the total contract price of contracted construction projects amounted to $77,501,240 and $63,117,295, respectively, and the contract payments received by the Group amounted to $53,853,934 and $54,190,877, respectively.

(vi) As of December 31, 2018 and 2017,the total subcontract price of subcontracted construction projects amounted to $12,746,988 and $7,485,170, respectively, and the contract payment paid by the Group amounted to $9,144,708 and $3,716,030, respectively.

(vii) As of December 31, 2018 and 2017,the outstanding letters of credits issued by the Group for purchasing equipment amounted to $212,332 and $0, respectively.

(b) Significant liability：

Among the construction contracts entered by the Group, 314 of them have not been completed. As of December 31, 2018, the following table presents the main contracts (including contracts with total prices over 100 million) of the Group:

Proprietor	Date of project	Description	Warranty service period	Restrictions	Note
Longteng Optoelectronics	2007/12/01~ 2009/12/31	Longteng Optoelectronics 110K Expansion Main System Engineering	One year	Delay penalty：one thousandth of total contract price per day	1

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TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2010/05/03~ 2011/12/31	TSMC F14 N65 BK CODE 103 new machines engineering	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2011/11/28~ 2012/07/01	TSMC F12 P6 C/R PACKAGE STAGE-1	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2012/05/14~ 2013/07/31	TSMC F6 BUMPPING engineering	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2012/05/25~ 2013/10/31	F12 P6 CCD EXPANSION-EDC2 F12 P4 SITE	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2012/10/01~ 2013/10/31	TSMC F14 P5 MEP PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2013/01/25~ 2014/12/31	TSMC F4 HOOK UP 工程 EXHAUST, CAP, FILTER	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2013/11/20~ 2014/12/31	TSMC F14 P6 POWER HOOK UP FACTORY ADDITIONAL ENGINEERING	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2014/01/20~ 2014/12/31	TSMC F14 OFFIC TESTING C/R AND UTILITY PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	2
UNITED INTEGRATED SERVICES CO., Ltd.(Singapore)	2014/06/23~ 2014/12/31	SINGAPORE AU L4B POWER MTM PROJECT	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2014/10/01~ 2015/12/31	TSMC F12 P7 MEP PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	2
ADVANCED SEMICONDUCTOR ENGINEERING, INC. ASE	2015/02/11~ 2015/12/31	New construction of K22 plane construction factory in ASE by Kaohsiung Plant	One year	Delay penalty：one thousandth of total contract price per day	2
MICRON MEMORY TAIWAN CO., Ltd.	2015/08/03~ 2016/03/01	Micron’s new construction of 25%+50%	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2015/09/25~ 2016/07/31	TSMC BP03 MEP+CR PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2015/09/20~ 2016/07/31	TSMC F15 P5 MEP PACKAGE (STAGE 1)	One year	Delay penalty：one thousandth of total contract price per day	2

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TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2015/09/20~ 2016/07/31	TSMC F15 P5 MEP PCW PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2015/11/01~ 2016/12/31	TSMC F15 P5 CLEAN ROOM PACAKGE	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/02/20~ 2016/12/31	TSMC F15 P6 CR PACKAGE (STAGE 1)	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/03/01~ 2017/03/01	TSMC F15 P6 MEP PACKAGE STAGE 1 (EQUIPMENT/LABOR/MATERIAL)	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/03/01~ 2017/12/31	TSMC F15 P5 MEP PACKAGE (STAGE 1) (UPS)	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/10/01~ 2018/12/31	TSMC F15 P6 CR SCAD TEM addition engineering	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/11/01~ 2017/12/31	TSMC by Nanjing CHINA CLEANROOM PACKAGE EQ (STAGE 1)	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2017/03/01~ 2018/06/30	TSMC F 12 P4 EUV MEP+CR engineering	One year	Delay penalty：one thousandth of total contract price per day	2
UNITED INTEGRATED SERVICES CO., Ltd.(Singapore)	2017/10/31~ 2018/12/31	SSMC Expansion project	One year	Delay penalty：one thousandth of total contract price per day	1
MICRON MEMORY TAIWAN CO., Ltd.	2017/11/13~ 2018/06/30	new construction of F500 Micron-TCP plant	One year	Delay penalty：one thousandth of total contract price per day	1
Systems on silicon manufacturing company Pte. Ltd.	2018/02/12~ 2018/06/30	new construction of SSMC factory - equipment procurement	One year	Delay penalty：one thousandth of total contract price per day	1
MICRON MEMORY TAIWAN CO., Ltd.	2018/02/14~ 2019/03/01	new construction of Micron F11 CUB 1B	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/04/13~ 2018/12/31	TSMC F15P7 C/R PROJECT A	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/04/30~ 2019/02/28	TSMC F18 P1 MEP-A PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/04/30~ 2019/02/28	TSMC F18 P1 MEP-B PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/04/30~2019/02/28	TSMC F18 P1 FIRE PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/05/03~ 2019/04/30	TSMC F18 P1 C/R	One year	Delay penalty：one thousandth of total contract price per day	
Yangtze River Storage Technology	2018/06/04~ 2018/09/30	Yangtze River Storage National Storage Base (Phase I) Industrial equipment pipeline of Import equipment	One year	Delay penalty：one thousandth of total contract price per day	1
MICRON MEMORY TAIWAN CO., Ltd.	2018/04/07~ 2018/12/31	Build up for MTB warehouse	One year	Delay penalty：one thousandth of total contract price per day	
ASE TEST, INC.	2018/07/17~ 2019/07/31	A2 E100 expansion project	One year	Delay penalty：one thousandth of total contract price per day	
ASE TEST, INC.	2018/07/01~ 2018/09/03	K22 6F TEST	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/07/27~ 2018/12/31	TSMC-F18P1 EBO	One year	Delay penalty：one thousandth of total contract price per day	1
KOPIN TAIWAN CORPATION	2018/08/24~ 2019/03/31	New construction of TURN-KEY	One year	Delay penalty：one thousandth of total contract price per day	
AU Optronics Corporation	2018/12/04~ 2019/05/31	L3DIJP Project	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/15~ 2019/12/31	TSMC F18 P2 MEP-A PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/15~ 2019/12/31	TSMC F18 P2 MEP-B PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/15~ 2019/12/31	TSMC F18 P2 FIRE PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/15~ 2019/12/31	TSMC F18 P2 PCW PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	

(Continued)

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/20~ 2019/12/31	TSMC F18 P2 C/R PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	

Note 1: The contract is unable to settle for the final acceptance is not completed by the owners. Hence, the Group does not have further responsibility and penalty.

Note 2: The additional project has not been completed, but the date of projects is same as the period of main contract.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By nature	Years ended December 31 2018			Years ended December 31 2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	630,439	525,611	1,156,050	640,328	401,107	1,041,435
Labor and health insurance	24,826	28,132	52,958	33,864	25,461	59,325
Pension	35,137	20,639	55,776	36,748	18,885	55,633
Remuneration of directors	-	30,180	30,180	-	18,180	18,180
Others	24,331	8,346	32,677	19,115	6,017	25,132
Depreciation	3,085	24,323	27,408	2,616	22,642	25,258
Amortization	1,234	2,474	3,708	3,895	1,709	5,604

(b) Some of the directors of the company were convicted by the Taiwan High Court (hereinafter referred to as the "High Court") of violating the provisions of the Securities and Exchange Act. Kindly find Judgment contents which impact the Company's activities are as follows:

(i) The primary judgment contents

Director Chen, former director Wang and other involved parties were prosecuted by Taipei District Prosecutor’s Office on June 5, 2002, as illegally transferred Company’s fund more than $1.3 billion to Dentsu Engineering Co., Ltd. (hereinafter referred to as Dentsu Corporation), Fuguo Engineering Co., Ltd., and Huayuan Engineering Co., Ltd, then transferred the fund to themselves. In accordance with the facts, proofs and explanation provided by the defendants, the primary judgment contents given by Taipei District Prosecutor’s Office on August,31, 2015 (Finance Criminal Procedure Code No. 17 Act 2013) as in: he court accepted the facts that part of the payment out of NTD 1.3 billion was paid for relevant project costs and wages incurred, and the rest was paid by Dentsu Corporation on behalf of the Company to settle urgent additional expenses, then the Company refunded the abovementioned amount. And there is no evidence to prove that the defendants committed embezzlement and breach of trust, therefore, the Court believed the defendants did not commit such crimes.However, the Court also believed that Dentsu Corporation shall be a relative party

of the Company, but the notes of the financial statements did not disclose the abovementioned fact that Dentsu Corporation paid expenses on behalf of the Company, therefore, the defendants were convicted guilty by the Court of providing false financial statements. Both defendants and the prosecutor disagreed with the judgment and appealed to the High Court. The appeal was rejected in High Court, due to the former Director Wang is deceased (Taiwan High Court Case of No. 2015 Gim Sun Zon Su 40). On July 25 2017, the High Court convicted the defendants not guilty of embezzlement and breach of trust, because lack of evidence, the prosecutor accepted the judgment and stopped appealing. However, regarding the defendants were convicted guilty by the High Court of providing false financial statement, two of them were in probation without appeal. Director Chen has appealed to the third instance and is still under processing by the High Court. The second instance was revoked by the High Court on July 25, 2017 (Supreme Court Civil Judgment of No. 2017 Tai-Shang-Tzu 3336).

(ii) Company Risk Response Strategy

The Company, set up by former Director Wang, always maintains its good performance and profitability amongst all in the same industries and distribute almost all of the profit to Directors. Former Director Wang had shown his loyalty to the Company without selling any shares since the Company had been listed. Director Chen has been assisting in the Company for decades without hesitation. The massive contribution to the Company given by them prolongs its profitability and stability. In accordance with the judgment of the first and second instance, the management is pleased to know the defendants had been found not guilty of embezzlement and breach of trust. The management is sorry to know about the judgment of false financial statement of the second instance. However, because the Supreme Court has cancelled the appeal of the second instance submitted by Director Chen and the management is waiting for the final judgment.

(iii) Operational Impact

The abovementioned judgment does not have any operational impact to the Company. The Company acquired support from various aspects, e.g. the staffs,buyers and suppliers. The project operation and financial status of the Company is stable and on growing.

(iv) Statement of Supplementary Civil Action to the Defendants

Securities and Futures Investors Protection Centre (hereinafter referred to as the SFIPC) filed a letter on September 27, 2013, requesting Supervisor of the Company to file lawsuit against the defendants seeking for compensation. The Company could not conclude any damages or evaluate the result of civil action before the final judgment. Supervisors of the Company decided to pursue the Civil and Criminal Litigation (hereinafter referred to as the CCL) against defendants under the strong will of the SFIPC on October 29, 2013, seeking for compensation.

The CCL was transferred to civil court after the judgment of Taipei District Court on August 31, 2015 (Taipei District Court Case of No. 2013 Gim Zon Su 17). The civil court rejected the lawsuit because the defendants had been found not guilty of embezzlement and breach of trust as per judgment given by Taipei District Court on March 01, 2016, under Taipei District Court Case of No. 2015 Gim 62. In the 10 days period of counter-appeal, Supervisor of the Company accepted the abovementioned judgment given which the defendants had been found not guilty of embezzlement and breach of trust, base on facts, proofs and relevant rules and regulations.

(v) The SFIPC advocated to remove the defendants' directorship on December 05, 2013.

As the abovementioned, the former Director Wang had been running the Company stably, profitably, and in good will. Except the content of the indictment, the SFIPC could not prove the defendants the incompatibility as a Director. In the interim shareholders' meeting on February 06, 2014, most of the shareholders agreed and accepted the defendants work continuously as Directors. In the annual shareholders' meeting in 2015, the defendants obtained most of the supports from shareholders. Taipei District Court declared that SFIPC lost in the lawsuit on June 18, 2015, but appealed. Due to the former Director Wang's decease, the SFIPC withdraw the appeal, and amended the lawsuit to request the dismissal of directorship of the two defendants from June 16, 2015, to June 15, 2018. Taipei District Court rejected the lawsuit that amended by the SFIPC at the beginning of February, 2016, in the second instance. The SFIPC appealed the third instance on March 28, 2016, and the Supreme Court dismissed the second instance result on September 28, 2018 (Supreme Court No. 2658 Act 2017), and revision is being processed. The lawsuit does not impact on any operation and financial status of the Company.

(vi) The SFIPC represented the investors to file a lawsuit to the Company, Directors, former Board of Directors and etc., seeking for compensation of NTD 243 million.

As abovementioned, the Company is well developed, stable and profitable on a long term basis. No false information in finance while running operational cost in accordance with per defendants stated. The final judgment result of Director Chen is still pending, the Company reserves the right to purse any legal action. The lawsuit does not impact to the normal operation of the Company.

(vii) The SFIPC requested defendants responsible for damages while illegally transferred NTD1.3 billion and seeking for compensation to the Company. The High Court convicted the defendants no guilty in breach and transferred the lawsuit to the Subordinate Court simultaneously. Subordinate Court convicted the defendants no guilty in breach and dismissed the SFIPC lawsuit on March 22, 2018.

(c) The Company was requested to make payment of $104,559 to Dentsu Corporation for project cost, and $21,405 for wages to former Director Wang from January 2001 to April 2012, in accordance with the judgment of Subordinate Court on September 2, 2014.

The Company had accrued the project cost and wages of the third quarter in 2014, into annual financial statement (recognized as construction cost and management expenses separately) as the judgment stated. The Company prepared interest estimation of $27,921 as of December 31, 2018. (Please refer to Note 7)

The Company does not process any payment of product cost, wages and interest as abovementioned as of the reporting date.

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(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2018:

(i) Loans extended to other parties:

Unit: thousand dollars

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year (Note 2)	Ending balance (Note 2)	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company (Note 2)	Maximum financing limit for the lender (Note 2)
													Item	Value		
0	UNITED INTEGRATED SERVICES CO., Ltd.	UNITED INTEGRATED SERVICES CO. LTD.(SINGAPORE)	Other receivables	Yes	122,860	122,860	-	0	2	-	Operating capital	-		-	1,450,867	2,901,734
0	UNITED INTEGRATED SERVICES CO., Ltd.	UNITED INTEGRATED SERVICES CO., Ltd.(JIANGXI)	Other receivables	Yes	180,411	172,172	150,756 (Note 4)	3%	2	-	Operating capital	-	-	-	1,450,867	2,901,734

Note 1: The maximum amount and the ending balance of the current period are the amount, not the actual amount of the movement.

Note 2: The total amount of the Company's externally handled funds and loans does not exceed 40% of the Company's net worth, and the loan for a single business fund is not more than 20% of the Company's net worth.

Note 3: The capital loan and nature are as follows:
There are business contacts for 1
The need for short-term financing is 2

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company (Note 2)										
0	UNITED INTEGRATED SERVICES CO., Ltd.		2	2,901,734	290,560	-	-	-	- %	4,352,602	Y	N	Y
0	UNITED INTEGRATED SERVICES CO., Ltd.	UNITED INTEGRATED SERVICES CO., Ltd.(JIANGXI)	2	2,901,734	540,657	-	-	-	- %	4,352,602	Y	N	Y

Note 1: The aggregate amount of endorsements/guarantees that the Company as a whole is permitted to make shall not exceed 60% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single entity shall not exceed 40% of the Company's net worth. The remaining can not exceed 10% of the Company's net worth.

Note 2: The relationship between the guarantee and the guarantor are as follows:

(1) Transactions between the companies.

(2) The Company directly or indirectly holds more than 50% voting right.

(3) When other companies directly or indirectly hold more than 50% voting rights of the Company.

(4) The Company directly or indirectly holds more than 90% voting right.

(5) A company that is mutually protected under contractual requirements based on the needs of the contractor.

(6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.

(7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

(iii) Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars/thousand of shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	stock－Nanya Technology Corporation	-	Financial assets at fair value through profit or loss - current	63	3,490	- %	3,490	0	
〃	stock－Taichung Commercial Bank Co., Ltd.	-	〃	95	973	- %	973	-	
〃	stock－Acer	-	〃	1,400	27,230	0.05 %	27,230	0.05	
〃	stock－Chunghwa Telecom Co., Ltd	-	〃	26	2,938	- %	2,938		
〃	stock－Powerchip Technology Corporation	-	〃	8,128	114,944	0.34 %	114,944		
	totals			-	149,575	- %	-		

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〃	stock－Taiwan Electronic Data Processing Corp.	-	Financial assets at fair value through profit or loss– non- current	2,495	5,040	9.65 %	5,040		
〃	stock－Pu-Xun Venture Capital	-	〃	723	2,839	1.67 %	2,839		
〃	stock－Aetas Technology Inc.	-	〃	91	-	0.30 %	-		
〃	stock－Zowie Technology Corporation	-	〃	15	-	0.23 %	-		
〃	stock－Glandtex Corporation	-	〃	1	-	0.05 %	-		
〃	stock－Promos Technologies Inc.	-	〃	2	-	- %	-	0.33	
	totals			-	7,879	- %	-		
〃	stock－Jiangxi Construction	-	Financial assets at fair value through other comprehensive income – non- current	Note 1	1,636,961	19.80 %	1,636,961	19.8	

Note 1: Registered with the amount of capital contribution.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Unit: thousand dollars

Name of party	Counter-party	Nature of relationship	Ending balance	Turnover rate (Note 1)	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
United Integrated Services Co., Ltd	UNITED INTEGRATED SERVICES CO., Ltd.(JIANGXI)	subsidiary	183,567	-	-	-	1,928	-

Note: The transactions within the Group were eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated revenue or total assets
0	United Integrated Services Co., Ltd.	United Information Systems (BVI) Co., Ltd.	1	Accounts Receivable-Related Parties	66,904	There is no different from general transation.	0.32%
1	United Information Systems (BVI) Co., Ltd.	United Integrated Services Co., Ltd.	2	Payables to related parties	66,904	〃	0.32%
0	United Integrated Services Co., Ltd.	United Information Systems (BVI) Co., Ltd.	1	Accounts Payable-Related Parties	27,366	There is no different from general transation.	0.13%
1	United Information Systems (BVI) Co., Ltd.	United Integrated Services Co., Ltd.	2	Receivables from related parties	27,366	〃	0.13%
0	United Integrated Services Co., Ltd.	United Information Systems (BVI) Co., Ltd.	1	Long-Term Accounts Receivable-Related Parties	35,116	〃	0.17%
1	United Information Systems (BVI) Co.,	United Integrated Services Co., Ltd.	2	Long-Term Accounts payable-Related	35,116	〃	0.17%

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	Ltd.			Parties			

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0	United Integrated Services Co., Ltd.	United Integrated Services Co., Ltd. (JIANGXI)	1	Long-Term Accounts Receivable-Related Parties	183,567	〃	0.88%
2	United Integrated Services Co., Ltd. (JIANGXI)	United Integrated Services Co., Ltd	2	Long-Term Accounts payable-Related Parties	183,567	〃	0.88%
0	United Integrated Services Co., Ltd	United Integrated Services Co., Ltd. (JIANGXI)	1	Construction revenue	50,555	〃	0.03%
2	United Integrated Services Co., Ltd.(JIANGXI)	United Integrated Services Co., Ltd.	2	Construction cost	50,555	〃	0.03%
0	United Integrated Services Co., Ltd.	United Integrated Services Co.,Ltd. (Singapore)	1	Construction revenue	21,443	〃	0.01%
3	United Integrated Services Co.,Ltd. (Singapore)	United Integrated Services Co., Ltd.	2	Construction cost	21,443	〃	0.01%
0	United Integrated Services Co., Ltd.	United Information Systems (BVI) Co., Ltd.	1	Construction revenue	789	〃	-%
1	United Information Systems (BVI) Co., Ltd.	United Integrated Services Co., Ltd.	2	Construction cost	789	〃	-%
0	United Integrated Services Co., Ltd.	United Information Systems (BVI) Co., Ltd.	1	Sales revenue	2,588	〃	-%
1	United Information Systems (BVI) Co., Ltd.	United Integrated Services Co., Ltd.	2	cost of good sold	2,588	〃	-%
0	United Integrated Services Co., Ltd.	United Integrated Services Co., Ltd. (JIANGXI)	1	Interest revenue	4,937	〃	-%
2	United Integrated Services Co., Ltd. (JIANGXI)	United Integrated Services Co., Ltd.	2	Interest expense	4,937	〃	-%

Note 1: The numbering is as follows:

1. “0” represents the parent company
2. Subsidiaries are sequentially numbered from 1 by company

Note 2: Relation between related parties are as follows:

1. Parent company and its subsidiaries
2. Subsidiaries and its parent company
3. Subsidiaries and its subsidiaries

(b) Information on investees:

The following are the information on investees for the years ended December 31, 2018 (excluding information on investees in Mainland China):

Unit: thousand dollars/thousand of shares

Name of investor	Name of investee	Location	Main businesses and products	Original cost		Ending balance			Maximum investment amount in 2016	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	ABLEREX ELECTRONICS CO., LTD.	Taiwan	Sale and purchase of UPS	189,852	189,851	14,987	33.30%	507,217	33.30%	74,916	24,364	
〃	WHOLETECH SYSTEM HITECH LIMITED	Taiwan	Gas pipeline engineering	61,367	61,367	9,946	13.61%	199,792	13.61%	259,884	35,379	
〃	UNITED INFORMATION SYSTEMS (BVI) CO., Ltd.	BVI	Investment activities	567,643	567,643	17,698	100.00%	670,166	100.00%	29,654	29,654	Note 2
〃	UNITED INTEGRATED SERVICES CO., Ltd.(Singapore)	Singapore	Clean room system construction	34,040	34,040	-	100.00%	189,750	100.00%	24,440	24,440	Note 2
〃	UNIMEMS MANUFACTURING CO., Ltd.	Taiwan	Machinery and Equipment Manufacturing	19,000	19,000	2,095	19.49%	-	19.49%	-	-	
〃	JG NVIRONMENTAL TECHNOLOGY CO., Ltd.	Taiwan	Machinery and Equipment Manufacturing	47,874	37,491	3,488	18.92%	49,805	18.92%	21,958	3,893	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH LIMITED	BVI	Investment activities	170,884	170,884	5,400	100.00%	199,036	100.00%	66,148	66,148	

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

〃	WHOLETECH SYSTEM HITECH INC.	Mauritius	Investment activities	110,559	110,559	3,500	100.00%	162,755	100.00%	18,714	14,814	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH(S) PTE. Ltd.	Singapore	Construction of water, gas pipelines and sewage systems, gas production, distribution of fuel gas main systems, etc.	30,865	30,865	200	100.00%	49,987	100.00%	4,027	4,027	
WHOLETECH SYSTEM HITECH INC.	WHOLETECH GROUP INTERNATIONAL TRADING LIMITED	Mauritius	Investment activities	110,559	110,559	3,500	100.00%	162,755	100.00%	18,714	18,714	
WHOLETECH SYSTEM HITECH(S) PTE. LTD.	WHOLETECH SYSTEM HITECH（M）SDN. BHD.	Malaysia	Construction of water, gas pipelines and sewage systems, gas production, distribution of fuel gas main systems, etc.	855	855	100	100.00%	(4,970)	100.00%	(1,268)	(1,268)	
ABLEREX ELECTRONICS CO.,LTD.	Ablerex Electronics (Samoa) Corporation Limited	Samoa	Holding company	217,445	217,445	6,635	100.00%	491,877	100.00%	(46,676)	(46,924)	
〃	Joint Rewards Trading Corporation	B.V.I.	Provide management services	104	104	3	100.00%	77	100.00%	(38)	(38)	
〃	Ablerex Corporation	USA	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	8,303	8,303	250	100.00%	52,436	100.00%	1,850	1,851	
〃	Ablerex International Corporation Limited	Hong Kong	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	43	43	10	100.00%	30,350	100.00%	487	487	
〃	Ablerex Electronics (S) Pte Limited	Singapore	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	48,008	48,008	2,141	100.00%	84,747	100.00%	7,617	5,584	
〃	Ablerex Electronics U.K. Limited	UK	Holding company	4,674	4,674	100	100.00%	5,826	100.00%	3,362	2,716	
〃	Ablerex JP	Japan	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	9,253	9,253	3	100.00%	4,826	100.00%	(81)	(112)	
Ablerex Samoa	Ablerex Overseas	Hong Kong	Holding company	217,445	217,445	6,635	100.00%	496,073	100.00%	(46,642)	-	
Ablerex UK	Ablerex IT	Italia	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	4,674	4,674	100	100.00%	5,826	100.00%	3,362	-	
Ablerex SG	Ablerex TH	Thailand	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	256	256	280	70.00%	1,125	70.00%	787	-	
Ablerex USA	Ablerex LATAM	USA	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	15,358	-	4	100.00%	13,624	100.00%	(1,702)	-	
JG ENVIRONMENTAL TECHNOLOGY CO., Ltd.	ASIA INTELLIGENCEINVESTMENTSLIMITED	BVI	Investment activities	30,282	15,524	-	100.00%	27,748	100.00%	3,702	3,702	

Note 1: The investment benefits of the current period are recognized by the investment company.

Note 2: Reconciliated in the preparation of consolidated report.

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: thousand dollars

Name of investee	Main businesse and products	Tota amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flow		Accumulated outflow of investment from Taiwan as of December 31, 2018	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (loss) (note 2)	Book value as of December 31, 2018	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Su Yuan Trading (Shanghai) Co., Ltd.	Semiconductor, clean room and electromechanical	NT$ 34,495 USD 1,000	(2)	NT$ 34,495 USD 1,000	-	-	NT$ 34,495 USD 1,000	35,333	100.00%	100	NT$ 35,333	NT$ 257,219	-
UNITED INTEGRATED SERVICES CO., Ltd.(JIANGXI)	Electromechanical business and pipeline engineering business	NT$ 453,360 RMB 100,000	(1)	NT$ 338,573 RMB 100,000	-	-	NT$ 338,573 RMB 75,000	506,414	75.00%	75	NT$ 379,810	NT$ 697,287	494,990 RMB 90,112
Suzhou Hantai System Integration Co., Ltd.	Construction hardware , materials production and sales	NT$ 381,660 USD 12,000	(2)	NT$ 381,660 USD 12,000	-	-	NT$ 381,660 USD 12,000	(8,359)	100.00%	100	NT$ (8,359)	NT$ 308,737	-
iangxi Construction Engineering Group Co., Ltd.	Various types of building construction	NT$ 5,113,150 RMB 1,043,500	(1)	NT$ 1,008,212 RMB 1,043,500	-	-	NT$ 1,008,212 RMB 206,000	-	19.80%	20	NT$ -	NT$ 1,636,961	NT$ 1,131,076 RMB 238,080
Beijing Hanhe Tang Medical Devices Co., Ltd.	Distribution agency for medical equipment, import and export of goods, after-sales service	NT$ 30,187 USD 1,000	(2)	NT$ 30,187 USD 1,000	-	-	NT$ 30,187 USD 1,000	(1,245)	100.00%	100	NT$ (1,245)	NT$ 6,315	-

Note 1: Investment method

(1) Investing in the mainland through companies in another country

(2) Establishing a company through the investment in the third region to reinvest in the mainland.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
United Integrated Services Co., Ltd.	1,798,283 (USD59,165)	1,825,134 (USD59,165)	4,352,602

(iii) Significant transactions with investees in Mainland China:

The details of significant transactions invested directly or indirectly in Mainland China in 2018 (the transactions were written off in the consolidated financial statements.) is provided in the description of "Related information on material transactions" and "The business relationship between the parent and the subsidiaries and significant transactions between them."

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Group’s reportable segments are as follows:

(i) Engineering and Integration department：It is engaged in various equipment engineering,, control of instrument engineering, clean room system construction and other services.

(ii) Maintenance and Design department： It provides various computerized automatic monitoring system , engineering design, maintenance contracting services and other businesses.

(iii) Other: Department of photoelectric and others.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The reportable segments of the Group are strategic business entities providing different product and services. Since each strategic business entities need different technology and marketing strategy, they are managed separately. Most of the business entities were acquired separately and the original management teams when acquired stay the same.

The Group does not allocate tax expenses to its reporting segments. The reportable amounts should be the same as those in the report used by the chief operating decision maker.

The operating segment accounting policies are the same as those described in note 2 "Significant Accounting Policies". The income of the operating segments is measured based on the income before tax, which also serves as the basis for performance measurement. The Group considers the sales and transfer between departments as a sales or transfer with a third person, measured at the current market price.

Information on reportable segments and reconciliation for the Group is as follows:

	2018				
	Engineering and Integration department	**Maintenance and Design department**	**Other**	**Adjustments or elimination**	**Total**
Revenue:					
Revenue from external customers	$ 17,909,648	136,609	81,677	-	18,127,934
Revenue from segments	72,787	-	13,917	(86,704)	-
Interest revenue	146,014	-	4,937	(4,937)	146,014
Total revenue	$ 18,128,449	136,609	100,531	(91,641)	18,273,948
Interest expenses	$ 11,305	-	-	(4,937)	6,368
Depreciation and amortization	$ 30,523	38	555	-	31,116
Reportable segment profit or loss	$ 2,529,598	2,983	938,345	(433,904)	3,037,022
Reportable segment assets (note)	$ -	-	-	-	-
Reportable segment liabilities (note)	$ -	-	-	-	-

	2017				
	Engineering and Integration department	**Maintenance and Design department**	**Other**	**Adjustments or elimination**	**Total**
Revenue:					

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Revenue from external customers	$	12,247,176	176,257	102,485	-	12,525,918
Revenue from segments		417,949	-	3,643	(421,592)	-

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Interest revenue	100,240	-	5,056	(5,056)	100,240
Total revenue	$ 12,765,365	176,257	111,184	(426,648)	12,626,158
Interest expenses	$ 11,628	-	-	(5,056)	6,572
Depreciation and amortization	$ 29,221	754	887	-	30,862
Reportable segment profit or loss	$ 1,679,499	39,356	505,867	(479,140)	1,745,582
Reportable segment assets (note)	$ -	-	-	-	-
Reportable segment liabilities (note)	$ -	-	-	-	-

Note: As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities is not disclosed.

(c) Information about the products and services

Revenue from the external customers of the Group was as follows:

Products and services	2018	2017
Construction revenue	$ 17,898,319	12,247,176
Service and design revenue	136,609	175,602
Others	93,006	103,140
Total	$ 18,127,934	12,525,918

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographical information	2018	2017
Revenue:		
Taiwan	$ 9,573,717	7,286,052
China	6,976,527	5,168,406
Singapore	1,577,690	71,460
Total	$ 18,127,934	12,525,918

Geographical information	December 31, 2018	December 31, 2017
Non-current assets:		
Taiwan	$ 564,109	575,108
China	277,819	201,025
Total	$ 841,928	776,133

Non-current assets include property, plant and equipment, intangible assets, and other assets, not including financial instruments, deferred tax assets (non - current).

(e) Information about major customers

For the years 2018 and 2017, the Group's had customers whose sales revenue constituted 10% or more of the revenue in the income statement are as follows:

2018	2017

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

client's name	Amount	%	Amount	%
A customer	$ 5,337,062	29.44	5,102,780	40.74

Stock Code:2404

UNITED INTEGRATED SERVICES CO., LTD

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

Address: **5F., No.3, Ln.7, Baogao Rd., Xindian Dist., New Taipei City 231, Taiwan (ROC)**

Telephone: **(02)2917-4060**

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Independent Auditors' Report

To the Board of Directors of United Integrated Services Co., Ltd.:

Opinion

We have audited the financial statements of United Integrated Services Co., Ltd. ("the Company"), which comprise the statement of financial position as of December 31, 2018 and 2017 and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the years ended December 31, 2018 and 2017, and notes to the Company's financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the other auditors' report (please refer to other matter section), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Other Matter

Other companies included in investments accounted for using equity method of the Company, which like Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd. The financial statements have not been audited by us but by other auditors. Therefore, the amounts of the financial statements about Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd. are based on the other auditors' report. As of December 31, 2018 and 2017, the Company recognized the amount of investment in the equity method of Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd., accounted for 4.26% and 5.71% of total assets, respectively.

For the years ended December 31, 2018 and 2017, share of profit of associates accounted for using equity method accounted for 2.37% and 4.16% of income before tax, respectively.

Some directors of United Integrated Services Co., Ltd. are judged by the Taiwan High Court, who were involved in the violation of the Securities Exchange Act. For circumstances of these cases, please refer to note12 (b) of the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

1. Revenue recognition

   For the accounting policies related to revenue recognition, please refer to Note 4 (p) Revenue recognition; Revenue recognition of accounting estimates and assumptions of uncertainty, please refer to Note 5 (b) Income recognition; For the description of revenue recognition, please refer to Note 6 (u) Revenue.

   Description of Key Audit Matters:

   Construction contract revenue of the Company is recognized by the degree of completion of the contract. The degree of completion is based on the contract costs incurred as of the financial statements date which represents the percentage of the estimated total contract cost. Because construction contract accounting treatment involves high level of estimation and judgment, revenue recognition has been identified as a key audit matter in our audit.

   We performed our audit procedures by:

   Our principal audit procedures include the effectiveness test of internal control execution related to the timing and correctness of revenue recognition. Select samples of new construction contract during the reporting period of the Company, and review the contracts and related documents; we obtained the annual project revenue statistics of the Company, and calculated the validity of the recognition amount of the project revenue.

2. Accounts receivable impairment assessment

   For the accounting policies of the impairment assessment of accounts receivable, please refer to Note 4 (f) Financial instruments; for the accounting estimates and assumptions of the uncertainly, please refer to Note 5(a) Impairment assessment of accounts receivable; For the description of the impairment assessment of accounts receivable, please refer to Note6(d) Receivable and net accounts receivable.

   Description of Key Audit Matters:

   The Company recognized expected credit loss in accordance to the Company's policy of allowance for bad debts, and established its estimation based on its client's credit risk, historical experiences of credit loss, and the rational expectation of future economic status. Since the accounting treatment of expected credit losses involves high level of estimation and judgment, the assessment of impairment of accounts receivable has been identified as a key audit matter in our audit.

We performed our audit procedures by:

Our principal audit procedures include (i) understanding the accounting policies of notes receivable, accounts receivable, and their impairment assessment; (ii) implementing sampling procedures to examine accuracy of accounts receivable aging report; (iii) analyzing the changes of aging of accounts receivable in each period; (iv) performing random examination of the historical collection records; (v) examining subsequent events to evaluate the reasonableness of the Company's recognition of allowance for impairment losses.

3. Financial instruments assessment

For the accounting policies related to the assessment of financial instruments, please refer to Note 4 (f) Financial Instruments; Financial instruments of accounting estimates and assumptions uncertainty, please refer to Note 5 (c) Financial assets impairment; For the description of the financial instruments assessment, please refer to Note 6 (y) Financial value and level information.

Description of Key Audit Matters:

The valuation for accounting treatment of financial instruments of the Company, which involves the exercise of professional judgments on valuation techniques and important parameters. Therefore, the valuation of financial instruments has been identified as a key audit matter in our audit.

We performed our audit procedures by:

Our principal audit procedures included (i) performing an assessment over the investment cycle of its initial recognition and disclosures on financial statements, which involved in internal control procedures for fair value measurement performed by the management (ii) Appointed our valuation specialists to assess the reasonableness of valuation techniques and to test the key parameters of financial assets without active market prices, wherein valuation models were used to ensure that the applied valuation techniques were in accordance with IFRS 13 "Fair Value Measurement".

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

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

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

Those charged with governance including members of the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 assess the risks of material misstatement of the Company's financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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 the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the Company's 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 the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities which accounted for using equity method by the Company to express an opinion on the Company's financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

>From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's financial statements of the year ended December.31, 2018 and are therefore the key audit matters. 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.

The engagement partners on the audit resulting in this independent auditors' report are Jung-Lin, Lee and Tzu-Hui, Lee.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2019

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD.

Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note6(a))	$ 5,802,022	33	5,963,676	45
1110	Financial assets at fair value through profit or loss－current (note6(b), (y))	149,575	2	42,323	-
1125	Available-for-sale financial assets-current (note6(c),(y))	-	-	100,350	1
1140	Contract assets-current (note6(u))	1,002,722	6	-	-
1150	Notes receivable, net (note6(d))	3,035	-	3,125	-
1170	Accounts receivable, net (note6(d))	2,789,672	16	651,877	5
1180	Accounts receivable-related parties, net (note6(d) and 7)	66,904	-	16,254	-
1190	Accounts receivable of construction contracts (note6(e))	-	-	681,476	5
130X	Inventories (note6(f))	44,134	-	39,218	-
1410	Prepayments (note6(g))	1,041,684	6	58,718	-
1221	Current tax assets	14,485	-	9,599	-
1470	Other current assets (note6(n) and 7)	2,003,552	11	1,515,868	11
	Total current assets	12,917,785	74	9,082,484	67
	Non-current assets:				
1543	Financial assets carried at cost－non-current (note6(j))	-	-	1,018,462	8
1510	Financial assets at fair value through profit or loss－non-current (note6(h))	7,879	-	-	-
1517	Financial assets at fair value through other comprehensive income－non-current (note6(i))	1,636,961	9	-	-
1550	Investments accounted for under equity method (note6(k))	2,314,018	13	2,182,607	18
1600	Property, plant and equipment (note6(l))	560,187	3	569,929	4
1780	Intangible assets (note6(m))	1,341	-	1,809	-
1840	Deferred income tax assets (note6(r))	84,696	-	92,852	1
1995	Other non-current assets-other (note6(n))	6,551	-	8,083	-
1940	Long-term notes and accounts-related parties (note7)	218,682	1	228,180	2
	Total non-current assets	4,830,315	26	4,101,922	33
	Total assets	**$ 17,748,100**	**100**	**13,184,406**	**100**

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2130	Contract liabilities (note6(u))	$ 5,894,776	33	-	-
2150	Notes payable (note6(y))	241,531	1	46,135	-
2160	Notes payable-related parties (note6(y) and 7)	38,960	-	-	-
2170	Accounts payable (note6(y))	2,610,173	14	1,184,121	9
2180	Accounts payable－related parties (note6(y) and 7)	112,197	1	77,150	1
2190	Accounts payable of construction contracts (note6(e))	-	-	4,501,567	34
2200	Other payables	657,175	3	415,774	3
2220	Other payables-related parties (note7)	125,964	1	147,587	1
2230	Current income tax liabilities	336,632	2	-	-
2250	Provision liabilities-current (note6(o))	13,354	-	3,205	-
2300	Other current liabilities	7,600	-	6,642	-
	Total current liabilities	10,038,362	55	6,382,181	48
	Non-Current liabilities:				
2550	Provision liabilities－non-current (note6(q))	334,415	2	309,270	2
2570	Deferred income tax liabilities (note6(r))	118,983	1	89,318	1
2645	Guarantee deposit received (note6(y))	2,004	-	1,712	-
	Total non-current liabilities	455,402	3	400,300	3
	Total liabilities	10,493,764	58	6,782,481	51
3100	Common stock	1,905,867	11	2,382,334	18
3200	Capital surplus	374,156	2	611,987	5
	Retained earnings:				
3310	Legal reserve	1,515,740	9	1,394,285	11
3320	Special reserve	112,888	1	133,666	1
3350	Unappropriated earnings	2,780,424	16	1,992,541	15
		4,409,052	26	3,520,492	27
	Other equity interest:				
3400	Other equity	565,261	3	(112,888)	(1)
	Total equity	7,254,336	42	6,401,925	49
	Total liabilities and equity	**$ 17,748,100**	**100**	**13,184,406**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2018		2017	
		Amount	**%**	**Amount**	**%**
	Operating Revenues (note9(u), (v) and 7):				
4520	Construction revenue (note6(u))	9,352,741	98	6,992,538	96
4600	Service and design revenue	220,976	2	265,106	4
	Operating revenue, net	9,573,717	100	7,257,644	100
	Operating costs (note6(f), (m), (q), (w), 7 and 12):				
5520	Construction cost	7,109,722	75	5,730,275	80
5600	Service and design cost	167,948	2	157,901	2
	Total operating costs	7,277,670	77	5,888,176	82
	Gross profit from operations	2,296,047	23	1,369,468	18
	Operating expenses (note6(m), (o), (p), (q) and 12):				
6100	Selling expenses	32,363	-	26,641	-
6200	General and administrative expenses	604,691	6	460,719	6
6300	Research and development expenses	36,070	-	42,099	1
7055	Expected credit impairment losses	36,733	-	-	-
	Total operating expenses	709,857	6	529,459	7
	Net operating income	1,586,190	17	840,009	11
	Non-operating income and expenses:				
7010	Other income (note6(x))	373,337	4	297,223	4
7020	Other gains and losses (note6(x))	91,091	1	(320,494)	(4)
7100	Interest income	139,197	1	93,894	1
7510	Interest expense (note6(x))	(6,298)	-	(6,281)	-
7375	Share of profit of subsidiaries, associations and joint ventures accounted for using equity method (note6(k))	497,540	5	540,197	7
	Total non-operating income and expenses	1,094,867	11	604,539	8
	Profit from continuing operations before tax	2,681,057	28	1,444,548	19
7950	**Less: Income tax (note6(r))**	533,491	6	230,000	3
	Net Profit	2,147,566	22	1,214,548	16
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(21,830)	-	(29,593)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income(note6(i))	(954,501)	(10)	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(133)	-	(510)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	9,567	-	5,031	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(966,897)	(10)	(25,072)	-
8360	**Other components of other comprehensive income that will be reclassified to profit or loss**				
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	34,780	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(31,987)	-	(17,100)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6,397	-	3,098	-
	Components of other comprehensive income that will be reclassified to profit or loss	(25,590)	-	20,778	-
8300	**Other comprehensive income, net**	(992,487)	(10)	(4,294)	-
	Total comprehensive income	**$ 1,155,079**	**12**	**1,210,254**	**16**
9750	**Basic earnings per share (note6(t))**	**$**	**9.42**		**5.10**
9850	**Diluted earnings per share (note6(t))**	**$**	**9.27**		**5.00**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		Share capital		Retained earnings				Total other equity interest					
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury stock	Total equity
Balance at January 1, 2017	A1	$ 2,382,334	610,422	1,239,086	63,220	2,458,110	3,760,416	(23,896)	-	(109,770)	(133,666)	(594)	6,618,912
Net income for the year	D1	-	-	-	-	1,214,548	1,214,548	-	-	-	-	-	1,214,548
Other comprehensive income (losses) for the year	D3	-	-	-	-	(25,072)	(25,072)	(14,002)	-	34,780	20,778	-	(4,294)
Total comprehensive income (losses) for the period	D5	-	-	-	-	1,189,476	1,189,476	(14,002)	-	34,780	20,778	-	1,210,254
Appropriation and distribution of retained earnings:													
Legal reserve	B1	-	-	155,199	-	(155,199)	-	-	-	-	-	-	-
Special reserve	B3	-	-	-	70,446	(70,446)	-	-	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(1,429,400)	(1,429,400)	-	-	-	-	-	(1,429,400)
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	294	-	-	-	-	-	-	-	-	-	294
Other changes in capital surplus	C17	-	268	-	-	-	-	-	-	-	-	-	268
Disposal of company's stock by subsidiaries recognized as treasury stock transactions	L7	-	1,003	-	-	-	-	-	-	-	-	594	1,597
Balance at December 31, 2017	Z1	2,382,334	611,987	1,394,285	133,666	1,992,541	3,520,492	(37,898)	-	(74,990)	(112,888)	-	6,401,925
Effects of retrospective application	A3	-	-	-	-	(55,443)	(55,443)	-	1,583,250	74,990	1,658,240	-	1,602,797
Equity at beginning of period after adjustments	A5	2,382,334	611,987	1,394,285	133,666	1,937,098	3,465,049	(37,898)	1,583,250	-	1,545,352	-	8,004,722
Net income for the year	D1	-	-	-	-	2,147,566	2,147,566	-	-	-	-	-	2,147,566
Other comprehensive income (losses) for the year	D3	-	-	-	-	(12,396)	(12,396)	(25,590)	(954,501)	-	(980,091)	-	(992,487)
Total comprehensive income (losses) for the period	D5	-	-	-	-	2,135,170	2,135,170	(25,590)	(954,501)	-	(980,091)	-	1,155,079
Appropriation and distribution of retained earnings:													
Legal reserve	B1	-	-	121,455	-	(121,455)	-	-	-	-	-	-	-
Special reserve	B3	-	-	-	(20,778)	20,778	-	-	-	-	-	-	-
Cash dividends	B5	-	(238,233)	-	-	(1,191,167)	(1,191,167)	-	-	-	-	-	(1,429,400)
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	402	-	-	-	-	-	-	-	-	-	402
Capital reduction	E3	(476,467)	-	-	-	-	-	-	-	-	-	-	(476,467)
Balance at December 31, 2018	Z1	$ 1,905,867	374,156	1,515,740	112,888	2,780,424	4,409,052	(63,488)	628,749	-	565,261	-	7,254,336

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018	2017
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit before tax**	$ 2,681,057	1,444,548
A20000	**Adjustments:**		
A20010	**Adjustments to reconcile profit (loss):**		
A20100	Depreciation expense	12,082	14,391
A20200	Amortization expense	1,909	4,773
A20300	Expected credit loss for bad debt expense(reversal of provision)	36,733	(15,024)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	15,206	(24,489)
A20900	Interest expense	6,298	6,281
A21200	Interest income	(139,197)	(93,894)
A21300	Dividend income	(356,400)	(257,432)
A22400	Share of profit of associates and joint ventures accounted for using equity method	(497,540)	(540,197)
A22500	Loss (gain) on disposal of property, plant and equipment	(241)	5
A23100	Gain on disposal of investments	-	(5,747)
A23500	Impairment loss on financial assets	-	3,300
A20010	**Total adjustments to reconcile profit (loss)**	(921,150)	(908,033)
A30000	**Changes in operating assets and liabilities:**		
A31000	**Changes in operating assets:**		
A31125	Increase in contract assets	(321,246)	-
A31130	Decrease in notes receivable	91	376,977
A31150	Decrease(increase) in accounts receivable	(2,174,528)	2,548,222
A31160	Decrease(increase) in accounts receivable due from related parties	(50,650)	10,955
A31170	Decrease in construction contracts receivable	-	177,492
A31200	Increase in inventories	(4,916)	(5,136)
A31230	Decrease(increase) in prepayments	(982,965)	644,723
A31240	Decrease(increase) in other current assets	31,029	(2,173)
A31000	**Subtotal of changes in operating assets**	(3,503,185)	3,751,060
A32000	**Changes in operating liabilities:**		
A32125	Increase in Contract liabilities	1,393,209	-
A32130	Increase (decrease) in notes payable	195,396	(111,018)
A32140	Increase (decrease) in notes payable to related parties	38,960	(40,246)
A32150	Increase (decrease) in accounts payable	1,426,053	(1,102,664)
A32160	Increase (decrease) in accounts payable to related parties	13,425	(54,875)
A32170	Decrease in construction contracts receivable	-	(300,580)
A32200	Increase in provisions	10,149	4,731
A32230	Increase (decrease) in other current liabilities	242,357	(116,140)
A32240	Increase in net defined benefit liability	3,314	2,354
A32000	**Subtotal of changes in operating liabilities**	3,322,863	(1,718,438)
A30000	**Subtotal of changes in operating assets and liabilities**	(180,322)	2,032,622
A20000	**Total adjustments**	(1,101,472)	1,124,589
A33000	Cash inflow (outflow) generated from operations	1,579,585	2,569,137
A33100	Interest received	128,791	83,357
A33500	Income taxes refund (paid)	(147,966)	(354,587)
AAAA	**Net cash flows from (used in) operating activities**	1,560,410	2,297,907
BBBB	**Cash flows from (used in) investing activities:**		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(826)	-
B00200	Proceeds from disposal of financial assets designated at fair value through profit or loss	1,806	63,063
B00300	Acquisition of available-for-sale financial assets	-	(1,310)
B01400	Proceeds from capital reduction of financial assets at cost	-	5,132
B01800	Acquisition of investments accounted for using equity method	(10,382)	(2,579)
B02700	Acquisition of property, plant and equipment	(4,678)	(2,830)
B02800	Proceeds from disposal of property, plant and equipment	2,580	-
B03800	Increase (decrease) in refundable deposits	744	4,862
B04200	Decrease in other receivables	181,854	26,312
B04300	Increase in other receivables due from related parties	9,498	9,619
B04500	Acquisition of intangible assets	(90)	(718)
B06500	Increase in other financial assets	(77,334)	(832,621)
B06700	Increase in other non-current assets	(563)	(344)
B07600	Dividends received	80,902	414,614
BBBB	**Net cash flows from (used in) investing activities**	183,511	(316,800)
CCCC	**Cash flows from (used in) financing activities:**		
C03100	Increase in guarantee deposits received	292	(232)
C04500	Cash dividends paid	(1,429,400)	(1,429,400)
C04600	Proceeds from issuing shares	(476,467)	-
CCCC	**Net cash flows from (used in) financing activities**	(1,905,575)	(1,429,632)
EEEE	**Net increase (decrease) in cash and cash equivalents**	(161,654)	551,475
E00100	**Cash and cash equivalents at beginning of period**	5,963,676	5,412,201
E00200	**Cash and cash equivalents at end of period**	$ 5,802,022	5,963,676

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

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

(1) Company history

United Integrated Services Co., LTD (the “Company”) was incorporated as a company limited by shares under the provisions of the Ministry of Economic Affairs, R.O.C on September 13, 1982, named as United Technology And Engineering Co., Ltd.. The Company changed its organization to shares of common stock , and was named as United Linkfast Co., Ltd. on March 14, 1990. On October 30, 1990, the Company merged with Linkfast System Co., Ltd. The continuing company was United Linkfast Co., Ltd., and renamed as United Integrated Services Co., Ltd. on May 29, 2002. The registered address of the Company is 6F., No.297 Sec.6 , Roosevelt Rd., Wenshan Dist., Taipei City, Taiwan(R.O.C). On July 29, 2003, the Company merged with TAI-QUN Technology Co., Ltd. by cash consideration method. The continuing company is United Integrated Services Co., Ltd..
The Company and its subsidiaries (collectively referred herein as the “Company”) are primarily engaged in: (1) Contracting various running water projects, instrument control projects, refrigerating and air-conditioning projects, installation of clean rooms and the manufacture and transaction related to it. (2) Traffic surveillance & control system engineering building, computer control monitoring system of factory, monitoring system of engineering environment, the design and installation of toll collection engineering system and the transaction related to it. (3) Various electrical and mechanical engineering contracts for transmission and distribution of electric power. (4) The design, installation, maintenance and the trading of related equipment of various computerized automatic monitoring engineering system.(5) Contracting of various computer and communication system integration projects and the manufacturing and trading of related software and hardware. (6) Installation and design of the controlling equipment in computer room. (7) Technical advisory services for the planning and design of projects. (8) Import of restrained telecom radio frequency equipment.

(2) Approval date and procedures of the financial statements

The parent company onlyfinancial statements were approved by the Board of Directors for issuance on March 25, 2019.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 “Clarifications of Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Amendments to IFRS 4 “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018

(Continued)

IFRS 15 “Revenue from Contracts with Customers” January 1, 2018

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Amendment to IAS 7 “Statement of Cash Flows -Disclosure Initiative”	January 1, 2017
Amendment to IAS 12 “Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The Company applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Company recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Company uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Providing services

The Company provides services and designs related to the projects. In the past, if the services under a single arrangement were provided in different reporting periods, then the consideration was allocated on a relative fair value basis to different services, while services revenue was recognized using the stage-of-completion method. Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which Company sells the services in separate transactions.

2) Construction contracts

Contract revenue is recognized to the extent that it is will probable that the contract result in revenue and can be measured reliably, including the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. When a claim or variation is recognized, the measure of contract progress or contract price is revised, and the cumulative contract position is reassessed at each reporting date. Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

3) Impacts on financial statements

The following tables summarize the impacts of adopting IFRS15 on the Company’s financial statements for the year ended 2018:

	December 31, 2018			January 1, 2018		
Impacted line items on the balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Inventories	$ 1,002,722	(1,002,722)	-	681,476	(681,476)	-
Non-current contract assets	-	1,002,722	1,002,722	-	681,476	681,476
Current provisions	$ 5,893,713	(5,893,713)	-	4,501,567	(4,501,567)	-
Deferred revenue	1,063	(1,063)	-	2,148	(2,148)	-
Non-current contract liabilities	-	5,894,776	5,894,776	-	4,503,715	4,503,715

(ii) IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Company adopted the consequential amendments to IAS 1 “Presentation of Financial Statements” which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company’s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Company adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The significant changes of accounting policies are as follows:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(f).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note4(f).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Comparative periods have been restated only for retrospective application of the cost of hedging approach for forward points. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  －The determination of the business model within which a financial asset is held.

  －The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  －The designation of certain investments in equity instruments not held for trading as at FVOCI.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and equivalents	Loans and receivables	5,963,676	Amortized cost	5,963,676
Equity instruments	Fair value through profit or loss	42,323	Fair value through profit or loss	42,323
	Available-for-sale (note 1)	100,350	Fair value through profit or loss	121,722
	Financial assets at cost(note 2)	10,250	Fair value through profit or loss	9,595
	Financial assets at cost(note3)	1,008,212	Fair value through other comprehensive income	2,591,462
Trade and other receivables	Loans and receivables	1,352,732	Amortized cost	1,352,732
Other financial assets	Loans and receivables	1,314,736	Amortized cost	1,314,736

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Note1: Under IAS39, the Company classified the investment of the equity instruments as available-for-sale financial asset. The Company assessed their business model and followed the rules of IFRS 9, classifying the investment to FVTPL at the date of initial application. Therefore, the Company recognized an increase of $21,372 thousand in those assets, an increase of $74,990 thousand in other equity interest, and a decrease of $53,618 thousand in retained earnings were recognized on January 1, 2018.

Note2: Under IAS39, the Company classified the investment of the equity instruments as financial asset measured at cost. The Company assessed their business model and followed the rules of IFRS 9, classifying the investment to FVTPL at the date of initial application. Therefore, the Company recognized a decrease of $655 thousand in those assets, and a decrease of $655 thousand in retained earnings on January 1, 2018.

Note3: The equity instrument stands for the strategic investment that the Company intends to hold it for a long period of time. The Company classified the investment to FVOCI at the date of initial application. Consequently, the Company recognized an increase of $1,583,250 thousand in those assets, and an increase of $1,583,250 thousand in retained earnings on January 1, 2018.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on January 1, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through profit or loss						
Beginning balance of FVTPL (IAS 39)	$ 42,323	-	-		-	-
Beginning balance of available for sale (including measured at cost) (IAS 39)	110,600	(110,600)	-		-	-
Additions – equity instruments:						
From available for sale	-	100,350	21,372		(53,618)	74,990
From financial assets measured at cost	-	10,250	(655)		(655)	-
Total	$ 152,923	-	20,717	173,640	(54,273)	74,990
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 1,008,212	(1,008,212)	-		-	-
Additions – equity instruments:						
From financial assets measured at cost	-	1,008,212	1,583,250		-	1,583,250
Total	$ 1,008,212	-	1,583,250	2,591,462	-	1,583,250

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019

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Amendments to IAS 19	"Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28	"Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle		January 1, 2019

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Company can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Company plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Company can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Company plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

(Continued)

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When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company will use these practical expedients after assessment as follows:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Company will have to recognize the new assets and liabilities for its operating leases of offices, warehouses, and factory facilities. It is estimated that the above difference may increase the right to use assets and lease liabilities of January 1, 2019 by $16,390 and $16,390, respectively, and the retained earning will be reduced by $59. Besides, TheCompanydoes not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant. And for the contract of the intermediate lessor of the sub-leasing transaction for the Company , no adjustments are required after evaluation.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

Those which may be relevant to the Company are set out below:

Issuance /	Standards or	Content of amendment

(Continued)

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Notes to the Financial Statements

Release Dates	Interpretations

(Continued)

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October 31, 2018	Amendments to IAS 1 and IAS 8 "Definition of Material"	The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the financial statements

(a) Statement of compliance

The parent company onlyfinancial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis, unless, otherwise stated:

1) Fair value through profit or loss financial assets

2) Fair value through other comprehensive profit or loss, financial assets as measured by fair value (available-for-sale).

3) The net liability of the defined benefit asset is measured by the fair value of plan assets less the present value of the defined benefit obligation and the effect of the ceiling.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Company's consolidated financial statements are presented in New Taiwan dollars, which is Company's functional currency. The assets and liabilities of foreign operations are translated to the Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Company's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising from remeasurement are recognized in profit or loss, except for the difference resulting from available for sale equity investment which is recognized in other comprehensive income arising from the remeasurement.

(ii) Foreign operation

The assets and liabilities of foreign operating, including goodwill and fair value adjustments arising from the acquisition, are translated to the Company's functional currency in New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated to the Company's functional currency at the average rates. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation adjustments in equity.

When disposing of a foreign operating agency for loss of control, joint control or significant influence. The cumulative exchange difference associated with the foreign operating agency is fully reclassified as profit or loss. When some of the subsidiaries contain subsidiaries of foreign operating agencies, the relevant cumulative exchange difference is re-owned to non-controlling interests proportionally. When partial disposal of investments involving affiliates or joint ventures of foreign operating agencies, the relevant cumulative exchange differences are reclassified to profit and loss on a pro-rata basis.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation, and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

(i) An entity shall classify an asset as current when:

1) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

2) It holds the asset primarily for the purpose of trading;

3) It expects to realize the asset within twelve months after the reporting period; or

4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

(ii) An entity shall classify a liability as current when:

1) It expects to settle the liability in its normal operating cycle;

2) It holds the liability primarily for the purpose of trading;

3) The liability is due to be settled within twelve months after the reporting period even if refinancing or a revised repayment plan is arranged between the reporting date and the issuance date of the financial statements; or

4) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non current.

(iii) Other

The Company is mainly engaged in the planning, designation and construction contracting of various projects. Its business cycle is about three to five years. Due to assets and liabilities related to the engineering business, are based on operating cycle as the standard for dividing current or non-current.

(e) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalent refers to short term investments with high liquidity that are subject to insignificant risk of changes in their fair value, and can be cashed into fixed amount of money. The definition of time deposit within 3 months is similar to that of cash equivalent; however, the purpose of holding time deposit is for short term cash commitment rather than investment.

(f) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual rights or obligations of the instruments.

(i) Financial assets (applicable from January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost reduced by impairment losses using the effective interest method. Interest income, foreign exchange gains and losses, and impairment loss are recognized as profit or loss. Any gain or loss on derecognition is recognized as profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable and contract assets.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the

(Continued)

Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due, or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

・significant financial difficulty of the borrower or issuer;

・a breach of contract such as a default or being more than 90 days past due;

・the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial assets (applicable before January 1, 2018)

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets carried at cost, available-for-sale financial assets, and receivables.

1) Fair value through profit or loss (FVTPL)

Financial asset and derivative instruments, excluding designated and effective hedging instrument, are classified as held for trading if acquired principally for the purpose of selling or repurchasing in the short term. Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes measured at fair value are recognized in profit or loss. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

Financial assets are measured at fair value upon initial recognition. The fair value of shares of companies listed in Taiwan refers to the closing price of the reporting period. Open-end Funds, whose fair value refers to the net value of the fund assets on the report date.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available for sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, dividend income, and foreign currency differences on available for sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in non-operating income and expense. The purchase disposal of financial assets are recognized using trade date accounting.

3) Financial assets carried at cost

Equity commodity investments whose fair value cannot be reliably measured, measured at the cost of the original recognition. If there is objective evidence of impairment, the impairment loss is recognized, and the impairment loss is not reversed. Stock dividends are only noted as an increase in the number of investment shares, and are not classified as investment income. Cost of sale is calculated by weighted average method.

4) Notes receivable and accounts receivable, other receivables

Notes receivable and accounts receivable are claims arising from the sale of goods or services, other receivables are arising from non-operating activities. At initial recognition, the costs of the financial assets are valued at their fair value plus the direct acquisition costs, and are subsequently measured at their amortized cost minus impairment loss using the effective interest method.

5) Impairment of financial assets

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

The objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company

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would

not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. If objective evidence of an impairment exists, an impairment loss should be recognized. An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Collateral and proceeds from insurance should also be considered when determining the estimated future cash flows. Losses are recognized in profit or loss and are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. However, the reversing amount cannot exceed the amortized balance of the assets assuming no impairment was recognized in prior periods.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Impairment losses recognized on an available for sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries are recognized in profit or loss. Recovery and loss on doubtful debts of account receivables are included in operating expense; others are included in non-operating income and expense.

6) Derecognition of financial assets

(Continued)

The Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivables and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity－unrealized gains or losses from available for sale financial assets is recognized in profit or loss, and included in non-operating income and expense.

The Company separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss, and is included in non operating income and expense. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

(iii) Financial liabilities and equity instruments

1) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is recorded under non operating income and expenses.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired.

The difference between the carrying amount of a financial liability removed and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non operating income and expense.

3) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(g) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an

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appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write down amount, and such reversal is treated as a reduction of cost of goods sold.

(h) Construction contract (applicable before January 1, 2018)

If the results of the construction contract can be reliably estimated, the income and costs are recognized separately on the balance sheet date with reference to the degree of completion of the contractual activities, and the degree of completion is measured by the ratio of the contract costs incurred to date to the estimated total contract costs. Except where the degree of completion is not representative. In the event of a change in contract work, a claim and a bonus, it will be included in the contract income only if the amount can be reliably measured and is likely to be received.

If the total contract cost is likely to exceed the total contract revenue, all expected losses are immediately recognized as expenses.

Construction contracts in progress are presented as the amount due from customers for contract work in the balance sheets for all contracts in which costs incurred plus recognized profits exceed progress billings and recognized losses. If progress billings exceed costs incurred plus recognized profits exceed recognized losses, then the difference is presented as amount due to customers for contract work in the balance sheets. The amount of money received before the relevant work is carried out is included in other current liabilities. The amount of project billing, which the customer has not paid, is included in construction contracts receivable.

(i) Investment affiliate

Affiliated companies are the Company that has a significant impact on their financial and operating policies, but not enough to have ability to control them. When the Company holds 20% to 50% of the voting rights of the investee company, assumes it has significant influence.

Under the equity method, the original acquisition is measured at cost. Investment costs include the cost of the transaction. The carrying amount of the investment-related company includes the goodwill recognized at the original investment subtract any accumulated impairment loss.

The consolidated financial report includes from the date of significant influence to the date of loss of significant influence. After adjusting for consistency with the Company’s accounting policies, the Company recognizes the amount of profit or loss and other comprehensive gains and losses of each of the investment-related enterprises in proportion to equity.

Unrealized profits resulting from the transactions between the Company and an associate are eliminated to the extent of the Company’s interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is

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impaired.

When the Company's share of losses equals or exceeds its interest in the affiliated enterprise, the Company will stop recognizing those losses. And only within the scope of legal obligation, constructive obligation, or payments made on behalf of the investee company, recognizes the additional losses and related liabilities.

(j) Investment in associate

Investments in associates are accounted for using the equity method and are recognized initially at cost. Unrealized profits resulting from the transactions between the Company and an associate are eliminated to the extent of the Company’s interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

Changes in ownership interests in subsidiaries that do not result in a loss of control are deemed as equity transactions with owners.

(k) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non operating income and expense.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount,and it shall be allocated on a systematic basis over its useful life. Items of property and equipment with the same useful life may be grouped in determing the depreciation charge. The remainder of the items may by depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

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The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Buildings	3~55 years
Machinery equipment	3~12 years
Plant equipment	50 years
Transportation equipment	5~6 years
Office equipment	3~8 years
Lease improvement	5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(l) Leases

Leases in which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present of the minimum lease payments. Subsequent minimum lease payments are attributable to finance cost and the reduction of the outstanding liabilities, and the finance cost is allocated to each period during the lease term using a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in the Company's statement of financial position. Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized as an integral of the total lease expense over the term of the lease. Any benefit provided by the lessor for the purpose of reaching the agreement is accounted for as a reduction of lease expense on a straight line basis.

(m) Intangible assets

Intangible assets except goodwill acquired by the Company are measured at cost less accumulated amortization and cumulative impairment. Subsequent expenditures can be capitalized only when they can increase the future economic benefits of the relevant specific assets, and all other expenses are recognized in profit or loss when incurred. Amortization is the amortizable amount after the asset cost is deducted from the residual value. From the availability, the intangible assets of the Company are the cost of obtaining computer software, amortization based on estimated straight-line method for three to five years. The amortization charge for each period shall be recognized in profit or loss.

Review the residual value of intangible assets, amortization period and amortization method at least annually at the end of the financial year. If there is a change, it is regarded as a change in accounting estimates.

(n) Impairment of non-financial assets

The carrying amounts of the The Company ‘s non-financial assets, other than assets arising from construction contracts, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Assets, excluding goodwill, accumulated impairment losses recognized in previous years, will be revolved if they do not exist or decrease thereafter. Increase the book value of the assets to the recoverable amount, except that the assets are not deducted from the impairment losses, and the depreciation or amortization should be deducted.

The recoverable amount is the fair value of individual assets or cash-generating units less the cost of sales and its value in use. If the recoverable amount of an individual asset or a cash-generating unit is less than the carrying amount, the book value adjustment of the individual asset or cash-generating unit is reduced to the recoverable amount and recognize the impairment loss. The impairment loss is immediately recognized in the current profit and loss.

The Company reassesses at each reporting date whether there is any indication that the impairment loss recognized by non-financial assets other than goodwill in previous years may no longer exist or decrease. If there is any change in the estimate used to determine the recoverable amount, then the derogation loss is lost. To increase the carrying amount of individual assets or cash-generating units to their recoverable amount, only if the individual asset or cash-generating unit in the previous year does not recognize the impairment loss and deduct the carrying amount after depreciation or amortization should be included.

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an ouflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the monetary market time value of money and the risks specific to the liability.The unwinding of the discount is recognized as interest cost.

The Company shall provide one-thousandth of the total contract amount for the completed project within one year of the period-end settlement for the project warranty reserve. When the actual expenditure occurs, the provision is reversed, and if there is a deficiency, it is listed as the annual expense.

When the Company anticipates that the inevitable cost of performing a contractual obligation exceeds the expected economic benefit from the contract, the Company will recognize the liability provision for the onerous contract. The liability provision is measured at the lower of the present value of the estimated cost of terminating the contract and the estimated net cost of continuing the contract, and all impairment losses of assets related to the contract are recognized before the recognition of the liability provision for the onerous contract.

(p) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Consulting Services

The Company is engaged in providing construction consulting and design services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided at the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on surveys of work performed.

(iii) Construction contracts

The Company enters into contracts to build constructions. Because its customer controls the asset as it is constructed, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations, accumulated experience is used to estimate the amount of variable consideration, using the expected value method. For other variable considerations, the Company estimates the amount of variable consideration using the most likely amount. Considering the progress of a public construction is highly susceptible to factors outside the Company's control and, therefore, completion bonus is usually constrained, the Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Company expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For constructions, the Company offers a standard warranty to provide assurance that they comply with agreed-upon specifications and has recognized warranty provisions for this

(Continued)

obligation.

(q) Contract costs (applicable from January 1, 2018)

(i) Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customeras an asset, if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred, if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date (market yields of high quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings.

(iii) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(s) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(t) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(u) Operating segments

The company has disclosed departmental information in the consolidated financial report, so individual financial reports do not disclose departmental information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent company onlyfinancial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company onlyfinancial statements is as follows:

The Company has less than 20%% of the voting or potential voting rights of Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd.. However, the Company has determined that it has significant influence because it has representation on the Board of Directors of Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd..

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6 (d).

(b) Income recognition

The Company is based on the completion of the construction contract, and the contracted revenue is recognized over time, and the degree of completion is measured by the proportion of contract costs incurred to date and the estimated total contract cost. The Company considers the nature of each project, the estimated construction period, the project, the construction process, the construction method and the estimated amount of the contract to be estimated. Any change in the basis of the above estimates may result in a significant adjustment to the estimated amount.The income recognition,please refer to Note 6 (u).

(c) Fair value of financial instruments

The fair value of financial instruments in non-active markets or without open market quotes is determined by the evaluation model or counterparty quotation. When using the evaluation model to determine fair value, all models use only observable data as input values without artificial adjustment. The observable input value is based on the principle of long-term stable market-used parameters. Avoid differences in cross-period financial reporting due to changes in data sources, and the model must be repeatedly adjusted and verified to ensure that the output is sufficient to properly reflect the value of the asset.

Detailed information on the main assumptions used in determining the fair value of the financial instruments ,for a detailed sensitivity analysis of these assumptions, please refer to Note 6 (y).

(d) Measurement of Defined benefit obligation

Defined benefit costs and net defined benefit liabilities (assets) under defined benefit pension plans are calculated using the Projected Unit Credit Method. The Company determine the appropriate actuarial assumptions, and comprise the discount rate and future salary increase rate. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Please refer to Note6 (r) for the material actuarial assumptions and sensitivity analysis of actuarial.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2018	December 31, 2017
Cash on hand and petty cash	$	3,205	2,785
Demand deposits		1,337,360	1,184,792
Time deposits		4,461,457	4,776,099
Cash and cash equivalents per statements of cash flow	$	5,802,022	5,963,676

Please refer to note 6(y) for the disclosure of the sensitivity analysis and interest rate risk of the financial assets and financial liabilities of the Company.

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

(b) Financial assets measured at fair value through profit or loss－current

		December 31, 2018	December 31, 2017
Financial asset measured at fair value through profit or loss:			
Stock listed on markets	$	117,896	117,896
Stocks unlisted on domestic markets		175,345	-
Valuation adjustment		(143,666)	(75,573)
Total	$	149,575	42,323

From January 1 to December 31 in 2018, the Company recognized the dividend income $13,159 as the financial assets listed above as being measured at fair value through profit and loss.

(c) Available-for-sale financial assets－current

		December 31, 2017
Stock affairs by public	$	175,345
Valuation adjustment		(74,995)
Total	$	100,350

Statements of changes in loss of valuation adjustment：

		December 31, 2017
Beginning balance	$	(109,775)
Changes in current period		34,780
Total	$	(74,995)

(i) As of December 31, 2017, the financial assets at fair value through other comprehensive income of the Company had not pledged as collateral for long-term borrowings.

(ii) These investments above were classified as financial assets at fair value through other comprehensive income on December 31, 2017.

(d) Notes and accounts receivable

		December 31, 2018	December 31, 2017
Notes receivable-unrelated parties	$	3,035	3,125
Accounts receivable-unrelated parties		2,840,679	723,577
Accounts receivable－related parties		66,904	16,254
Less: allowance for impairment		51,007	71,700
Total	$	2,859,611	671,256

The Company holds part of the accounts receivable by the business model of collecting contractual

(Continued)

cash flows. Therefore, the accounts receivable are measured at amortized cost starting from January

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Notes to the Financial Statements

1, 2018.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The expected credit losses of the note receivables and trade receivables for the year ended December 31, 2018 was as followed:

	Gross carrying amount	Weighted-average expected credit loss rate	Lifetime expected credit loss
Not overdue	$ 2,817,744		-
Overdue 0~60 days	10,514	1%	105
Overdue 61~120 days	28,473	1%	285
Overdue 121~365 days	3,303	1%	33
Overdue one year past due	50,584	100%	50,584
	$ 2,910,618		51,007

As of December 31, 2017, the Company applies the incurred loss model to consider the loss allowance provision of notes and accounts receivable, and the aging analysis of notes and accounts receivable, which were past due but not impaired, was as follows:

	December 31, 2017
Not overdue	$ 731,397
Overdue one year past due	11,559
	$ 742,956

The movement in the allowance for impairment with respect to notes and accounts receivable during the year was as follows:

		2017	
	2018	Individually assessed impairment	Collectively assessed impairment
Balance on January 1, 2018 and 2017 per IAS 39	$ 71,700	-	86,724
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018 per IFRS 9	71,700		
Impairment loss reversed	23,007	-	(15,024)
Write off	(43,700)	-	-
Balance on December 31, 2018 and 2017	$ 51,007	-	71,700

The Company provides for the above-mentioned allowance for bad debts based on the industry characteristics of historical payment behavior and the credit rating of customers who have extensive

(Continued)

analysis of the subject matter.

The Company has not provided the notes and accounts receivable as collateral or provided as collateral.

(e) Construction Contracts

Construction revenue recognized in profit or loss for the year ended December 31, 2017 was as follows:

		2017
Construction revenue recognized in current profit or loss	$	6,992,538
Accumulated costs incurred	$	33,840,793
Add:Accumulated profit recognized arising from the construction		3,322,774
Accumulated costs and profit recognized (less, losses recognized)		37,163,567
less:Progress billings		40,983,658
	$	-
Amount due from customers for contract work – presented as an asset	$	681,476
Amount due to customers for contract work – presented as a liability		4,501,567
	$	5,183,043
Accumulating advance received(Payment received before work)	$	15,731

(f) Inventories

	December 31, 2018			
		Cost	Allowance for Impairment	Carrying Amount
Raw materials	$	50,678	(12,046)	38,632
Work in progress		21,272	(19,032)	2,240
Finished goods		14,925	(11,663)	3,262
Merchandise		6,532	(6,532)	-
Total	$	93,407	(49,273)	44,134

	December 31, 2017			
		Cost	Allowance for Impairment	Carrying Amount
Raw materials	$	57,469	(21,893)	35,576
Work in progress		20,356	(18,830)	1,526
Finished goods		14,233	(12,117)	2,116
Merchandise		1,685	(1,685)	-
Total	$	93,743	(54,525)	39,218

As of 2018 and 2017, as the inventory is reduced to the net realizable value, the gain from price recovery of inventory (inventory valuation losses) is recognized as $5,252 and $4,158, respectively, and has been recognized as the increase or decrease in the cost of goods sold.

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Notes to the Financial Statements

As of December 31, 2018 and 2017, the Company's inventories were not provided as pledged assets.

(g) Prepayments

	December 31, 2018	December 31, 2017
Domestic purchase of materials	$ 109,840	45,374
Foreign purchases	888,539	10,361
Prepaid project	-	134
Engineering	3,312	-
Prepaid insurance	20,009	1,654
Association investment screen	19,516	-
Others	468	1,195
Total	$ 1,041,684	58,718

(h) Financial assets measured at fair value through profit or loss－non-current

	December 31, 2018
Financial assets measured at fair value through profit or loss:	
Unlisted company stock	$ 36,300
Valuation adjustments	(28,421)
Total	$ 7,879

(i) Financial assets measured at fair value through other comprehensive income

	December 31, 2018
Equity instruments measured at fair value through other comprehensive income	
Unlisted stocks (overseas)	$ 1,008,212
Valuation adjustment	628,749
Total	$ 1,636,961

(i) The Company held equity instrument investment, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income. These investments were classified as inancial assets at cost－non-current on December 31, 2017. These equity instrument investments have been announced in September 2007 in the Republic of China to merge the company with a dividend of $341,871.

(ii) Financial assets measured at fair value through other comprehensive income in 2018- Valuation adjustment changes are as follows:

	2018
Beginning balance	$ -
Effect of retrospective application	1,583,250

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UNITED INTEGRATED SERVICES CO., LTD.
Notes to the Financial Statements

Add: Recognition for current period	(954,501)

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

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Total	$ 628,749

(j) Financial assets carried at cost－non-current

	December 31, 2017
Stock investment－	
Jiangxi Construction Engineering Group Co.,Ltd.	$ 1,008,212
Taiwan Electronic Data Processing Co..	6,600
WK Technology Fund	3,650
Hannspree Inc. (Cayman)	-
Total	$ 1,018,462

The Company has received a dividend of $248,943 from Jiangxi Construction Engineering Group Co., Ltd. in July 2017.

The shareholders meeting of WK Technology Fund decided to reduce the capital repayment in July 2017. The capital reduction ratio is 17,665%. The legal procedures have been completed and the shares have been returned to the Company.

Hannspree Inc. (Cayman) shareholders' meeting decided to go through the liquidation process in November 2017, so the Company will deduct its own account and estimate the relevant recoverable amount of $15 (accounting for other current assets), and the amount was recovered on October 15, 2018.

The above unlisted (cabinet) stock investment held by the Company was measured at cost reducted impairment loss on December 31, 2017. Because the range of reasonable fair value estimates is significant and the probability of various estimates cannot be reasonably assessed, the management of the Company believes that its fair value cannot be reliably measured. These assets are classified as financial assets at fair value through other comprehensive gains and losses or at fair value through profit or loss at December 31, 2018. After the assesment, the Company did not propose impairment losses in 2017. The Company is estimated using the net equity of the company as the recoverable amount at the time of the impairment test.

(k) Investments accounted for using equity method

The investments accounted for using equity method of the company on reporting date are as follows:

	December 31, 2018	December 31, 2017
Affiliates	$ 1,557,204	1,429,879
Associates	756,814	752,728
Total	$ 2,314,018	2,182,607

(i) Affiliates

Please refer to the consolidated financial statement for the year ended 2018.

(ii) Associates

(Continued)

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Due to the capital increase of Ablerex electronics co., Ltd., the Company has payment of 62 shares amounting to $2,579 on December 31, 2018.

1) The details of the significant associates are as follows:

Name of associates	Existing relationship with the Company	The main operating place / register country	Proportion of equity and voting right December 31, 2018	December 31, 2017
Ablerex electronics co., Ltd.	Selling of Manufacturing of UPS	Taiwan	33.30%	33.30%

For those listed companies that are significant to the consolidated company, the fair value is as follows:

	December 31, 2018	December 31, 2017
Ablerex electronics co., Ltd.	$ 1,485,000	1,737,000

A summary of the financial information of the significant associates were as follows:

Summary of financial information of

	December 31, 2018	December 31, 2017
Current assets	$ 1,763,345	1,778,637
Non-current assets	947,340	970,679
Current liabilities	(1,078,347)	(1,080,486)
Non-current liabilities	(103,598)	(98,184)
Net assets	$ 1,528,740	1,570,646
Net assets attributed to non-controlling interest	$ 11,097	9,554
Net assets attributed to investee	$ 1,517,643	1,561,092

	2018	2017
Revenue	$ 2,530,613	2,395,346
Net income of continued operations	$ 74,916	80,539
Other comprehensive income (loss)	(4,323)	(16,387)
Total comprehensive income (loss)	$ 70,593	64,152
Total comprehensive income attributed to non-controlling interest	$ 1,543	923
Total comprehensive income attributed to investee	$ 69,050	63,229

	2018	2017
Beginning equity of the associate attributable to the Company	$ 521,571	543,026
Current total comprehensive income of the associate attributable to the Company	22,996	20,926

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Increase shareholding in the current period	-	2,579

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.
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Dividends received from affiliated companies in the current period		(37,466)	(44,960)
The share of the net assets of the affiliated companies at the end of the period		507,101	521,571
Add:Goodwill		116	116
Ending balance of the equity of the associate attributable to the Company	$	**507,217**	**521,687**

2) Not significant associates

Summary of respectively not significant associates recognized under the equity method were as follows:

		December 31, 2018	December 31, 2017
Balance of not significant associate's equity	$	**249,813**	**231,041**

		2018	2017
Attributable to the Company:			
Income from continued operation	$	39,272	33,924
Other comprehensive income		(1,246)	(725)
Total comprehensive income	$	**38,026**	**33,199**

As of 2018 and 2017 in the preparation of the financial report, the investee company evaluated by the equity method is evaluated according to the equity method based on the financial report of the investee company audited by other accountants. As of 2018 and 2017, the investment interests recognized by the equity method were $63,636 and $60,142.

(iii) Guarantee

The Company did not pledge its Investment using the equity method.

(l) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

		Land	Buildings	Machinery	Plant equipment	Transportation Equipment	Office equipment	Leashelod Improvements	Total
Cost and revaluation:									
Balance at January 1, 2018	$	398,538	63,519	92,016	156,400	4,610	56,687	2,076	773,846
Additions		-	-	-	85	4,400	193	-	4,678
Disposals		-	-	(14,264)	-	-	(991)	-	(15,255)
Balance at December 31, 2018	$	**398,538**	**63,519**	**77,752**	**156,485**	**9,010**	**55,889**	**2,076**	**763,269**
Balance at January 1, 2017	$	398,538	63,519	92,446	156,300	3,545	55,370	2,076	771,794
Additions		-	-	248	100	1,065	1,417	-	2,830
Disposals		-	-	(678)	-	-	(100)	-	(778)
Balance at December 31, 2017	$	**398,538**	**63,519**	**92,016**	**156,400**	**4,610**	**56,687**	**2,076**	**773,846**
Depreciation and impairment loss:									
Balance at January 1, 2018	$	1,160	32,377	78,527	35,064	3,473	51,848	1,468	203,917
Depreciation		-	1,432	4,200	4,222	704	1,217	307	12,082
Disposal		-	-	(11,967)	-	-	(950)	-	(12,917)

(Continued)

Balance at December 31, 2018	$	1,160	33,809	70,760	39,286	4,177	52,115	1,775	203,082
Balance at January 1, 2017	$	1,160	30,945	72,570	30,776	3,175	50,620	1,053	190,299
Depreciation		-	1,432	6,635	4,288	298	1,323	415	14,391
Disposal		-	-	(678)	-	-	(95)	-	(773)
Balance at December 31, 2017	$	1,160	32,377	78,527	35,064	3,473	51,848	1,468	203,917
Carrying value:									
December 31, 2018	$	397,378	29,710	6,992	117,199	4,833	3,774	301	560,187
January 1, 2017	$	397,378	32,574	19,876	125,524	370	4,750	1,023	581,495
December 31, 2017	$	397,378	31,142	13,489	121,336	1,137	4,839	608	569,929

(m) Intangible assets

The cost and amortization of the intangible assets of the Company were as follows:

		Computer software
Costs:		
Balance at January 1, 2018	$	1,809
Additions		-
Amortization		(468)
Balance at December 31, 2018	$	1,341
Balance at January 1, 2017	$	1,778
Additions		718
Amortization		(687)
Balance at December 31, 2017	$	1,809

For the years ended December 31, 2018 and 2017, the amortization expenses amounted to $468 and $687, respectively, were reported as operating expenses and operating costs in the consolidated statements of comprehensive income.

(n) Other current assets and non-current assets

(i) Details of other current assets of the Company are as follows:

		December 31, 2018	December 31, 2017
Other financial assets	$	1,392,071	1,314,736
Construction refundable deposits		1,493	3,156
Construction bid bond		7,500	2,500
Dividend receivable		584,938	92,275
Liquidation receivable of subsidiary		-	86,000
Other		17,550	17,201
	$	2,003,552	1,515,868

The other financial assets are time deposit certificates with maturity of three to twelve months. For the years ended December 31, 2018 and 2017, the balances were $1,390,371 thousand and $980,676 thousand respectively. And the restricted deposits were $1,700 and $334,060 respectively.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

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(ii) Details of other non-current assets of the Company are as follows:

		December 31, 2018	December 31, 2017
Refundable deposits	$	3,969	4,712
Other		2,582	3,371
	$	6,551	8,083

Other financial assets are mainly deposit certificates with a maturity of more than 12 months.

(o) Provisions

		Warranty
Balance at January 1, 2018	$	3,205
Increase in provisions		12,173
Provisions used during the year		(2,024)
Balance at December 31, 2018	$	13,354
Balance at January 1, 2017	$	7,936
Increase in provisions		5,313
Provisions used during the year		(10,044)
Balance at December 31, 2017	$	3,205

The Company shall provide one-thousandth of the total contract amount for the completed project within one year of the period-end settlement for the project warranty preparation. When the actual occurrence occurs, the preparation is reversed. And if there is a deficiency, it is listed as the annual payment.

(p) Operating leases

Lessee

Non-cancellable rental payables of operating leases were as follows:

		December 31, 2018	December 31, 2017
Less than 1 year	$	4,197	5,092
1 to 5 years		18,237	280
	$	22,434	5,372

The Company leases offices and warehouse under operating leases. The leases typically run for a period of 1 to 3 years, with an option to renew the lease.

For the years ended December 31, 2018 and 2017, lease expenses were $5,030 and $8,239, respectively.

(q) Employee benefits

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(i) Defined benefit plans

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The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2018	December 31, 2017
The present value of the defined benefit obligations	$ (431,883)	(414,292)
Fair value of plan assets	97,468	105,022
The net defined benefit liability	$ (334,415)	(309,270)

The details of the employee benefit liabilities of the Company are as follows:

	December 31, 2018	December 31, 2017
Short-term compensated absence liabilities (Accounts payable and other current liabilities)	$ 2,346	17,930

The Company established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. Minimum annual distributions of the funds by the Bureau shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $97,467 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit plan obligation

The movements in present value of the Company's defined benefit plan obligation for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Defined benefit obligation at 1 January	$ 414,292	379,233
Current service costs and interest	8,116	8,406
Remeasurements of the net defined benefit liability (asset)		
－Return on plan assets (excluding amounts included in net interest expense)	24,592	29,008
Benefits paid by the plan	(15,117)	(2,355)

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Defined benefit obligation at 31 December	$	431,883	414,292

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3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Fair value of plan assets, January 1	$	105,022	101,910
Interest revenue		1,423	1,591
Remeasurements of the net defined benefit liability (asset)			
－Return on plan assets (excluding amounts included in net interest expense)		2,761	(585)
Contributions made		3,379	3,643
Benefits paid by the plan		(15,117)	(1,537)
Fair value of plan assets, December 31	$	97,468	105,022

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Current service cost	$	2,504	2,488
Net interest on the defined benefit liability (asset)		4,189	4,327
	$	**6,693**	**6,815**

5) Remeasurement in the net defined benefit liability recognized in other comprehensive income

the Company's remeasurement in the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Cumulative amount, January 1	$	130,394	100,801
Recognized during the period		21,830	29,593
Cumulative amount, December 31	**$**	**152,224**	**130,394**

6) Actuarial assumptions

The following are the Company's principal actuarial assumptions at the reporting dates:

	2018	2017
Discount rate	0.97%	1.35%
Future salary increases rate	2.00%	2.50%

The Company expects to make contributions of $5,547 to the defined benefit plans in the

(Continued)

next year starting from the reporting date of 2018.

The weighted average duration of the defined benefit obligation is 12.00 years.

7) Sensitivity analysis

As of December 31, 2018 and 2017, the present value of defined benefit obligation impact was as follow:

	The impact of defined benefit obligation	
	Increase	**Decrease**
December 31, 2018		
Discount rate (0.50%)	$ (20,068)	21,528
Future salary increase rate (0.25%)	10,304	(10,002)
December 31, 2017		
Discount rate (0.50%)	(19,624)	21,073
Future salary increase rate (0.50%)	10,073	(9,772)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

The method and assumptions used on current sensitivity analysis are the same as those of the prior year.

(ii) Defined contribution plans

The Company has made monthly contributions equal to 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company’s pension costs under the defined contribution plan were $27,665 and $31,114 for the years ended December 31, 2018 and 2017, respectively. Payments were made to the Bureau of Labor Insurance.

(iii) The Company reported expense for the years ended December 31, 2018 and 2017 were as follows:

	2018	**2017**
Operating expense	$ 16,357	22,257
Selling expense	-	333
Administration expense	17,296	13,797
Research & Development expense	705	1,542

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	$	34,358	37,929

(r) Income tax

According to the amendments to the "Income Tax Act” enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing 2018.

(i) Income tax expenses

The amounts of income taxes of the Company were as follows:

		2018	2017
Current tax expense			
Current period	$	474,923	181,340
Adjustments of prior year's income tax		4,788	3,814
		479,711	185,154
Deferred income tax expense			
Origination and reversal of temporary differences		49,207	44,846
Adjustment of tax rates		4,573	-
Income taxes relating to continuing operations	$	533,491	230,000

Income taxes expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Items that could not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plan	$	9,567	5,031
Items that will subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign financial statements		6,397	3,098
	$	15,964	8,129

Reconciliations of the Company’s income tax expense and the profit before tax for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Income before tax	$	2,681,057	1,444,548
Income tax calculated on pretax accounting income at statutory rate	$	536,211	245,573
Temporary differences		(49,207)	(44,846)
Tax- exempt income		(13,337)	(16,328)
Deferred tax		49,207	44,846

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Adjustment of tax rates	4,573	-
Permanent difference	1,256	(3,069)

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Income tax adjustments on prior years	4,788	3,814
Others	-	10
Total	$ 533,491	230,000

(ii) Recognized deferred tax assets and liabilities

i. Unrecognized deferred income tax assets

The Deferred income tax assets that have not been recognized by the Company are as follows:

	December 31, 2018	December 31, 2017
The court adjudged to pay the payment and interest	$ 29,620	25,090
Impairment loss	(4,428)	-
	$ 25,192	25,090

ii. Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2018 and 2017 were as follows:

Deferred tax liabilities:

	Unrealized exchange interest	Investing in foreign interests	cumulative translation adjustment	Total
Balance at January 1, 2018	$ -	89,295	23	89,318
Recognized in profit or loss	-	36,058	-	36,058
Recognized in other comprehensive income	-	-	(6,393)	(6,393)
Balance at December 31, 2018	$ -	125,353	(6,370)	118,983
Balance at January 1, 2017	$ -	23,529	3,121	26,650
Recognized in profit or loss	-	65,766	-	65,766
Recognized in other comprehensive income	-	-	(3,098)	(3,098)
Balance at December 31, 2017	$ -	89,295	23	89,318

Deferred tax assets:

	Defined benefit plans	Unrealized warranty	Bad debt loss limit	Inventory price loss	Other	Total
Balance at January 1, 2018	$ 29,470	2,648	10,925	9,269	40,540	92,852
Recognized in profit or loss	-	2,497	(6,513)	585	(14,292)	(17,723)
Recognized in other comprehensive income	9,567	-	-	-	-	9,567

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UNITED INTEGRATED SERVICES CO., LTD.

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Balance at December 31, 2018	$ 39,037	5,145	4,412	9,854	26,248	84,696
Balance at January 1, 2017	$ 24,439	3,452	8,488	9,976	20,545	66,900
Recognized in profit or loss	-	(804)	2,437	(707)	19,995	20,921
Recognized in other comprehensive income	5,031	-	-	-	-	5,031
Balance at December 31, 2017	$ 29,470	2,648	10,925	9,269	40,540	92,852

(iii) Examination and approval

The ROC income tax authorities have examined the income tax returns of the Company all year through 2016.

(s) Capital and other equity

(i) Capital stock

As of December 31, 2018 and 2017, the Company’s government registered total authorized capital and issued capital stock both amounted to $3,000,000 with $10 par value per share.

On October 3, 2018, the company was approved by FSC to reduce cash capital by returning share prices (or the capital stock), the capital decreased 476,467 thousand dollars in total. The net capital was $1,905,867 and $2,382,334 thousand dollars on December 31, 2018 and 2017, respectively.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2018	December 31, 2017
Consolidation premium	$ 6,938	6,938
Share premium	49,987	288,220
Conversion premium of corporate bonds	215,672	215,672
Treasury share transactions	77,158	77,158
Other	24,401	23,999
	$ 374,156	**611,987**

In accordance with the ROC Company Act , realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

In accordance with the Company's articles of incorporation, in the event that the annual audit renders earnings, the Company shall pay taxes according to law and cover cumulative losses before setting aside 10% to be the legal reserve; if the legal reserve has reached the Company's paid-in capital size, however, it is allowed not to set aside further earnings. From the remainder the special reserve shall be set aside or reversed as required by law and any further remainder

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after that shall be brought forth in the shareholder's meeting based on the Earnings Distribution Proposal prepared by the Board of Directors along with accumulated retained earnings for a decision on assignment of dividend bonus to shareholders.

The Company's current industrial development is in the growth stage, capital requirements for increased operating income over the next few years, so adopt the residual dividend policy.The cash dividend in the surplus distribution should be at least 25 percent of the total dividend. Distribution of surplus in the preceding paragraph, which are initially proposed by the Board of Directors to the operational and capital expenditure needs,and drafted a case to submitted to the Shareholders' meeting to resolve.

1) Legal reserve

In accordance with the Company Act as amended in January 2012, that companies must retain 10% of their annual net earnings, as defined in the Act, until such retention equals the amount of issued share capital. When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed.

2) Special earnings reserve

As the Company adopted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments of $42,036, which were previously recognized in shareholders' equity were reclassified to retained earnings. In accordance with Regulatory Permit No.1010012865 as issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of special reserve amounted to $42,036 as of December 31, 2018.

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special earnings reserve resulting from the first time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of retained earnings

Among the distributable earnings for the year ended December 31, 2016 and 2017, the company distributed cash dividends of $5.00 and $6.00 per share for the years ended December 31, 2018 and 2017, respectively. The board of shareholders also distributed cash of $1 per share by additional paid-in capital. Other relevant information can be

(Continued)

found on Market Observation Post System.

(iv) Treasury stock

1) In accordance with the the Securities Exchange Law,the number of shares bought back under the preceding paragraphs may not exceed ten percent of the total number of issued and outstanding shares of the company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital reserve.

2) The shares bought back by the Company in accordance with the Securities Exchange shall not be pledged. Before transfer, the shareholder's rights shall not be enjoyed.

3) The shares of the Company sold by the Company's subsidiaries in 2018 and 2017 were 0 thousand shares and 32 thousand shares, respectively. As of the December 31, 2018 and 2017, the Company's subsidiaries hold shares of the Company of 0 thousand shares and 0 thousand shares ,respectively.

4) According to the rules of the Company's articles, since January 1, 2002, the Company's shares which subsidiaries hold are view as treasury shares. However, at the end of the period, the subsidiary holds the difference between the market price of the Company's stock and the book value, the Company should calculate its financial assets evaluation loss according to the shareholding ratio, and propose the special surplus reserve without the same amount. If there is a rebound in the post-evaluation, the Company will have to revolve the special surplus reserve based on the shareholding ratio. The above mentioned provision or reversal of special surplus reserve shall be treated in conjunction with the reduction of shareholders' equity of other non-custodial shares.

(v) Other equities (net for tax)

		Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Available-for-sale financial assets	Total
Balance as of January 1, 2018	$	(37,898)	-	(74,990)	(112,888)
Effects of retrospective application		-	1,583,250	74,990	1,658,240
Balance at January 1, 2018 after adjustments		(37,898)	1,583,250	-	1,545,352
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method		(25,590)	-	-	(25,590)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	(954,501)	-	(954,501)
Balance as of December 31, 2018	$	(63,488)	628,749	-	565,261
Balance as of January 1, 2017	$	(23,896)	-	(109,770)	(133,666)
Exchange differences on translation financial statements of associates accounted for using equity method		(14,002)	-	-	(14,002)
Unrealized gains (losses) from available-for-sale financial assets		-	-	34,780	34,780
Balance as of December 31, 2017	$	(37,898)	-	(74,990)	(112,888)

(t) Earnings per share

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The calculation of the Company’s basic earnings per share and diluted earnings per share for the years ended December 31, 2018 and 2017, was as follows:

(i) Basic earnings per share

		2018	2017
Net income attributable to common shareholders of the Company	$	2,147,566	1,214,548
Weighted-average number of common shares		228,051	238,233
Basic earnings per share (in NT dollars)	$	9.42	5.10

ii) Diluted earnings per share

		2018	2017
Net income attributable to common shareholders of the Company (diluted)	$	2,147,566	1,214,548
Weighted-average number of common shares (basic)		228,051	238,233
Impact of potential common shares:			
Effect of employees' bonuses		3,544	4,765
Weighted-average number of shares outstanding (diluted)		231,595	242,998
Diluted earnings per share (in NT dollars)	$	9.27	5.00

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

		2018
Major products/services line:：		
Construction in Progress	$	9,352,741
Service and Design		136,609
Sales		84,367
	$	9,573,717
Type of contract：		
Fixed price contract	$	9,489,350
Material-based contract		84,367
	$	9,573,717

For details on revenue for 2017, please refer to note 6(e) and (w).

(ii) Contract balances

		December 31, 2018	January 1, 2018
Accounts receivable	$	2,840,679	723,577

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Less: allowance for impairment	51,007	71,700

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Total	$	2,789,672	651,877
Contract assets-Construction in Progress	$	1,002,722	681,476
Contract liabilities-Construction in Progress	$	5,894,776	4,501,567

For details on notes receivable, accounts receivable, and loss allowance for impairment, please refer to note 6(d).

Please refer to Note 6(e) for the Construction in Progress contract in December 31, 2017.

The beginning balance of the contractual liabilities for the year ended December 31, 2018 was recognized as income in the amount of $4,460.

Changes in contractual assets and contractual liabilities are mainly due to differences between the time when the Company transfers goods or services to customers and fulfills the performance obligation and the time of payment by the customer. Other significant changes are as follows:

	For the three months ended December 31, 2018		
		Contract assets	**Contract liabilities**
Degree of completion measurement	$	-	-
Adjustments resulting from contract modifications		621,639	2,497,351

(v) Revenue

The Company’s revenue for the year ended December 31, 2017 were as follows :

		2017
Construction revenue	$	6,992,538
Service revenue		155,482
Design revenue		109,624
	$	7,257,644

(w) Remuneration to employees and directors

In accordance with the Articles of Incorporation, 6% to 10% of employee compensation and no more than 2% of directors and supervisors compensation should be distributed if there is profit for the period. However, if the company has accumulated losses, the earnings shall first be offset against any deficit. Employees entitled receive share or cash, include the employees of the subsidiaries meeting certain requirements.

The Company estimated its remuneration to employees amounting to $300,000 thousand and $163,000 thousand, as well as it directors' $27,000 thousand and $24,000 thousand for the years ended December 31, 2018 and 2017, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. Related information would be available at the Market Observation Post System website. The aforementioned remuneration to employees and directors are consistent to the estimated amounts disclosed in the Company's consolidated financial statements.

(x) Non-operating income and expenses

(i) Other income

The Company’s other income for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Rental income	$	4,673	4,422
Dividend income		356,400	257,432
Gain on reversal of bad debts		-	15,024
Other income－other			
Revenue from sale of scraps		10,358	11,676
Others		1,906	8,669
Other income－other		12,264	20,345
Other gains	$	373,337	297,223

ii) Other gains and losses

The Company’s other gains and losses for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Loss on disposal of property, plant and equipment	$	(3,415)	(5)
Gain (loss) on disposal of investments		3,514	5,185
Gain (loss) on disposal of foreign currency exchange		124,785	(336,168)
Loss on financial assets at fair value through profit or loss		(15,206)	24,489
Gain (loss) on reversal of impairment loss of financial assets		-	(3,300)
Other gains and losses		(18,587)	(10,695)
Other gains and losses, net	$	91,091	(320,494)

iii) Finance costs

The Company’s finance costs for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Others	$	6,298	6,281

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

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The carrying amounts of financial assets and contract assets are the maximum exposure to credit risk. As of December 31, 2018 and 2017, the amounts of the maximum exposure to credit risk are $8,661,633 and $6,674,471, respectively.

The Company assesses the financial condition of its customers continuously to reduce the credit risk of accounts receivable and requires its customers to provide guarantees and collateral if it is necessary. The Company regularly evaluates the likelihood of recovery of accounts receivable and recognizes the allowance for bad debts. Therefore, the expected credit losses are in the expectation of the Company.

2) Concentration of credit risk

When the transaction of financial instruments is concentrated in a single industry or region, the ability to oblige the contract would be impacted by similar factors, thereby causing concentration of credit risk. As of December 31, 2018 and 2017, notes receivable and accounts receivables concentrated on few counter-parties are as follows:

	December 31, 2018			
Name of client		**Carrying amount**	**the maximum exposure to credit risk**	**%**
Taiwan Semiconductor Manufacturing Co., Ltd.	$	712,645	712,645	25.52
		1,417,420	1,417,420	50.75
Micron Technology Taiwan Co., Ltd.		538,738	538,738	19.29
Total	$	2,668,803	2,668,803	95.56

	December 31, 2017			
Name of client		**Carrying amount**	**the maximum exposure to credit risk**	**%**
Taiwan Semiconductor Manufacturing Co., Ltd.	$	278,405	278,405	42.50
Winbond Electronics Corp.		115,027	115,027	17.56
HennsTouch Solution In Corporated		98,493	98,493	15.04
Total	$	491,925	491,925	75.10

(ii) Liquidity risk

The contractual maturities of financial liabilities are as follows:

		Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2018								
Non-derivative financial liabilities								
Notes payable	$	280,491	241,531	241,531	-	-	-	-
Accounts payable		2,722,370	2,722,370	1,745,857	28,838	179,361	654,152	114,162
Expense payable		15,221	15,221	15,221	-	-	-	-

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Guarantee deposits received	2,004	2,004	-	-	-	2,004	-

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	$ 3,020,086	2,981,126	2,002,609	28,838	179,361	656,156	114,162
December 31, 2017							
Non-derivative financial liabilities							
Notes payable	$ 46,135	46,135	46,135	-	-	-	-
Accounts payable	1,261,271	1,261,271	343,977	118,767	65,733	694,787	38,007
Expense payable	15,329	15,329	15,329	-	-	-	-
Guarantee deposits received	1,712	1,712	-	521	-	1,191	-
	$ 1,324,447	1,324,447	405,441	119,288	65,733	695,978	38,007

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Risk exposure

The Company's financial assets and financial liabilities exposed to significant currency risk were as follows:

	December 31, 2018			December 31, 2017		
	Foreign currency	**Exchange rate (dollars)**	**TWD**	**Foreign currency**	**Exchange rate (dollars)**	**TWD**
Financial assets						
Monetary assets						
USD	$ 108,129	30.72	3,321,723	145,066	29.76	4,317,164
CNY	230,365	4.47	1,029,732	194,512	4.57	888,920
SGD	153	22.49	3,438	485	22.26	10,796
Finance liabilities						
Monetary assets						
USD	9,078	30.72	278,876	5,711	29.76	169,959
EUR	257	35.16	9,036	194	35.57	6,901
JPY	416	0.2800	117	416	0.2600	108
CNY	-	4.47	-	385	4.57	1,759
SGD	662	22.49	14,888	29	22.26	646

2) Sensitivity analysis

The Company's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. If the NTD against the USD, EUR, CNY and JPY had appreciated (depreciated) by 1%, the Company's net income before tax would have increased (decreased) by $32,416 and $41,811, for the years ended December 31, 2018 and 2017, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2018 and 2017, foreign exchange gain (loss) (including realized and unrealized abortions) amounted to $124,785 thousand and $336,168 thousand,

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respectively.

(iv) Interest rate risk analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

If the interest rate had increased or decreased by 0.25%, the Company’s net income after tax would have increased or decreased by $7,249 thousand and $7,451 thousand for the years ended December 31, 2018 and 2017, respectively, with all other variable factors remaining constant.

Since there were no loan for the year ended 2018 and 2017, the changes of interest do not have significant impact on the Company.

(v) Fair value information

1) Categories and fair value of financial instruments

To provide disclosure information, the Company classifies the measurement of fair value based on fair value hierarchy which reflects the significance of the inputs during the measurement. The Company categorizes fair value into the following levels:

a) Level 1

Level 1 inputs are quoted prices in active markets for identical financial instruments. An active market is a market in which all the following conditions exist:

i) The items traded within the market are homogeneous.

ii) Willing buyers and sellers can normally be found at any time.

iii) Prices are available to the public.

b) Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e. derived from prices).

c) Level 3

Level 3 inputs are valuation parameters which are not based on the information available in the market or the quoted price from the counter party. For example, historical volatility used in option pricing models is an unobservable input since it cannot represents the expected value of future volatility of the entire market participants.

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Company’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2018				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designation as financial assets at fair value through profit or loss	$ 157,454	34,631	114,944	7,879	157,454
Financial assets at fair value through other comprehensive income					
Unquoted equity instrument measured at fair value	1,636,961	-	-	1,636,961	1,636,961
Total	$ 1,794,415	34,631	114,944	1,644,840	1,794,415

	December 31, 2017				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-Derivative financial assets held for trading	$ 42,323	42,323	-	-	42,323
Available-for-sale financial assets					
Unquoted equity instrument measured at fair value	100,350	-	100,350	-	100,350
Total	$ 142,673	42,323	100,350	-	142,673

2) Transfer between Level 1 and Level 2

There were no transfer between Level 1 and Level 2 for the year ended December 31, 2018 and 2017.

3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income

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	Designation as at fair value through profit or loss	Unquoted equity instruments	Total
January 1, 2018	$ 9,595	2,591,462	2,601,057
Recognized as profit or loss	(1,716)	-	(1,716)
Recognized as other comprehensive income	-	(954,501)	(954,501)
Ending balance (Beginning balance)	$ 7,879	1,636,961	1,644,840
December 31, 2017	$ -	-	-

Total gains or losses mentioned above were recognized in other gains and losses or unrealized gains and losses from financial assets fair value through other comprehensive income.

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Financial assets designated as financial assets measured at fair value through profit or losses, equity investments and financial assets measured at fair value through other comprehensive income are categorized into Level 3.

The equity investments which are lack of active market and categorized into Level 3 have numerous significant unobservable inputs. The significant unobservable inputs of equity investments without active market are independent between each other. Hence, there is no correlation between each significant unobservable inputs.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through profit or loss－equity investments without an active market	Comparable Company	• Price Book Ratio (January 1, 2018 was 1.28 ,and December 31, 2018 was 1.22) • Lack of market liquidity discount (January 1, 2018 and December 31, 2018 are 17.50%)	• The higher the multiplier growth rate, the higher the fair value • Lack of market liquidity. The higher the discount, the lower the fair value

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Financial asset at fair value through profit or loss－equity investments without an active market	Net asset value method	• Lack of market liquidity discount (both of January 1, 2018 and December 31, 2018 were 17.5%) • controlling discount (both of January 1, 2018 and December 31, 2018 are 22.48%)	• Lack of market liquidity. • The higher the discount, the lower the fair value • The higher the controlling discount, the lower the fair value
Financial assets at fair value through other comprehensive income－equity investments without an active market	Comparable Company	• Price Book Ratio (January 1, 2018 was 1.72 and December 31, 2018 was 0.97) • Lack of market liquidity discount (January 1, 2018 was 17.50% and December 31, 2018 was 23.90%%)	• The higher the multiplier growth rate, the higher the fair value • Lack of market liquidity. The higher the discount, the lower the fair value

5) Sensitivity and reasonableness of Level 3 fair value

While under different models or using different parameters may lead to different results, fair value measurement for financial instruments is reasonable.
The following tables shows the valuation impacts changes in input parameters on Level 3 financial instruments:

			Fair Value through Profit and Loss		Fair value through other comprehensive income	
	Input	Assumptions	Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2018						
Financial asset at fair value through profit or loss						
Equity investments without an active market	Liquidity discount	10%	144	(144)	-	-
Equity investments without an active market	Controlling discount	10%	82	(82)	-	-
Equity investments without an active market	Price Book Ratio	10%	505	(505)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Liquidity discount	10%	-	-	215,107	(215,107)
Equity investments without an active market	Price Book Ratio	10%	-	-	163,696	(163,696)

6) Estimated fair value of financial instruments not carried at fair value

a) Fair value information

The Company’s financial instruments that are not measured at fair value include

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cash and cash equivalents, note receivables, account receivables, other receivables, refundable deposits, note payables, account payables, other payables, guarantee deposits and part of other financial assets. Because their book value is reasonably approximated to fair value, the Company does not disclose their fair value.

b) Valuation techniques

The methods and assumptions that the Company used in estimating the financial instruments not measured at fair value are as follows:

Since the maturity date is close and the future receipt and reimbursement price is similar to the book value, the fair value of cash and cash equivalents, receivables, other receivables, payables and other payables are measured at book value at the reporting date.

(z) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks.

(ii) Risk management framework

The Company's financial risk management policies are established to manage the exchange rate risks, interest rate risks, credit risks and liquidity risks related to operating activities. To reduce the related financial risk, the Company dedicated to identify, analyze and avoid the uncertainty of the market, hoping to reduce the potential unfavorable impact on the Company's financial performance caused by the changes of the market. The important financial activities of the Company were reviewed by the board of directors and internal control systems. The Company complies strictly with the financial procedure related to the overall financial risk management and the distinction between responsibility and accountability.

(iii) Credit risk

1)Notes receivable and accounts receivable

Credit risk is the risk that a Company company will incur financial losses due to the inability of customers or counterparties of financial instruments to perform its contractual obligations. The Company is required to conduct management and credit risk analysis for each of its new customers before the terms and conditions of the contract and delivery are set in accordance with the internal credit policy. The internal risk control system assesses the credit quality of customers by considering their financial status, past experiences and other factors. The main credit risk derives from cash and cash equivalents, derivative financial instruments, deposits in banks and in financial institutions. Furthermore, credit risk may derives from customers, including unreceived receivables and committed transaction.

2) Guarantees

According to the Company's policy, the Company can only provide financial guarantees to its subsidiary. As of December 31, 2018 and 2017, the Company provided endorsement guarantee amounted to $0 and $1,187,075, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company cannot pay cash or deliver other financial assets to settle financial liabilities or meet its obligations.

The Company manages and maintains sufficient cash and cash equivalents to support the Company's operations and mitigate the effects of fluctuations on cash flows. The management supervises the utilization of bank financing quotas and ensures the compliance of loan terms.

As of December 31, 2018 and 2017, the unutilized short-term line of financing of the Company were $2,205,627 and $2,177,799, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, and optimize investment returns.

1) Currency risk

The Company is a multinational institution and therefore exposes to currency risk deriving from many different currencies, mainly from USD and RMB. The relevant currency risk stems from future commercial transactions, recognized assets and liabilities, and net investments in foreign operating agencies.

2) Interest rate risk

The short-term loans of the Company are debts with floating interest rates. Therefore, changes in market interest rates will lead to changes in the interest rate of short-term loans, resulting in fluctuations of future cash flows.

3) Other market price risk

The Company invests listed equity securities and therefore exposes to equity price risk. This equity investment is not held for trading but for strategic purposes. Hence, the Company does not trade these investments frequently. The Company management controls the related risks by holding different risk portfolios.

(aa) Capital management

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The Company manages its capital to ensure that the Company will be able to operate under the premises of going concerns and growth while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company's strategy for managing the capital structure is to lay out the plan of product development and expand the market share considering the growth and the magnitude of industry and further developing an integral plan founded on the required capacity, capital outlay, and magnitude of assets in long-term development. Ultimately, considering the risk factors such as the fluctuation of the industry cycle and the life cycle of products, the Company determines the optimal capital structure by estimating the profitability of products, operating profit ratio, and cash flow based on the competitiveness of products. The management of the Company periodically examines the capital structure and contemplates on the potential costs and risks involved while exerting different financial tools. In general, the Company implements prudent strategy of risk management.

	December 31, 2018	December 31, 2017
Total liabilities	$ 10,493,764	6,782,481
Less: cash and cash equivalents	5,802,022	5,963,676
Net debt	$ 4,691,742	818,805
Total equity	$ 7,254,336	6,401,925
Debt-to-capital ratio	64.68%	12.79%

(ab) Cash flows information of buying property, plant and equipment

The supplementary information of property, plant and equipment bought by the Company are as follows:

	2018	2017
Increase in property, plant and equipment	$ 4,678	2,836
Cash payments	$ 4,678	2,836

(7) Related-party transactions

(a)

(b) Names and relationship with related parties

The related parties which have transactions with the Company during the coverage period of the consolidated financial report are as follows:

Name of related party	Relationship with the Company
United Integrated Services BVI	Subsidiary of the Company
Jiangxi United Integrated Services Ltd.	Subsidiary of the Company
Singapore United Integrated Services Ltd.	Subsidiary of the Company
Su Yuan (Shanghai) Trading Ltd.	Subsidiary of the Company
Suzhou Han Tai System Integrated Ltd.	Subsidiary of the Company
Beijing Han He Tang Medical Instrument	Subsidiary of the Company method

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Wholetech System Hitech Limited	Investee evaluated under equity method
Ablerex Electronics Co., Ltd.	Investee evaluated under equity method
JG Environmental Technology Co., Ltd	Investee evaluated under equity method
UniMEMS Manufacturing Co., Ltd.	Related party
AIRREX Co., Ltd.	Related party
FU-KUO ENGINEERING CO., Ltd.	Related party
Huayuan Engineering Co., Ltd.	Related party
Dentsu Engineering Co., Ltd.	Related party
Hao Hao Motor Technician Office	Related party
Sheng Yang Integration Co., Ltd.	Related party
All directors, supervisors, general managers and deputy general managers	The main management of the Company

(c) Significant transactions with related parties

(i) Construction revenue

The construction revenue from related parties were as follows:

		2018	2017
Affiliates	$	75,375	355,401
Associates		-	13,609
Other related parties		29	-
	$	**75,404**	**369,010**

There is no significant difference between the collection terms of the Company and of the same businesses.

(ii) Construction cost

The amounts of purchase from related parties were as follows:

	2018	2017
Affiliates	-	506
Associates	20,157	136,165
Other related parties	173,087	26,159
	193,244	**162,830**

There is no significant difference between the terms of payment of the Company and of the same businesses.

(iii) Receivable to related parties

The detail of the Company’s receivable to related parties were as follows:

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Account	Type of related parties	December 31, 2018	December 31, 2017
Accounts receivable	Affiliates	$ 66,904	16,254

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Dividends receivable	Affiliates		584,938	92,275
Long-term receivables-related party (Principal)	Affiliates		150,688	163,687
Long-term receivables-related party (Interest)	Affiliates		67,994	64,493
		$	870,524	336,709

(iv) Payable to related parties

The details of the Company's payable to related parties were as follows:

Account	Type of related parties		December 31, 2018	December 31, 2017
Accounts payable	Affiliates	$	27,366	26,751
	Associates		19,224	21,877
	Other related parties		65,607	28,522
Notes payable	Associates		38,960	-
Other payable	Other related parties		125,964	147,587
		$	277,121	224,737

Other payables above includes contract fee disbursements, salaries and interests, etc. Please refer note 12 (c) for further information.

(v) Endorsement

The summary of the company being the association guarantor of the related parties is as follows:

		December 31, 2018	December 31, 2017
Affiliates	$	-	1,187,075

(vi) Leases

Name of related party	Leases	term of the lease		Rent revenue 2018	Rent revenue 2017
Associate	1F., No.1、3, Ln. 7, Baogao Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	2017.06.01~ 2019.05.31	$	4,290	4,290
	Parking Space Rental	2017.06.01~ 2019.05.31		72	108

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Other related paties	No.18, Aly. 2, Ln. 261, Xinghua Rd., Shanhua Dist., Tainan City 741, Taiwan (R.O.C.)	2017.08.01~ 2019.04.30	194	-
			$ 4,556	4,398

(vii) Finance costs

	2018	2017
Other related parties－Dentsu Engineering	$ 6,298	6,281

(viii) Property transaction

Due to the capital increase of affiliated companies, the Company has payment of 461 shares amounting to $10,382 on December 31, 2018.

(ix) The Company recognizes unrecoverable loss of $13,726 in September, 2018, due to the suspension of business of other related parties.

(d) Key management personnel transactions

The salaries and bonus for the key management personnel are as follows:

	2018	2017
Short-term employee benefits	$ 183,622	125,628
Post-employment benefits	2,183	2,041
	$ 185,805	127,669

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2018	December 31, 2017
Restricted assets (other current assets)	Required of engineering performance bond	$ 1,700	334,060
Restricted assets (other non-current assets)	Required of engineering performance bond	619	56
		$ 2,319	334,116

(9) Commitments and contingencies

(a) As of December 31, 2018 and 2017, the Company's commitments and contingencies were as follows:

(i) As of December 31, 2018 and 2017, guaranteed notes received from construction contractors for performance guarantees or maintenance guarantees amounted to $8,895,380 and

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$8,220,800, respectively.

(ii) As of December 31, 2018 and 2017, guaranteed notes issued to construction contractors for performance guarantees or maintenance guarantees amounted to $160,776 and $148,337, respectively.

(iii) As of December 31, 2018 and 2017, guaranteed notes issued for bank loans and letters of credits amounted to $400,000 and $400,000, respectively.

(iv) As of December 31, 2018 and 2017, guaranteed letters offered by banks for contract performance guarantees amounted to $8,794 and $338,279, respectively.

(v) As of December 31, 2018 and 2017, the total contract price of contracted construction projects amounted to $56,142,981 and $45,162,940, respectively, and the contract payments received by the Company amounted to $38,135,241 and $39,452,153, respectively.

(vi) As of December 31, 2018 and 2017,the total subcontract price of subcontracted construction projects amounted to $3,330,180 and $812,745, respectively, and the contract payment paid by the Company amounted to $2,326,278 and $519,882, respectively.

(vii) As of December 31, 2018 and 2017,the outstanding letters of credits issued by the Company for purchasing equipment amounted to $212,332 and $0, respectively.

(b) Significant liability

Among the construction contracts entered by the Company, 225 of them have not been completed. As of December 31, 2018, the following table presents the main contracts (including contracts with total prices over 100 million) of the Company:

Proprietor	Date of project	Description	Warranty service period	Restrictions	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2010/05/03~ 2011/12/31	TSMC F14 N65 BK CODE 103 new machines engineering	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2011/11/28~ 2012/07/01	TSMC F12 P6 C/R PACKAGE STAGE-1	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2012/05/14~ 2013/07/31	TSMC F6 BUMPPING engineering	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2012/05/25~ 2013/10/31	F12 P6 CCD EXPANSION-EDC2 F12 P4 SITE	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2012/10/01~ 2013/10/31	TSMC F14 P5 MEP PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	1

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TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2013/01/25~ 2014/12/31	TSMC F4 HOOK UP 工程 EXHAUST, CAP, FILTER	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2013/11/20~ 2014/12/31	TSMC F14 P6 POWER HOOK UP FACTORY ADDITIONAL ENGINEERING	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2014/01/20~ 2014/12/31	TSMC F14 OFFIC TESTING C/R AND UTILITY PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	2
UNITED INTEGRATED SERVICES CO., Ltd.(Singapore)	2014/06/23~ 2014/12/31	SINGAPORE AU L4B POWER MTM PROJECT	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2014/10/01~ 2015/12/31	TSMC F12 P7 MEP PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	2
ADVANCED SEMICONDUCTOR ENGINEERING, INC. ASE	2015/02/11~ 2015/12/31	New construction of K22 plane construction factory in ASE by Kaohsiung Plant	One year	Delay penalty：one thousandth of total contract price per day	2
MICRON MEMORY TAIWAN CO., Ltd.	2015/08/03~ 2016/03/01	Micron’s new construction of 25%+50%	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2015/09/25~ 2016/07/31	TSMC BP03 MEP+CR PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2015/09/20~ 2016/07/31	TSMC F15 P5 MEP PACKAGE (STAGE 1)	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2015/09/20~ 2016/07/31	TSMC F15 P5 MEP PCW PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2015/11/01~ 2016/12/31	TSMC F15 P5 CLEAN ROOM PACAKGE	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/02/20~ 2016/12/31	TSMC F15 P6 CR PACKAGE (STAGE 1)	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/03/01~ 2017/03/01	TSMC F15 P6 MEP PACKAGE STAGE 1 (EQUIPMENT/LABOR/MATERIAL)	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/03/01~ 2017/12/31	TSMC F15 P5 MEP PACKAGE (STAGE 1) (UPS)	One year	Delay penalty：one thousandth of total contract price per day	2

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TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/10/01~ 2018/12/31	TSMC F15 P6 CR SCAD TEM addition engineering	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/11/01~ 2017/12/31	TSMC by Nanjing CHINA CLEANROOM PACKAGE EQ (STAGE 1)	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2017/03/01~ 2018/06/30	TSMC F 12 P4 EUV MEP+CR engineering	One year	Delay penalty：one thousandth of total contract price per day	2
UNITED INTEGRATED SERVICES CO., Ltd.(Singapore)	2017/10/31~ 2018/12/31	SSMC Expansion project	One year	Delay penalty：one thousandth of total contract price per day	1
MICRON MEMORY TAIWAN CO., Ltd.	2017/11/13~ 2018/06/30	new construction of F500 Micron-TCP plant	One year	Delay penalty：one thousandth of total contract price per day	1
Systems on silicon manufacturing company Pte. Ltd.	2018/02/12~ 2018/06/30	new construction of SSMC factory - equipment procurement	One year	Delay penalty：one thousandth of total contract price per day	1
MICRON MEMORY TAIWAN CO., Ltd.	2018/02/14~ 2019/03/01	new construction of Micron F11 CUB 1B	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/04/13~ 2018/12/31	TSMC F15P7 C/R PROJECT A	One year	Delay penalty：one thousandth of total contract price per day	1
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/04/30~ 2019/02/28	TSMC F18 P1 MEP-A PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/04/30~ 2019/02/28	TSMC F18 P1 MEP-B PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/04/30~2019/02/28	TSMC F18 P1 FIRE PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/05/03~ 2019/04/30	TSMC F18 P1 C/R	One year	Delay penalty：one thousandth of total contract price per day	
Yangtze River Storage Technology	2018/06/04~ 2018/09/30	Yangtze River Storage National Storage Base (Phase I) Industrial equipment pipeline of Import equipment	One year	Delay penalty：one thousandth of total contract price per day	1
MICRON MEMORY TAIWAN CO., Ltd.	2018/04/07~ 2018/12/31	Build up for MTB warehouse	One year	Delay penalty：one thousandth of total contract price per day	
ASE TEST, INC.	2018/07/17~ 2019/07/31	A2 E100 expansion project	One year	Delay penalty：one thousandth of total	

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				contract price per day	

ASE TEST, INC.	2018/07/01~ 2018/09/03	K22 6F TEST	One year	Delay penalty：one thousandth of total contract price per day	2
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/07/27~ 2018/12/31	TSMC-F18P1 EBO	One year	Delay penalty：one thousandth of total contract price per day	1
KOPIN TAIWAN CORPATION	2018/08/24~ 2019/03/31	New construction of TURN-KEY	One year	Delay penalty：one thousandth of total contract price per day	
AU Optronics Corporation	2018/12/04~ 2019/05/31	L3DIJP Project	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/15~ 2019/12/31	TSMC F18 P2 MEP-A PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/15~ 2019/12/31	TSMC F18 P2 MEP-B PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/15~ 2019/12/31	TSMC F18 P2 FIRE PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/15~ 2019/12/31	TSMC F18 P2 PCW PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/12/20~ 2019/12/31	TSMC F18 P2 C/R PACKAGE	One year	Delay penalty：one thousandth of total contract price per day	

Note 1: The contract is unable to settle for the final acceptance is not completed by the owners. Hence, the Company does not have further responsibility and penalty.

Note 2: The additional project has not been completed, but the date of projects is same as the period of main contract.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By nature	Years ended December 31 2018			Years ended December 31 2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Employee benefits						

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Salary	466,417	483,134	949,551	512,971	349,677	862,648
Labor and health insurance	24,826	27,322	52,148	33,864	24,284	58,148
Pension	16,357	18,001	34,358	22,257	15,672	37,929
Remuneration of directors	-	30,180	30,180	-	18,180	18,180
Others	5,550	5,709	11,259	4,624	3,093	7,717
Depreciation	1,133	10,949	12,082	1,441	12,950	14,391
Amortization	1,234	675	1,909	3,895	878	4,773

The Company has 690 and 716 employees on December 31, 2018 and 2017, respectively. Among them, the number of board directors that are not employees at the same time is 5 and 2, respectively.

(b) Some of the directors of the company were convicted by the Taiwan High Court (hereinafter referred to as the "High Court") of violating the provisions of the Securities and Exchange Act. Kindly find Judgment contents which impact the Company's activities are as follows:

(i) The primary judgment contents

Director Chen, former director Wang and other involved parties were prosecuted by Taipei District Prosecutor's Office on June 5, 2002, as illegally transferred Company's fund more than $1.3 billion to Dentsu Engineering Co., Ltd. (hereinafter referred to as Dentsu Corporation), Fuguo Engineering Co., Ltd., and Huayuan Engineering Co., Ltd, then transferred the fund to themselves. In accordance with the facts, proofs and explanation provided by the defendants, the primary judgment contents given by Taipei District Prosecutor's Office on August,31, 2015 (Finance Criminal Procedure Code No. 17 Act 2013) as in: he court accepted the facts that part of the payment out of NTD 1.3 billion was paid for relevant project costs and wages incurred, and the rest was paid by Dentsu Corporation on behalf of the Company to settle urgent additional expenses, then the Company refunded the abovementioned amount. And there is no evidence to prove that the defendants committed embezzlement and breach of trust, therefore, the Court believed the defendants did not commit such crimes.However, the Court also believed that Dentsu Corporation shall be a relative party of the Company, but the notes of the financial statements did not disclose the abovementioned fact that Dentsu Corporation paid expenses on behalf of the Company, therefore, the defendants were convicted guilty by the Court of providing false financial statements. Both defendants and the prosecutor disagreed with the judgment and appealed to the High Court. The appeal was rejected in High Court, due to the former Director Wang is deceased (Taiwan High Court Case of No. 2015 Gim Sun Zon Su 40). On July 25 2017, the High Court convicted the defendants not guilty of embezzlement and breach of trust, because lack of evidence, the prosecutor accepted the judgment and stopped appealing. However, regarding the defendants were convicted guilty by the High Court of providing false financial statement, two of them were in probation without appeal. Director Chen has appealed to the third instance and is still under processing by the High Court. The second instance was revoked by the High Court on July 25, 2017 (Supreme Court Civil Judgment of No. 2017 Tai-Shang-Tzu 3336).

(ii) Company Risk Response Strategy

The Company, set up by former Director Wang, always maintains its good performance and profitability amongst all in the same industries and distribute almost all of the profit to Directors. Former Director Wang had shown his loyalty to the Company without selling any shares since the Company had been listed. Director Chen has been assisting in the Company for decades without hesitation. The massive contribution to the Company given by them prolongs its profitability and stability. In accordance with the judgment of the first and second instance, the management is pleased to know the defendants had been found not guilty of embezzlement and breach of trust. The management is sorry to know about the judgment of false financial statement of the second instance. However, because the Supreme Court has cancelled the appeal of the second instance submitted by Director Chen and the management is waiting for the final judgment.

(iii) Operational Impact

The abovementioned judgment does not have any operational impact to the Company. The Company acquired support from various aspects, e.g. the staffs,buyers and suppliers. The project operation and financial status of the Company is stable and on growing.

(iv) Statement of Supplementary Civil Action to the Defendants

Securities and Futures Investors Protection Centre (hereinafter referred to as the SFIPC) filed a letter on September 27, 2013, requesting Supervisor of the Company to file lawsuit against the defendants seeking for compensation. The Company could not conclude any damages or evaluate the result of civil action before the final judgment. Supervisors of the Company decided to pursue the Civil and Criminal Litigation (hereinafter referred to as the CCL) against defendants under the strong will of the SFIPC on October 29, 2013, seeking for compensation.

The CCL was transferred to civil court after the judgment of Taipei District Court on August 31, 2015 (Taipei District Court Case of No. 2013 Gim Zon Su 17). The civil court rejected the lawsuit because the defendants had been found not guilty of embezzlement and breach of trust as per judgment given by Taipei District Court on March 01, 2016, under Taipei District Court Case of No. 2015 Gim 62. In the 10 days period of counter-appeal, Supervisor of the Company accepted the abovementioned judgment given which the defendants had been found not guilty of embezzlement and breach of trust, base on facts, proofs and relevant rules and regulations.

(v) The SFIPC advocated to remove the defendants’ directorship on December 05, 2013.

As the abovementioned, the former Director Wang had been running the Company stably, profitably, and in good will. Except the content of the indictment, the SFIPC could not prove the defendants the incompatibility as a Director. In the interim shareholders’ meeting on February 06, 2014, most of the shareholders agreed and accepted the defendants work continuously as Directors. In the annual shareholders’ meeting in 2015, the defendants obtained most of the supports from shareholders. Taipei District Court declared that SFIPC lost in the lawsuit on June 18, 2015, but appealed. Due to the former Director Wang’s decease, the SFIPC withdraw the appeal, and amended the lawsuit to request the dismissal of directorship of the two defendants from June 16, 2015, to June 15, 2018. Taipei District Court rejected the lawsuit that amended by the SFIPC at the beginning of February, 2016, in the second instance. The SFIPC appealed the third instance on March 28, 2016, and the Supreme Court dismissed the second instance result on September 28, 2018 (Supreme Court No. 2658 Act 2017), and revision is being processed. The lawsuit does not impact on any operation and financial status of the Company.

(vi) The SFIPC represented the investors to file a lawsuit to the Company, Directors, former Board of Directors and etc., seeking for compensation of NTD 243 million.

As abovementioned, the Company is well developed, stable and profitable on a long term basis. No false information in finance while running operational cost in accordance with per defendants stated. The final judgment result of Director Chen is still pending, the Company reserves the right to purse any legal action. The lawsuit does not impact to the normal operation of the Company.

(vii) The SFIPC requested defendants responsible for damages while illegally transferred NTD1.3 billion and seeking for compensation to the Company. The High Court convicted the defendants no guilty in breach and transferred the lawsuit to the Subordinate Court simultaneously. Subordinate Court convicted the defendants no guilty in breach and dismissed the SFIPC lawsuit on March 22, 2018.

(c) The Company was requested to make payment of $104,559 to Dentsu Corporation for project cost, and $21,405 for wages to former Director Wang from January 2001 to April 2012, in accordance with the judgment of Subordinate Court on September 2, 2014.

The Company had accrued the project cost and wages of the third quarter in 2014, into annual financial statement (recognized as construction cost and management expenses separately) as the judgment stated. The Company prepared interest estimation of $27,921 as of December 31, 2018. (Please refer to Note 7)

The Company does not process any payment of product cost, wages and interest as abovementioned as of the reporting date.

UNITED INTEGRATED SERVICES CO., LTD.
Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the years ended December 31, 2018:

(i) Loans extended to other parties:

Unit: thousand dollars

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year (Note 2)	Ending balance (Note 2)	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company (Note 2)	Maximum financing limit for the lender (Note 2)
													Item	Value		
0	UNITED INTEGRATED SERVICES CO., Ltd.	UNITED INTEGRATED SERVICES CO. LTD.(SINGAPORE)	Other receivables	Yes	122,860	122,860	-	3%	2	-	Operating capital	-		-	1,450,867	2,901,734
0	UNITED INTEGRATED SERVICES CO., Ltd.	UNITED INTEGRATED SERVICES CO., Ltd.(JIANGXI)	Other receivables	Yes	180,411	172,172	150,756 (Note 4)	3%	2	-	Operating capital	-	-	-	1,450,867	2,901,734

Note 1: The maximum amount and the ending balance of the current period are the amount, not the actual amount of the movement.

Note 2: The total amount of the Company's externally handled funds and loans does not exceed 40% of the Company's net worth, and the loan for a single business fund is not more than 20% of the Company's net worth.

Note 3: The capital loan and nature are as follows:
There are business contacts for 1
The need for short-term financing is 2

Note 4: The transactions within the Company were eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company (Note 2)										
0	Su Yuan Trading (Shanghai) Co., Ltd.		2	2,901,734	290,560	-	-	-	- %	4,352,602	Y	N	Y
0	UNITED INTEGRATED SERVICES CO., Ltd.	UNITED INTEGRATED SERVICES CO., Ltd.(JIANGXI)	2	2,901,734	540,657	-	-	-	- %	4,352,602	Y	N	Y

Note 1: The aggregate amount of endorsements/guarantees that the Company as a whole is permitted to make shall not exceed 60% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single entity shall not exceed 40% of the Company's net worth. The remaining can not exceed 10% of the Company's net worth.

Note 2: The relationship between the guarantee and the guarantor are as follows:

(1) Transactions between the companies.
(2) The Company directly or indirectly holds more than 50% voting right.
(3) When other companies directly or indirectly hold more than 50% voting rights of the Company.
(4) The Company directly or indirectly holds more than 90% voting right.
(5) A company that is mutually protected under contractual requirements based on the needs of the contractor.
(6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
(7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

(iii) Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars/thousand of shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	stock－Nanya Technology Corporation	-	Financial assets at fair value through profit or loss - current	63	3,490	- %	3,490	
〃	stock－Taichung Commercial Bank Co., Ltd.	-	〃	95	973	- %	973	
〃	stock－Acer	-	〃	1,400	27,230	0.05 %	27,230	
〃	stock－Chunghwa Telecom Co., Ltd	-	〃	26	2,938	- %	2,938	
〃	stock－Powerchip Technology Corporation	-	〃	8,128	114,944	0.34 %	114,944	
	totals			-	149,575	- %	-	

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.
Notes to the Financial Statements

〃	stock－Taiwan Electronic Data Processing Corp.	-	Financial assets at fair value through profit or loss–non- current	2,495	5,040	9.65 %	5,040	
〃	stock－Pu-Xun Venture Capital	-	〃	723	2,839	1.67 %	2,839	
〃	stock－Aetas Technology Inc.	-	〃	91	-	0.30 %	-	
〃	stock－Zowie Technology Corporation	-	〃	15	-	0.23 %	-	
〃	stock－Glandtex Corporation	-	〃	1	-	0.05 %	-	
〃	stock－Promos Technologies Inc.	-	〃	2	-	- %	-	
	totals			-	7,879	- %	-	
〃	stock－Jiangxi Construction	-	Financial assets at fair value through other comprehensive income – non- current	Note 1	1,636,961	19.80 %	1,636,961	

Note 1: Registered with the amount of capital contribution.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Unit: thousand dollars

Name of party	Counter-party	Nature of relationship	Ending balance	Turnover rate (Note 1)	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
United Integrated Services Co., Ltd	UNITED INTEGRATED SERVICES CO., Ltd.(JIANGXI)	subsidiary	183,567	-	-	-	1,928	-

Note: The transactions within the Company were eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following are the information on investees for the years ended December 31, 2018 (excluding information on investees in Mainland China):

Unit: thousand dollars/thousand of shares

Name of investor	Name of investee	Location	Main businesses and products	Original cost		Ending balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	ABLEREX ELECTRONICS CO., LTD.	Taiwan	Sale and purchase of UPS	189,852	189,851	14,987	33.30%	507,217	74,916	24,364	
〃	WHOLETECH SYSTEM HITECH LIMITED	Taiwan	Gas pipeline engineering	61,367	61,367	9,946	13.61%	199,792	259,884	35,379	
〃	UNITED INFORMATION SYSTEMS (BVI) CO., Ltd.	BVI	Investment activities	567,643	567,643	17,698	100.00%	670,166	29,654	29,654	Note 2
〃	UNITED INTEGRATED SERVICES CO., Ltd.(Singapore)	Singapore	Clean room system construction	34,040	34,040	-	100.00%	189,750	24,440	24,440	Note 2
〃	UNIMEMS MANUFACTURING CO., Ltd.	Taiwan	Machinery and Equipment Manufacturing	19,000	19,000	2,095	19.49%	-	-	-	
〃	JG NVIRONMENTAL TECHNOLOGY CO., Ltd.	Taiwan	Machinery and Equipment Manufacturing	47,874	37,491	3,488	18.92%	49,805	21,958	3,893	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH LIMITED	BVI	Investment activities	170,884	170,884	5,400	100.00%	199,036	66,148	66,148	
〃	WHOLETECH SYSTEM HITECH INC.	Mauritius	Investment activities	110,559	110,559	3,500	100.00%	162,755	18,714	18,714	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH(S) PTE. Ltd.	Singapore	Construction of water, gas pipelines and sewage systems, gas production, distribution of fuel gas main systems, etc.	30,865	30,865	200	100.00%	49,987	4,027	4,027	

(Continued)

WHOLETECH SYSTEM HITECH INC.	WHOLETECH GROUP INTERNATIONAL TRADING LIMITED	Mauritius	Investment activities	110,55	110,55	3,50	100.00%	162,75	18,71	18,71	
WHOLETECH SYSTEM HITECH(S) PTE. LTD.	WHOLETECH SYSTEM HITECH（M）SDN. BHD.	Malaysia	Construction of water, gas pipelines and sewage systems, gas production, distribution of fuel gas main systems, etc.	85	85	10	100.00%	(4,970	(1,268	(1,268	
ABLEREX ELECTRONICS CO.,LTD.	Ablerex Electronics (Samoa) Corporation Limited	Samoa	Holding company	217,44	217,44	6,63	100.00%	491,87	(46,676	(46,924	
〃	Joint Rewards Trading Corporation	B.V.I.	Provide management services	10	10		100.00%	7	(38	(38	
〃	Ablerex Corporation	USA	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	8,30	8,30	25	100.00%	52,43	1,85	1,85	
〃	Ablerex International Corporation Limited	Hong Kong	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	4	4	1	100.00%	30,35	48	48	
〃	Ablerex Electronics (S) Pte Limited	Singapore	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	48,00	48,00	2,14	100.00%	84,74	7,61	5,58	
〃	Ablerex Electronics U.K. Limited	UK	Holding company	4,67	4,67	10	100.00%	5,82	3,36	2,71	
〃	Ablerex JP	Japan	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	9,25	9,25		100.00%	4,82	(81	(112	
Ablerex Samoa	Ablerex Overseas	Hong Kong	Holding company	217,44	217,44	6,63	100.00%	496,07	(46,642	-	
Ablerex UK	Ablerex IT	Italia	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	4,67	4,67	10	100.00%	5,82	3,36	-	
Ablerex SG	Ablerex TH	Thailand	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	25	25	28	70.00%	1,12	78	-	
Ablerex USA	Ablerex LATAM	USA	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	15,35	-		100.00%	13,62	10	(1,702	
JG ENVIRONMENTAL TECHNOLOGY CO., Ltd.	ASIA INTELLIGENCEINVESTMENTSLIMITED	BVI	Investment activities	30,28	15,52	-	100.00%	27,74	3,70	3,70	

Note 1: The investment benefits of the current period are recognized by the investment company.

Note 2: Reconciliated in the preparation of consolidated report.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: thousand dollars

Name of investee	Main businesse and products	Tota amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flow		Accumulated outflow of investment from Taiwan as of December 31, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) (note 2)	Book value as of December 31, 2018	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Su Yuan Trading (Shanghai) Co., Ltd.	Semiconductor, clean room and electromechanical	NT$ 34,49	(2)	NT$ 34,49	-	-	NT$ 34,49	35,333	100.00%	NT$ 35,33	NT$ 257,21	-
UNITED INTEGRATED SERVICES CO., Ltd.(JIANGXI)	Electromechanical business and pipeline engineering business	NT$ 453,36	(1)	NT$ 338,57	-	-	NT$ 338,57	506,414	75.00%	NT$ 379,81	NT$ 697,28	494,990
Suzhou Hantai System Integration Co., Ltd.	Construction hardware , materials production and sales	NT$ 381,66	(2)	NT$ 381,66	-	-	NT$ 381,66	(8,359)	100.00%	NT$ (8,35	NT$ 308,73	-
iangxi Construction Engineering Group Co., Ltd.	Various types of building construction	NT$ 5,113,15	(1)	NT$ 1,008,21	-	-	NT$ 1,008,21	-	19.80%	NT$ -	NT$ 1,636,96	NT$ 1,131,076
Beijing Hanhe Tang Medical Devices Co., Ltd.	Distribution agency for medical equipment, import and export of goods, after-sales service	NT$ 30,18	(2)	NT$ 30,18	-	-	NT$ 30,18	(1,245)	100.00%	NT$ (1,24	NT$ 6,31	-

Note 1: Investment method

(1) Investing in the mainland through companies in another country

(2) Establishing a company through the investment in the third region to reinvest in the mainland.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
United Integrated Services Co., Ltd.	1,798,283 (USD59,165)	1,825,134 (USD59,165)	4,352,602

(iii) Significant transactions with investees in Mainland China:

The details of significant transactions invested directly or indirectly in Mainland China in 2018 (the transactions were written off in the consolidated financial statements.) is provided in the description of "Related information on material transactions" and "The business relationship between the parent and the subsidiaries and significant transactions between them."

(14) Segment information:

Please refer to the consolidated financial statement for the year ended 2018.

UNITED INTEGRATED SERVICES CO., LTD.

Chairman: C.S. Chen