

**UNITED INTEGRATED SERVICES CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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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.

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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, 2020 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 23, 2021



安侯建業聯合會計師事務所

KPMG

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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 balance sheets as of December 31, 2020 and 2019 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Some board members of United Integrated Services Co., Ltd. were sentenced of violating the Securities Exchange Act by the Taiwan High Court. For circumstances of these cases, please refer to Note12 (b) of the consolidated financial statements. Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of investee companies under the equity method and certain information of Note 13 (b) "Information on investees of the consolidated financial statements". Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of other auditors. The investments in the investee companies constituted 3.14% and 3.63% of the consolidated total assets, as of December 31, 2020 and 2019, respectively. For the years then ended, the recognized shares of profit of associates accounted for using the equity method of these investee companies constituted 1.01% and 1.26% of the consolidated total profit before tax, respectively.

United Integrated Services Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with the Emphasis of Matter or Other Matter paragraph.

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 (o) "Revenue recognition"; for uncertainty of accounting estimates and assumption for revenue recognition, please refer to Note 5 (b) "Revenue recognition"; for information of revenue recognition, please refer to Note 6 (u) "Revenue from contracts with customers" to the consolidated financial statements.

Description of Key Audit Matter:

The Group recognizes construction contract revenue by percentage of completion method. The percentage of completion is based on the contract costs incurred as of the financial statements reporting date, representing the percentage of the estimated total contract costs. Because construction contract accounting involves a high level of estimation and judgment, revenue recognition has been identified as one of the key audit matters for our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the effectiveness of the internal control related to the timing and precision of revenue recognition. Through sampling and reviewing new construction contracts and related documents throughout the Group's reporting period, we obtained annual project revenue statistics and validated the correctness of revenue recognized on the projects.

2. Accounts receivable impairment assessment

For the accounting policies related to the impairment assessment of accounts receivable, please refer to Note 4 (g) "Financial instruments"; for uncertainty of accounting estimates and assumption for the impairment assessment of accounts receivable, please refer to Note 5 (a) "Impairment assessment of accounts receivable"; for information of the impairment assessment of accounts receivable, please refer to Note 6 (c) "Notes and accounts receivable" to the consolidated financial statements.

Description of Key Audit Matter:

The Group recognized expected credit loss in accordance with the Group's policy of allowance for accounts receivable, and established its estimation based on its clients' credit risk, historical experiences of credit loss, and rational expectation of future economic conditions. Since the accounting of expected credit loss of accounts receivable involves a high level of estimation and judgment, the impairment assessment of accounts receivable has been identified as one of the key audit matters for our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: (i) understanding the accounting policies of the impairment assessment of notes and trade receivables; (ii) implementing sampling procedures to examine the accuracy of accounts receivable aging report; (iii) analyzing the changes of the aging of accounts receivable in each period; (iv) examining historical collection records; (v) examining subsequent collection status to evaluate the reasonableness of the Group's recognition of allowance for impairment loss.

3. Financial instruments assessment

For the accounting policies related to the assessment of financial instruments, please refer to Note 4 (g) "Financial Instruments"; for uncertainty of accounting estimates and judgments for fair value of financial instruments, please refer to Note 5 (c) "Fair value of financial instruments"; for information of the fair value of financial instruments, please refer to Note 6 (x) "Fair value hierarchy information" to the consolidated financial statements.

Description of Key Audit Matter:

The accounting of the assessment of financial instruments involves a high level of estimation and judgment. Therefore, the assessment of financial instruments has been identified as one of the key audit matters for our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: (i) testing the investment cycle and related financial reporting procedures, involving measurements and the internal control of financial reporting disclosures. (ii) assessing the reasonableness of valuation techniques of the financial assets measured at fair value without active market prices, including testing valuation models and inspecting the significant unobservable inputs 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

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 with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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 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 current period 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 Tzu-Hui, Lee and Jung-Lin, Lee.

KPMG

Taipei, Taiwan (Republic of China)
March 23, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and 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' audit 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' audit 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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents (note6(a))	\$ 8,501,567	32	6,391,222	28	2130		\$ 7,266,043	27	6,515,385	28
1110	Current financial assets measured at fair value through profit or loss (note6(b)(x))	499,890	2	214,179	1	2150		62,630	-	14,439	-
1140	Current contract assets (note6(u))	2,246,005	8	1,680,082	7	2160		5,983	-	-	-
1150	Notes receivable, net (note6(c))	7,383	-	117,359	1	2170		6,819,282	25	5,520,443	24
1170	Accounts receivable, net (note6(c)(u) and 12)	7,137,679	26	4,786,032	21	2180		236,093	1	99,754	-
1220	Current tax assets	-	-	14,485	-	2220		166,481	1	160,183	1
130X	Inventories (note6(d))	51,459	-	37,697	-	2230		507,633	2	551,331	3
1410	Prepayments (note6(e))	789,921	3	1,192,905	5	2250		19,408	-	16,743	-
1470	Other current assets (note6(l))	3,717,894	14	4,720,264	20	2280		14,568	-	18,390	-
Total current assets		22,951,798	85	19,154,225	83	2300		1,214,721	4	1,041,584	5
Non-current assets:								16,312,842	60	13,938,252	61
1510	Non-current financial assets measured at fair value through profit or loss (note6(f)(x))	6,805	-	6,347	-						
1517	Non-current financial assets measured at fair value through other comprehensive income (note6(g)(x))	1,958,718	7	2,051,779	9	2570		326,982	1	288,952	2
1550	Investments accounted for using equity method (note6(h))	849,145	3	837,973	4	2580		95,643	-	102,607	-
1600	Property, plant and equipment (note6(i))	790,818	3	778,132	3	2645		149,400	1	10,141	-
1755	Right-of-use assets (note6(j))	192,323	1	59,443	-			12,182	-	7,571	-
1780	Intangible assets (note6(k))	3,353	-	2,705	-			584,207	2	409,271	2
1840	Deferred tax assets (note6(r))	165,079	1	156,384	1	31XX		16,897,049	62	14,347,523	63
1900	Other non-current assets (note6(l) 、 8 and 9)	130,528	-	38,348	-	3100					
Total non-current assets		4,096,769	15	3,931,111	17	3200					
						3310					
						3350					
						3400					
						36XX					
Total assets		\$ 27,048,567	100	23,085,336	100			\$ 27,048,567	100	23,085,336	100

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar, Except Earnings Per Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating Revenues (note6(u) and 7):				
4520	Construction revenue	\$ 35,630,541	99	23,516,033	98
4600	Service and design revenue etc.	206,101	1	404,600	2
	Operating revenues, net	<u>35,836,642</u>	<u>100</u>	<u>23,920,633</u>	<u>100</u>
5000	Operating costs (note6(d)(k)(p)(q)(v), 7 and 12):				
5520	Construction cost	30,084,477	84	19,362,693	81
5600	Service and design cost etc.	68,019	-	206,700	1
	Total operating costs	<u>30,152,496</u>	<u>84</u>	<u>19,569,393</u>	<u>82</u>
	Gross profit from operations	<u>5,684,146</u>	<u>16</u>	<u>4,351,240</u>	<u>18</u>
	Operating expenses (note6(c)(k)(p)(q)(v), 7 and 12):				
6100	Selling expenses	37,216	-	33,759	-
6200	Administrative expenses	1,002,471	3	817,208	4
6300	Research and development expenses	34,723	-	35,100	-
6450	Expected credit (gains) losses	(10,910)	-	57,875	-
	Total operating expenses	<u>1,063,500</u>	<u>3</u>	<u>943,942</u>	<u>4</u>
	Net operating income	<u>4,620,646</u>	<u>13</u>	<u>3,407,298</u>	<u>14</u>
	Non-operating income and expenses:				
7010	Other income (note6(b)(g)(w) and 7)	90,646	-	187,448	1
7020	Other gains and losses (note6(w) and 7)	222,236	1	(59,617)	-
7100	Interest income (note6(w))	104,428	-	154,532	1
7510	Interest expense (note6(p)(w) and 7)	(7,600)	-	(7,168)	-
7370	Share of profit of associations and joint ventures accounted for using equity method (note6(h))	51,446	-	46,896	-
	Total non-operating income and expenses	<u>461,156</u>	<u>1</u>	<u>322,091</u>	<u>2</u>
7900	Net income from continuing operations before tax	<u>5,081,802</u>	<u>14</u>	<u>3,729,389</u>	<u>16</u>
7950	Less: Income tax expenses (note6(r))	990,470	3	835,508	4
8200	Net income	<u>4,091,332</u>	<u>11</u>	<u>2,893,881</u>	<u>12</u>
8300	Other comprehensive income(note6(g)(q)(r)(s)):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	(37,279)	-	47,955	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(93,061)	-	414,818	2
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	261	-	(773)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(7,456)	-	9,591	-
	Items that may not be reclassified subsequently to profit or loss	<u>(122,623)</u>	<u>-</u>	<u>452,409</u>	<u>2</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operation	11,483	-	(57,644)	-
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	1,057	-	(8,431)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	1,974	-	(9,921)	-
	Items that may be reclassified subsequently to profit or loss	<u>10,566</u>	<u>-</u>	<u>(56,154)</u>	<u>-</u>
8300	Other comprehensive income	<u>(112,057)</u>	<u>-</u>	<u>396,255</u>	<u>2</u>
8500	Comprehensive income	<u>\$ 3,979,275</u>	<u>11</u>	<u>3,290,136</u>	<u>14</u>
	Profit attributable to:				
8610	Shareholders of the Company	\$ 4,033,304	11	2,815,298	12
8620	Non-controlling interests	58,028	-	78,583	-
		<u>\$ 4,091,332</u>	<u>11</u>	<u>2,893,881</u>	<u>12</u>
	Comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 3,919,632	11	3,219,592	14
8720	Non-controlling interests	59,643	-	70,544	-
		<u>\$ 3,979,275</u>	<u>11</u>	<u>3,290,136</u>	<u>14</u>
9750	Basic earnings per share (in dollars)(note6(t))	<u>\$ 21.16</u>		<u>14.77</u>	
9850	Diluted earnings per share (in dollars)(note6(t))	<u>\$ 20.83</u>		<u>14.57</u>	

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Exchange differences on translation of foreign operations	Other equity Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings						
Balance at January 1, 2019	\$ 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
Net income	-	-	-	-	2,815,298	2,815,298	-	-	-	2,815,298	78,583	2,893,881
Other comprehensive income	-	-	-	-	37,591	37,591	(48,115)	414,818	366,703	404,294	(8,039)	396,255
Total comprehensive income	-	-	-	-	2,852,889	2,852,889	(48,115)	414,818	366,703	3,219,592	70,544	3,290,136
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	214,757	-	(214,757)	-	-	-	-	-	-	-
Special reserve	-	-	-	(112,888)	112,888	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,905,867)	(1,905,867)	-	-	-	(1,905,867)	-	(1,905,867)
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	(595)	-	-	-	-	-	-	-	(595)	-	(595)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(132,626)	(132,626)
Balance on December 31, 2019	1,905,867	373,561	1,730,497	-	3,625,577	5,356,074	(111,603)	1,043,567	931,964	8,567,466	170,347	8,737,813
Net income	-	-	-	-	4,033,304	4,033,304	-	-	-	4,033,304	58,028	4,091,332
Other comprehensive income	-	-	-	-	(29,562)	(29,562)	8,951	(93,061)	(84,110)	(113,672)	1,615	(112,057)
Total comprehensive income	-	-	-	-	4,003,742	4,003,742	8,951	(93,061)	(84,110)	3,919,632	59,643	3,979,275
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	285,289	-	(285,289)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,477,627)	(2,477,627)	-	-	-	(2,477,627)	-	(2,477,627)
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	(5,417)	-	-	-	-	-	-	-	(5,417)	-	(5,417)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(82,526)	(82,526)
Balance on December 31, 2020	\$ 1,905,867	368,144	2,015,786	-	4,866,403	6,882,189	(102,652)	950,506	847,854	10,004,054	147,464	10,151,518

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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollar)

	2020	2019
Cash flows from (used in) operating activities:		
Income before income tax	\$ 5,081,802	3,729,389
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	48,713	40,948
Amortization expense	1,475	3,802
Expected credit (gain) loss	(10,910)	57,875
Net profit on financial assets measured at fair value through profit or loss	(285,777)	(52,933)
Interest expense	7,600	7,168
Interest income	(104,428)	(154,532)
Dividend income	(43,697)	(93,980)
Share of profit of associates and joint ventures accounted for using equity method	(51,446)	(46,896)
Gain on disposal of property, plant and equipment	(2,705)	(2,390)
Total adjustments to reconcile loss	(441,175)	(240,938)
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in current contract assets	(565,923)	495,923
Decrease in notes receivable	109,976	464,384
Increase in accounts receivable	(2,343,639)	(1,014,631)
(Increase) decrease in inventories	(13,762)	1,536
Decrease in prepayments	402,984	260,871
Decrease in other current assets	47,506	96,298
Subtotal of changes in operating assets	(2,362,858)	304,381
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	750,658	(427,973)
Increase (decrease) in notes payable	48,191	(227,356)
Increase (decrease) in notes payable—related parties	5,983	(38,960)
Increase in accounts payable	1,298,839	1,419,886
Increase in accounts payable—related parties	136,339	14,923
Increase in current provisions	2,665	3,389
Increase in other current liabilities	173,059	201,156
Increase in net defined benefit liability	751	2,492
Subtotal of changes in operating liabilities	2,416,485	947,557
Total changes in operating assets and liabilities	53,627	1,251,938
Total adjustments	(387,548)	1,011,000
Cash inflow generated from operations	4,694,254	4,740,389
Interest received	110,788	157,461
Interest paid	(1,302)	(870)
Income taxes paid	(1,030,009)	(813,961)
Net cash flows from operating activities	3,773,731	4,083,019
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(392)	(10,139)
Acquisition of investments accounted for using equity method	-	(99,449)
Acquisition of property, plant and equipment	(39,100)	(6,972)
Proceeds from disposal of property, plant and equipment	6,948	4,143
Decrease in guarantee deposits paid	5,828	94,821
Acquisition of intangible assets	(1,456)	(1,823)
Decrease (increase) in other financial assets	954,785	(3,045,311)
Increase in other non-current assets	(104,941)	(1,906)
Dividends received	79,872	457,051
Net cash flows from (used in) investing activities	901,544	(2,609,585)
Cash flows from (used in) financing activities:		
Increase (decrease) in guarantee deposits received	4,611	(1,231)
Payment of lease liabilities	(21,066)	(14,530)
Cash dividends paid	(2,477,627)	(1,905,867)
Changes in non-controlling interests	(82,526)	(132,626)
Net cash flows used in financing activities	(2,576,608)	(2,054,254)
Effect of exchange rate changes on cash and cash equivalents	11,678	(57,256)
Net increase (decrease) in cash and cash equivalents	2,110,345	(638,076)
Cash and cash equivalents at beginning of period	6,391,222	7,029,298
Cash and cash equivalents at end of period	\$ 8,501,567	6,391,222

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

(1) Company history

United Integrated Services Co., Ltd. (hereinafter referred to as the “Company”) was incorporated as a limited company under the provisions of the Ministry of Economic Affairs, R.O.C on September 13, 1982, as United Technology And Engineering Co., Ltd.. The Company reincorporated as United Linkfast Co., Ltd. on March 14, 1990. On October 30, 1990, the Company merged with Linkfast System Co., Ltd. The surviving company was United Linkfast Co., Ltd., and renamed as United Integrated Services Co., Ltd. on May 29, 2002. The registered address of the Company was 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. through the cash consideration method. The surviving company was United Integrated Services Co., Ltd..

The Company and its subsidiaries (collectively referred hereinafter as the “Group”) are primarily engaged in: (1) contracting various running water projects, instrumental control projects, refrigerating and air conditioning projects, installation of clean rooms and the related transactions and manufacturing of supplies. (2) Traffic surveillance & control system engineering building, factory computer control monitoring systems, engineering environment monitoring systems, the design and installation of engineering toll collection systems and related supply transactions. (3) Various electrical and mechanical engineering contracts for transmission and distribution of electric power. (4) The design, installation, maintenance and trading of related equipment of various computerized automatic engineering monitoring systems. (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 controlling equipment in computer rooms. (7) Technical advisory services for planning and designing of projects. (8) Importing restrained telecom radio frequency equipment.

Han Tai Investment Co., Ltd. (Han Tai Investment), was incorporated according to the "Company Act" endorsed by the Ministry of Economic Affairs (R.O.C.) on March 26, 1998. The Company was primarily engaged in investments in domestic and foreign technology industries and investments in domestic general manufacturing industries. On November 2017, Han Tai Investment's board of directors resolved to liquidate. The liquidation carried out in February 2019.

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

On September 18, 2003, Jiangxi United Integrated Services Ltd. was incorporated as a limited company under the Ministry of Commerce of the People's Republic of China and the Jiangxi Provincial Administration of Industry and Commerce. The company mostly engages in is pipeline equipment installation projects.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On January 25, 2011, United Integrated Services Pte Ltd. was incorporated as a limited company under the Singapore Accounting & Corporate Regulatory Authority. The company mainly engages in the construction of clean rooms.

On June 3, 2020, Hanxuan Energy Co., Ltd. (Hanxuan Energy) was incorporated as a company limited by shares under the Taipei City Government. The major business activities of the company are the self-usage power generation equipment utilizing renewable energy, and energy technical services.

On September 1, 2020, Hunter Energy Co., Ltd. (Hunter Energy) was incorporated as a company limited by shares under the New Taipei City Government. The major business activities of the company are the self-usage power generation equipment utilizing renewable energy, and energy technical services.

On November 30, 2020, UNITED INTEGRATED SERVICES (USA) CORP. (UIS(USA)) was incorporated as a company limited by shares under the Arizona Corporation Commission. The major business activities of the company are: (1) the installation construction of electrical and clean room, as well as the related transactions of supplies. (2) Technical advisory services for planning and designing of projects.

For the years ended December 31, 2020 and 2019, the composition of the consolidated financial statements includes the Company, its subsidiaries (the Group), and the affiliates of the Group in the associates. Please refer to note 4 (c) for the main operation items of the Group.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 23, 2021.

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	<p>The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows:</p> <ul style="list-style-type: none"> ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. 	January 1, 2022

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

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial assets measured at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having 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 interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions.

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2020	December 31, 2019	
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	United Integrated Services Pte Ltd.	Clean room construction	100 %	100 %	Subsidiary of the Company
The Company	Hanxuan Energy Co., Ltd. (note)	self-usage power generation equipment utilizing renewable energy and energy technical services	100 %	- %	Subsidiary of the Company
The Company	Hunter Energy Co., Ltd. (note)	self-usage power generation equipment utilizing renewable energy and energy technical services	100 %	- %	Subsidiary of the Company
The Company	UNITED INTEGRATED SERVICES (USA) CORP. (note)	Clean room construction	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

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2020	December 31, 2019	
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, import and export of goods, after-sales service	100 %	100 %	Subsidiary of United Integrated Services BVI

Note: It has not been in operation yet.

All of subsidiaries included in the consolidated financial statements.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

- (e) Classification of current and non-current assets and liabilities
- (i) An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.
- 1) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
 - 2) It is held primarily for the purpose of trading;
 - 3) It is expected to be realized within twelve months after the reporting period; or
 - 4) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- (ii) A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- 1) It is expected to be settled in the normal operating cycle;
- 2) It is held primarily for the purpose of trading;
- 3) It is due to be settled within twelve months after the reporting period; or
- 4) The Group 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 issuing equity instruments do not affect its classification.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in fair value. 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

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in 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 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.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Equity investments at FVOCI are subsequently measured at fair value. Dividends 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 are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

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. 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.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend 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;
- 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.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other 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 a year past due, or the debtor 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 asset 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 a year 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.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written 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

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

The cost of inventories consists of all costs of purchase, 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) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	5~50 years
Machinery	3~7 years
Plant equipment	3~50 years
Transportation equipment	3~7 years
Office equipment	3~10 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets, including computer software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software	3~10 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and assets arising from employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow 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 finance cost.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The Group shall provide one-thousandth of the total contract amounts 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.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(o) Revenue Recognition

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.

(i) 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.

(ii) 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 to 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 the surveys of work performed.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Construction contracts

The Group enters into contracts to design and install constructions. Because its customer controls the asset as it is being constructed, the Group recognizes revenue over time 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. 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.

(p) Contract costs

(i) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer 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.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to 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. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

(r) Income tax

Income taxes comprise 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 are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. 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 are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(s) **Earnings per share**

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) **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). 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. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and 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.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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:

(a) Judgment regarding significant influence of investees

The Group has less than 20% of the voting or potential voting rights of Wholetech System Hitech Limited, JG Environmental Technology Co., Ltd. and Eco Energy Corporation. However, the Group has determined that it has significant influence because it has representation on the board of Wholetech System Hitech Limited, JG Environmental Technology Co., Ltd. and Eco Energy Corporation.

(b) Judgment of whether the Group has substantive control over its investees

The Group holds 33.30% of the outstanding voting shares of Ablere Electronics Co., Ltd and is the single largest shareholder of the investee. Although the remaining 66.70% of Ablere Electronics Co., Ltd's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Ablere Electronics Co., Ltd's directors. Therefore, it is determined that the Group has significant influence on Ablere Electronics 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) Impairment assessment of accounts receivable

The Group has estimated the allowance for loss on trade receivable that is based on the risk of 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 impairments and the selected inputs. For relevant assumptions and input values, please refer to Note 6 (c).

(b) Revenue recognition

The Group recognizes contract revenues based on the degree of completion on construction contracts; degree of completion is calculated with contract costs incurred to date as a percentage of estimated total contract costs. The Group considers the nature of each project, the estimated construction period, the project item, the construction process, the construction method and the estimated amount of the subcontracts when estimating total contract costs. Any changes in the estimates above may result in a significant adjustment to the estimated amount, 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 evaluation models or counterparty quotations. When using the evaluation model to determine fair value, all models only use observable data as input values without artificial adjustment. The observable input value is based on the principle of long term stable market used parameters to avoid differences in cross period financial reporting due to changes in data sources. 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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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For detailed information on the main assumptions used in determining the fair value of the financial instruments and detailed sensitivity analysis of these assumptions, please refer to Note 6 (x).

(d) Measurement of defined benefit obligations

Defined benefit costs and net defined benefit liabilities (assets) under defined benefit pension plans are calculated using the Projected Unit Credit Method. The appropriate actuarial assumptions include the discount rate, employee turnover 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 liability. Please refer to Note 6 (q) for the material actuarial assumptions and sensitivity analysis for actuarial calculations.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 10,517	15,167
Demand deposits	4,951,591	2,749,212
Check deposits	3,718	1,083
Time deposits	<u>3,535,741</u>	<u>3,625,760</u>
Cash and cash equivalents in the consolidated statement of cash flow	<u><u>\$ 8,501,567</u></u>	<u><u>6,391,222</u></u>

Please refer to note 6 (x) for the disclosure of the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Current financial assets measured at fair value through profit or loss

	December 31, 2020	December 31, 2019
Financial assets measured at fair value through profit or loss:		
Stocks listed on domestic markets	\$ 236,590	117,896
Stocks unlisted on domestic markets	68,687	186,989
Valuation adjustment	<u>194,613</u>	<u>(90,706)</u>
Total	<u><u>\$ 499,890</u></u>	<u><u>214,179</u></u>

For the years ended December 31, 2020 and 2019, the Group recognized dividend income from the above financial assets measured at fair value through profit or loss of \$1,564 thousand and \$5,736 thousand, respectively.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Notes and accounts receivable, net

	December 31, 2020	December 31, 2019
Notes receivable — unrelated parties	\$ 7,383	117,359
Accounts receivable — unrelated parties	7,402,904	5,056,402
Less: Loss allowance	<u>265,225</u>	<u>270,370</u>
Total	<u><u>\$ 7,145,062</u></u>	<u><u>4,903,391</u></u>

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. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions in respect of all receivables with a credit rating of A were determined as follows:

December 31, 2020			
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 6,920,190		-
1 to 60 days past due	144,116	1%	1,441
61 to 120 days past due	28,942	1%	290
121 to 365 days past due	21,326	1%	213
More than one year past due	<u>249,113</u>	100%	<u>249,113</u>
	<u><u>\$ 7,363,687</u></u>		<u><u>251,057</u></u>
December 31, 2019			
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 4,714,204		-
1 to 60 days past due	6,724	1%	67
61 to 120 days past due	10,742	1%	107
121 to 365 days past due	173,631	1%	1,736
More than one year past due	<u>268,460</u>	100%	<u>268,460</u>
	<u><u>\$ 5,173,761</u></u>		<u><u>270,370</u></u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The loss allowance provisions in respect of all receivables with a credit rating of B were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 19,300		-
121 to 365 days past due	27,300	52%	14,168
	<u>\$ 46,600</u>		<u>14,168</u>

For the year ended December 31, 2019, the Group did not have receivables with a credit rating of B.

The movement in the allowance for notes and accounts receivable were as follows:

	2020	2019
Balance at January 1	\$ 270,370	234,778
Impairment losses (reversed) recognized	(10,910)	57,875
Receivables collected	2,863	-
Amounts written off	-	(15,256)
Foreign exchange losses / (gains)	2,902	(7,027)
Balance at December 31	<u>\$ 265,225</u>	<u>270,370</u>

The Group recognized the allowance for notes and accounts receivable based on the nature of the industry, historical payment behavior and the credit rating of customers.

The Group did not provide any notes and accounts receivable as collaterals.

(d) Inventories

	December 31, 2020		
	Cost	Allowance for Impairment	Carrying Amount
Raw materials	\$ 41,111	(2,995)	38,116
Work in progress	22,093	(20,608)	1,485
Finished goods	16,866	(9,058)	7,808
Merchandise	10,855	(6,805)	4,050
Total	<u>\$ 90,925</u>	<u>(39,466)</u>	<u>51,459</u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2019		
	Cost	Allowance for Impairment	Carrying Amount
Raw materials	\$ 44,410	(9,899)	34,511
Work in progress	18,439	(16,700)	1,739
Finished goods	12,527	(11,080)	1,447
Merchandise	6,805	(6,805)	-
Total	<u><u>\$ 82,181</u></u>	<u><u>(44,484)</u></u>	<u><u>37,697</u></u>

For the years ended December 31, 2020 and 2019, the reversal of write-downs of inventories amounted to \$5,018 thousand and \$4,789 thousand, respectively. The loss on disposal of inventories amounted to \$5,570 thousand and \$2,998 thousand in 2020 and 2019, respectively. The amounts shown above were included in the cost of sales.

The Group did not provide any inventories as collaterals.

(e) Prepayments

	December 31, 2020	December 31, 2019
Domestic purchase of materials	\$ 146,018	328,710
Foreign purchase of materials	489,554	682,095
Prepaid project subcontractor cost	40,862	108,034
Prepaid insurance expense	15,998	17,746
Others	97,489	56,320
Total	<u><u>\$ 789,921</u></u>	<u><u>1,192,905</u></u>

(f) Non-current financial assets measured at fair value through profit or loss

	December 31, 2020	December 31, 2019
Financial assets measured at fair value through profit or loss:		
Stocks unlisted on domestic markets	\$ 34,795	34,795
Valuation adjustments	(27,990)	(28,448)
Total	<u><u>\$ 6,805</u></u>	<u><u>6,347</u></u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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- (g) Non-current financial assets measured at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity instruments measured at fair value through other comprehensive income		
Unlisted stocks (overseas)	\$ 1,008,212	1,008,212
Valuation adjustment	<u>950,506</u>	<u>1,043,567</u>
Total	<u>\$ 1,958,718</u>	<u>2,051,779</u>

- (i) The equity instrument investment of the Group is a long-term strategic investment and is not held for trading, which has been designated as measured at fair value through other comprehensive income. In September 2020, the equity instrument investments declared dividends amounting to \$42,133 thousand and be claimed in December 2020. In September 2019, the equity instrument investments declared dividends amounting to \$88,244 thousand and be claimed in November 2019.
- (ii) The changes in valuation adjustment of financial assets measured at fair value through other comprehensive income were as follows:

	2020	2019
Balance at January 1	\$ 1,043,567	628,749
Add: (reversal) recognition for current period	<u>(93,061)</u>	<u>414,818</u>
Balance at December 31	<u>\$ 950,506</u>	<u>1,043,567</u>

- (h) Investments accounted for using equity method

- (i) Affiliate which was material to the Group consisted of the followings:

Name of Affiliate	Nature of Relationship with the Group	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2020	December 31, 2019
Ablerex electronics co., Ltd.	Selling and Manufacturing of UPS	Taiwan	33.30 %	33.30 %

The fair value of affiliate listed on the Stock Exchange (over the counter) which was material to the Group was as follows:

	December 31, 2020	December 31, 2019
Ablerex electronics co., Ltd.	<u>\$ 1,773,000</u>	<u>1,507,500</u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A summary of the consolidated financial information of significant associates was as follows:

	December 31, 2020	December 31, 2019
Current assets	\$ 2,003,389	1,848,379
Non-current assets	963,721	1,006,010
Current liabilities	(1,351,435)	(1,256,452)
Non-current liabilities	(134,423)	(116,537)
Net assets	<u><u>\$ 1,481,252</u></u>	<u><u>1,481,400</u></u>
Net assets attributable to non-controlling interests	<u><u>\$ 13,538</u></u>	<u><u>12,643</u></u>
Net assets attributable to investee	<u><u>\$ 1,467,714</u></u>	<u><u>1,468,757</u></u>
	2020	2019
Operating revenue	<u><u>\$ 2,361,923</u></u>	<u><u>2,462,390</u></u>
Net income from continuing operations	\$ 44,370	40,623
Other comprehensive income	481	(20,462)
Total comprehensive income	<u><u>\$ 44,851</u></u>	<u><u>20,161</u></u>
Total comprehensive income attributable to non-controlling interests	<u><u>\$ 876</u></u>	<u><u>(238)</u></u>
Total comprehensive income attributable to investee	<u><u>\$ 43,975</u></u>	<u><u>20,399</u></u>
	2020	2019
Share of net assets of associate attributable to the Group as of January 1	\$ 490,820	507,101
Total comprehensive income attributable to the Group	14,645	6,794
Adjustments for using equity method	(6)	(595)
Dividends from associate	(14,986)	(22,480)
Share of net assets of associate attributable to the Group as of December 31	490,473	490,820
Add: Goodwill	116	116
Ending balance of net assets of associate attributable to the Group	<u><u>\$ 490,589</u></u>	<u><u>490,936</u></u>

(ii) Insignificant associates

The Group's financial information for investments accounted for using the equity method that are individually insignificant were as follows:

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	<u><u>\$ 358,556</u></u>	<u><u>347,037</u></u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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	2020	2019
Attributable to the Group:		
Income from continuing operations	\$ 36,906	33,718
Other comprehensive income	<u>1,213</u>	<u>(2,820)</u>
Total comprehensive income	<u>\$ 38,119</u>	<u>30,898</u>

In 2020 and 2019, the preparation of the financial statements for the investee companies under the equity method was evaluated based on the auditors' reports of the investee companies. For the years ended December 31, 2020 and 2019, the share of profit of associations accounted for using equity method amounted to \$51,446 thousand and \$46,896 thousand, respectively.

(iii) Guarantee

The Group did not provide any investment accounted for using equity method as collaterals.

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Land	Buildings	Machinery	Plant equipment	Transportation Equipment	Office equipment	Leasehold Improvements	Total
Cost or deemed cost:								
Balance at January 1, 2020	\$ 398,537	363,925	79,002	156,835	12,162	68,239	2,076	1,080,776
Additions	6,197	24,789	1,391	-	663	6,060	-	39,100
Disposal	(1,725)	(3,003)	(9,987)	(448)	(798)	(3,253)	-	(19,214)
Effect of movements in exchange rates	(227)	4,133	394	-	54	271	-	4,625
Balance at December 31, 2020	<u>\$ 402,782</u>	<u>389,844</u>	<u>70,800</u>	<u>156,387</u>	<u>12,081</u>	<u>71,317</u>	<u>2,076</u>	<u>1,105,287</u>
Balance at January 1, 2019	\$ 398,537	373,842	104,131	156,485	14,680	71,384	2,076	1,121,135
Additions	-	1,585	1,380	350	-	3,657	-	6,972
Disposals	-	-	(25,559)	-	(2,373)	(6,300)	-	(34,232)
Reclassification	-	-	-	-	-	119	-	119
Effect of movements in exchange rates	-	(11,502)	(950)	-	(145)	(621)	-	(13,218)
Balance at December 31, 2019	<u>\$ 398,537</u>	<u>363,925</u>	<u>79,002</u>	<u>156,835</u>	<u>12,162</u>	<u>68,239</u>	<u>2,076</u>	<u>1,080,776</u>
Accumulated depreciation and impairment loss:								
Balance at January 1, 2020	\$ 1,160	117,976	72,987	43,471	7,628	57,449	1,973	302,644
Depreciation	-	13,357	1,309	4,170	1,408	4,183	76	24,503
Disposal	-	(1,257)	(9,350)	(404)	(742)	(3,218)	-	(14,971)
Effect of movements in exchange rates	-	1,639	383	-	29	242	-	2,293
Balance at December 31, 2020	<u>\$ 1,160</u>	<u>131,715</u>	<u>65,329</u>	<u>47,237</u>	<u>8,323</u>	<u>58,656</u>	<u>2,049</u>	<u>314,469</u>
Balance at January 1, 2019	\$ 1,160	106,507	95,735	39,286	9,610	60,429	1,775	314,502
Depreciation	-	13,790	2,011	4,185	1,372	3,675	198	25,231
Disposal	-	-	(23,846)	-	(2,372)	(6,261)	-	(32,479)
Effect of movements in exchange rates	-	(2,321)	(913)	-	(982)	(394)	-	(4,610)
Balance at December 31, 2019	<u>\$ 1,160</u>	<u>117,976</u>	<u>72,987</u>	<u>43,471</u>	<u>7,628</u>	<u>57,449</u>	<u>1,973</u>	<u>302,644</u>
Carrying amounts:								
Balance at December 31, 2020	<u>\$ 401,622</u>	<u>258,129</u>	<u>5,471</u>	<u>109,150</u>	<u>3,758</u>	<u>12,661</u>	<u>27</u>	<u>790,818</u>
Balance at January 1, 2019	<u>\$ 397,377</u>	<u>267,335</u>	<u>8,396</u>	<u>117,199</u>	<u>5,070</u>	<u>10,955</u>	<u>301</u>	<u>806,633</u>
Balance at December 31, 2019	<u>\$ 397,377</u>	<u>245,949</u>	<u>6,015</u>	<u>113,364</u>	<u>4,534</u>	<u>10,790</u>	<u>103</u>	<u>778,132</u>

The property, plant and equipment of the Group had not been pledged as collaterals.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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(j) Right-of-use assets

The Group leases many assets including land, buildings and office equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2020	\$ 32,059	41,571	1,285	74,915
Additions	141,343	19,665	1,476	162,484
Write-off	-	(9,665)	(2,260)	(11,925)
Effect of movements in exchange rates	539	64	4	607
Balance at December 31, 2020	<u>\$ 173,941</u>	<u>51,635</u>	<u>505</u>	<u>226,081</u>
Balance at January 1, 2019	\$ 33,287	26,537	1,296	61,120
Additions	-	15,541	-	15,541
Effect of movements in exchange rates	(1,228)	(507)	(11)	(1,746)
Balance at December 31, 2019	<u>\$ 32,059</u>	<u>41,571</u>	<u>1,285</u>	<u>74,915</u>
Accumulated depreciation:				
Balance at January 1, 2020	\$ 795	14,123	554	15,472
Depreciation	2,983	20,461	766	24,210
Write-off	-	(5,038)	(1,046)	(6,084)
Effect of movements in exchange rates	30	126	4	160
Balance at December 31, 2020	<u>\$ 3,808</u>	<u>29,672</u>	<u>278</u>	<u>33,758</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation	826	14,332	559	15,717
Effect of movements in exchange rates	(31)	(209)	(5)	(245)
Balance at December 31, 2019	<u>\$ 795</u>	<u>14,123</u>	<u>554</u>	<u>15,472</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 170,133</u>	<u>21,963</u>	<u>227</u>	<u>192,323</u>
Balance at January 1, 2019	<u>\$ 33,287</u>	<u>26,537</u>	<u>1,296</u>	<u>61,120</u>
Balance at December 31, 2019	<u>\$ 31,264</u>	<u>27,448</u>	<u>731</u>	<u>59,443</u>

On September 9, 2020, the Group entered into a land lease for solar energy installation with Jindun Village Forestry Cooperative of Changhua County. The total rental during the construction period was \$880 thousand. Furthermore, the annual rental was \$8,400 thousand, as well as the land value tax born by lessee for a period of 20 years from the date of completion of the construction. According to the above transactions, the Group recognized both \$141,343 thousand of right-of-use assets and lease liabilities.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2020 and 2019 were as follows:

	Computer software
Costs:	
Balance at January 1, 2020	\$ 10,327
Additions	<u>1,456</u>
Balance at December 31, 2020	<u>\$ 11,783</u>
Balance at January 1, 2019	\$ 8,504
Additions	<u>1,823</u>
Balance at December 31, 2019	<u>\$ 10,327</u>
Accumulated amortization:	
Balance at January 1, 2020	\$ 7,622
Amortization	<u>808</u>
Balance at December 31, 2020	<u>\$ 8,430</u>
Balance at January 1, 2019	\$ 7,163
Amortization	<u>459</u>
Balance at December 31, 2019	<u>\$ 7,622</u>
Carrying value:	
Balance at December 31, 2020	<u>\$ 3,353</u>
Balance at January 1, 2019	<u>\$ 1,341</u>
Balance at December 31, 2019	<u>\$ 2,705</u>

For the years ended December 31, 2020 and 2019, the amortization expense amounted to \$808 thousand and \$459 thousand, respectively. These expenses were included in operating costs and operating expenses in the consolidated statements of comprehensive income.

(l) Other current assets and non-current assets

(i) The other current assets of the Group were as follows:

	December 31, 2020	December 31, 2019
Other financial assets	\$ 3,510,823	4,453,340
Construction guarantee deposits paid	10,286	16,273
Temporary payment	21,801	33,913
Others	<u>174,984</u>	<u>216,738</u>
Total	<u>\$ 3,717,894</u>	<u>4,720,264</u>

Other financial assets were time deposits with a maturity of three to twelve months.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) The other non-current assets of the Group were as follows:

	December 31, 2020	December 31, 2019
Other financial assets	\$ 850	13,118
Guarantee deposits paid	21,986	21,827
Prepayments of equipment for construction project	1,049	1,471
Prepayments for land and buildings	104,608	-
Others	2,035	1,932
Total	\$ 130,528	38,348

Other financial assets were mainly time deposits with a maturity of more than twelve months and restricted deposits.

The prepayments for land and buildings were the prepayments of purchase price of properties, deed tax, stamp tax, fees and other prepayments related to the properties as a headquarters in 2020.

(m) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Range of interest rates (%)	-	-
Unused short-term credit lines	\$ 7,683,833	2,669,748

(n) Current provisions

	Warranty
Balance at January 1, 2020	\$ 16,743
Provisions made during the year	11,218
Provisions used during the year	(8,553)
Balance at December 31, 2020	\$ 19,408
Balance at January 1, 2019	\$ 13,354
Provisions made during the year	11,388
Provisions used during the year	(7,999)
Balance at December 31, 2019	\$ 16,743

The Group determined provisions for warranty based on 0.1% of the value of the construction contracts completed within one year. The provisions for warranty were deducted as incurred, otherwise, it was recognized as an expense for current period if there was a deficiency.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Other current liabilities

	December 31, 2020	December 31, 2019
Receipts under custody	\$ 1,881	1,558
Other payables	54,627	61,745
Accrued expenses	899,731	693,858
Other current liabilities	5,298	6,143
Dividends payable	253,184	278,280
	<u>\$ 1,214,721</u>	<u>1,041,584</u>

(p) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	<u>\$ 14,568</u>	<u>18,390</u>
Non-current	<u>\$ 149,400</u>	<u>10,141</u>

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	<u>\$ 1,188</u>	<u>842</u>
Expenses relating to short-term leases	<u>\$ 26,816</u>	<u>24,226</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	2020	2019
Total cash outflow for leases	<u>\$ 49,070</u>	<u>39,598</u>

(i) Real estate leases

The Group leases land and buildings for its office space and plant. The leases of office space and plant typically run for a period of 1 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Some leases of office buildings contain extension or cancellation options. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases equipment, with lease terms of 1 to 3 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group also leases buildings and equipments. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	\$ (435,658)	(393,352)
Fair value of plan assets	108,676	104,400
Net defined benefit liabilities	<u><u>\$ (326,982)</u></u>	<u><u>(288,952)</u></u>

The Group's employee benefit liabilities were as follows:

	December 31, 2020	December 31, 2019
Short-term compensated absence liabilities (Accrued expenses)	<u><u>\$ 24,537</u></u>	<u><u>23,248</u></u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months 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 Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$108,676 thousand 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 the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit obligations at January 1	\$ 393,352	431,883
Current service costs and interest cost	6,045	6,506
Remeasurements of the net defined benefit liabilities		
— Actuarial loss (gain) arising from changes in financial assumptions	42,080	(8,969)
— Actuarial gain arising from experience adjustments	(3,000)	(35,249)
Benefits paid	(2,819)	(819)
Defined benefit obligations at December 31	<u>\$ 435,658</u>	<u>393,352</u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements in defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Fair value of plan assets at January 1	\$ 104,400	97,468
Interest income	2,377	959
Remeasurements of the net defined benefit liabilities		
— Return on plan assets excluding interest income	1,801	3,737
Contributions	2,917	3,055
Benefits paid	(2,819)	(819)
Fair value of plan assets at December 31	<u>\$ 108,676</u>	<u>104,400</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Current service costs	\$ 1,718	2,331
Net interest of net liabilities for defined benefit obligations	1,950	3,216
	<u>\$ 3,668</u>	<u>5,547</u>
	2020	2019
Operating costs	\$ 3,046	4,569
Operating expenses	622	978
	<u>\$ 3,668</u>	<u>5,547</u>

5) Remeasurement of the net defined benefit liability recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Accumulated amount at January 1	\$ 104,269	152,224
Recognized during the period	37,279	(47,955)
Accumulated amount at December 31	<u>\$ 141,548</u>	<u>104,269</u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Actuarial assumptions

The principal actuarial assumptions for the Group at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.35 %	1.10 %
Future salary increases rate	2.00 %	1.50 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$2,974 thousand.

The weighted average lifetime of the defined benefit plans is 8.48 years.

7) Sensitivity analysis

As of December 31, 2020 and 2019, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations shall be as follows:

	The impact of defined benefit obligations	
	Increase	Decrease
December 31, 2020		
Discount rate (0.50%)	\$ (17,757)	13,217
Future salary increase rate (0.25%)	9,006	(8,779)
December 31, 2019		
Discount rate (0.50%)	(16,723)	17,853
Future salary increase rate (0.25%)	8,531	(8,301)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions 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 pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$31,251 thousand and \$29,489 thousand for the years ended December 31, 2020 and 2019, respectively.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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(r) Income taxes

(i) Income tax expenses

The components of income tax of the Group in the years 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current tax expense		
Current period	\$ 1,007,342	948,030
Adjustment for prior periods	<u>(6,695)</u>	<u>(24,788)</u>
	<u>1,000,647</u>	<u>923,242</u>
Deferred tax benefit		
Origination and reversal of temporary differences	<u>(10,177)</u>	<u>(87,734)</u>
Income tax expense	<u><u>\$ 990,470</u></u>	<u><u>835,508</u></u>

The amount of income tax expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	\$ <u>7,456</u>	<u>(9,591)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>(1,974)</u>	<u>9,921</u>
	<u><u>\$ 5,482</u></u>	<u><u>330</u></u>

Reconciliation of the Group's income tax expense and net income before tax for 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Net income before tax	<u><u>\$ 5,081,802</u></u>	<u><u>3,729,389</u></u>
Income tax using the Company's domestic tax rate	\$ 1,016,360	745,878
Effect of tax rates in foreign jurisdiction	38,032	108,928
Tax- exempt income	(313)	(1,147)
Permanent differences	(56,914)	3,038
5% income surtax on undistributed earnings	-	3,599
Income tax adjustments for prior periods	<u>(6,695)</u>	<u>(24,788)</u>
Total	<u><u>\$ 990,470</u></u>	<u><u>835,508</u></u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
The court adjudged to pay the payment and related interest expenses	\$ <u>33,296</u>	<u>32,037</u>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

Deferred tax liabilities:

	Foreign investment income	cumulative translation adjustment	Total
Balance at January 1, 2020	\$ 102,607	-	102,607
Recognized in profit or loss	(6,964)	-	(6,964)
Balance at December 31, 2020	\$ <u>95,643</u>	<u>-</u>	<u>95,643</u>
Balance at January 1, 2019	\$ 125,353	(6,370)	118,983
Recognized in profit or loss	(22,746)	-	(22,746)
Recognized in other comprehensive income	-	6,370	6,370
Balance at December 31, 2019	\$ <u>102,607</u>	<u>-</u>	<u>102,607</u>

Deferred Tax Assets:

	Defined benefit plans	Unrealized warranty	Loss allowance exceeded the limit	Allowance for inventory valuation	Foreign investment loss	Others	Total
Balance at January 1, 2020	\$ 29,446	5,823	12,779	8,897	36,609	62,830	156,384
Recognized in profit or loss	-	533	(8,001)	(1,004)	7,423	4,262	3,213
Recognized in other comprehensive income	7,456	-	-	-	-	(1,974)	5,482
Balance at December 31, 2020	\$ <u>36,902</u>	<u>6,356</u>	<u>4,778</u>	<u>7,893</u>	<u>44,032</u>	<u>65,118</u>	<u>165,079</u>
Balance at January 1, 2019	\$ 39,037	5,145	4,412	9,854	-	26,248	84,696
Recognized in profit or loss	-	678	8,367	(957)	36,609	20,291	64,988
Recognized in other comprehensive income	(9,591)	-	-	-	-	16,291	6,700
Balance at December 31, 2019	\$ <u>29,446</u>	<u>5,823</u>	<u>12,779</u>	<u>8,897</u>	<u>36,609</u>	<u>62,830</u>	<u>156,384</u>

(iii) Assessment of tax

The Company's tax returns for the years through 2018 were assessed by the tax authorities.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Capital and other equity

(i) Common Stock

As of December 31, 2020 and 2019, the Company's authorized capital both amounted to \$3,000,000 thousand with par value of \$10 per share. The Company's issued capital both amounted to \$1,905,867 thousand at December 31, 2020 and 2019.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2020	December 31, 2019
Capital surplus - premium from merger	\$ 6,938	6,938
Share premium	49,987	49,987
Convertible bond premium	215,672	215,672
Treasury share transactions	77,158	77,158
Others	18,389	23,806
	<u>\$ 368,144</u>	<u>373,561</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the Company's Article of Incorporation, if the Company has retained earnings according to its annual accounts, it may, after paying all taxes, and making up all past losses, set aside a 10% legal reserve, and a special reserve, if necessary, pursuant to laws, unless the reserve as allocated has equaled the Company's paid-in capital. The remainder, if any, shall be provided as or reversed from special reserve pursuant to laws. The balance, if any, shall be included into the unappropriated accumulated earnings for prior years and allocated as bonuses and dividends to shareholders based on the motion for allocation of earnings proposed by the Board of Directors, then resolved by a shareholders' meeting.

According to the amendment to Article 19-1 of the Article of Incorporation pursuant to a resolution by a general shareholders' meeting on June 19, 2019. Where the earnings referred in the preceding paragraph are intended to be allocated in cash, the Board of Directors is authorized to allocate the same per special resolution and report it to the shareholders' meeting.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The Company's dividend policy is based on current and future development plans, considering the investment environment, capital needs, domestic and international competition, taking into account the interests of shareholders and other factors, in order to stabilize business development and protect investors' rights and interests. The dividends to shareholders can be in the form of cash dividend and/or stock dividend; also, the cash dividend is not less than 25% of the total dividend.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by the shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Earnings distribution

For the appropriations of earnings for 2019 and 2018, the amounts of cash dividends to be distributed were \$13 and \$10 per share in 2020 and 2019, respectively. The related information would be available at the Market Observation Post System website.

(iv) Other equity, net of tax

	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2020	\$ (111,603)	1,043,567	931,964
Exchange differences on foreign operations	8,951	-	8,951
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(93,061)	(93,061)
Balance at December 31, 2020	<u>\$ (102,652)</u>	<u>950,506</u>	<u>847,854</u>
Balance at January 1, 2019	\$ (63,488)	628,749	565,261
Exchange differences on foreign operations	(48,115)	-	(48,115)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	414,818	414,818
Balance at December 31, 2019	<u>\$ (111,603)</u>	<u>1,043,567</u>	<u>931,964</u>

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2020 and 2019 were as follows:

(i) Basic earnings per share

	<u>2020</u>	<u>2019</u>
Net income attributable to ordinary shareholders of the Company	<u>\$ 4,033,304</u>	<u>2,815,298</u>
Weighted average number of ordinary shares	<u>190,587</u>	<u>190,587</u>
Basic earnings per share (in NT dollars)	<u>\$ 21.16</u>	<u>14.77</u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Diluted earnings per share

	2020	2019
Net income attributable to ordinary shareholders of the Company (diluted)	<u><u>\$ 4,033,304</u></u>	<u><u>2,815,298</u></u>
Weighted average number of ordinary shares (basic)	190,587	190,587
Effect of potentially dilutive ordinary shares:		
Effect of employee bonuses	<u>3,074</u>	<u>2,612</u>
Weighted average number of ordinary shares (diluted)	<u><u>193,661</u></u>	<u><u>193,199</u></u>
Diluted earnings per share (in NT dollars)	<u><u>\$ 20.83</u></u>	<u><u>14.57</u></u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Primary geographic markets:		
Taiwan	\$ 33,667,653	19,272,860
Mainland China	2,163,789	4,429,233
Singapore	<u>5,200</u>	<u>218,540</u>
	<u><u>\$ 35,836,642</u></u>	<u><u>23,920,633</u></u>
Major products/services lines:		
Integrated engineering service	\$ 35,630,541	23,516,033
Service and design	82,234	312,116
Sales	<u>123,867</u>	<u>92,484</u>
	<u><u>\$ 35,836,642</u></u>	<u><u>23,920,633</u></u>
Type of contract:		
Fixed price contract	\$ 35,712,775	23,828,149
Material-based contract	<u>123,867</u>	<u>92,484</u>
	<u><u>\$ 35,836,642</u></u>	<u><u>23,920,633</u></u>

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable	\$ 7,402,904	5,056,402	4,057,027
Less: allowance for impairment	<u>265,225</u>	<u>270,370</u>	<u>234,778</u>
Total	<u><u>\$ 7,137,679</u></u>	<u><u>4,786,032</u></u>	<u><u>3,822,249</u></u>
Contract assets-Construction in Progress	<u><u>\$ 2,246,005</u></u>	<u><u>1,680,082</u></u>	<u><u>2,176,124</u></u>
Contract liabilities-Construction in Progress	<u><u>\$ 7,266,043</u></u>	<u><u>6,515,385</u></u>	<u><u>6,943,358</u></u>

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liabilities balance at the beginning of the period were \$0 thousand and \$23 thousand, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Other significant changes during the period were as follows:

	2020		2019	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Stage of completion measurement	\$ -	-	-	-
Contract modification	\$ 44,351	994,199	(24,206)	460,075

(v) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute 6% to 10% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's controlled or affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$524,000 thousand and \$390,000 thousand, and directors' remuneration amounting to \$47,000 thousand and \$33,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The amounts, as stated in 2019 consolidated financial statements, are identical to those of the actual distributions in 2020 shareholders' meeting.

(w) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income were as follows:

	2020	2019
Interest income from bank deposits	\$ 104,428	154,532

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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(ii) Other income

The details of the Group's other income were as follows:

	2020	2019
Rental income	\$ 31,916	29,925
Dividend income	43,697	93,980
Other income—other		
Income from sale of scraps	6,158	12,559
Others	8,875	50,984
Total	\$ 90,646	187,448

iii) Other gains and losses

The details of the Group's other gains and losses were as follows:

	2020	2019
Gains on disposal of property, plant and equipment	\$ 2,705	2,390
Foreign exchange losses	(62,965)	(108,563)
Gains on financial assets at fair value through profit or loss	285,777	52,933
Other gains and losses	(3,281)	(6,377)
Total	\$ 222,236	(59,617)

iv) Interest expense

The details of the Group's interest expense were as follows:

	2020	2019
Interest expense of—Dentsu Engineering	\$ 6,298	6,298
Others	1,302	870
Total	\$ 7,600	7,168

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2020 and 2019, the amounts of the maximum exposure to credit risk were \$19,190,574 thousand and \$15,799,171 thousand, 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 monitors and reviews the recoverable amount of the accounts receivable to ensure the uncollectible amount are recognized appropriately as impairment loss. Therefore, the expected credit losses are in the expectation of the Group.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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, 2020 and 2019, notes and accounts receivable concentrated on few counter-parties were as follows:

Name of client	December 31, 2020		
	Carrying amount	the maximum exposure to credit risk	%
Micron Memory Taiwan Co., Ltd.	\$ 5,300,959	5,300,959	74.19
Taiwan Semiconductor Manufacturing Co., Ltd.	804,430	804,430	11.26
Total	<u>\$ 6,105,389</u>	<u>6,105,389</u>	<u>85.45</u>

Name of client	December 31, 2020		
	Carrying amount	the maximum exposure to credit risk	%
Taiwan Semiconductor Manufacturing Co., Ltd.	\$ 1,019,088	1,019,088	20.78
Micron Memory Taiwan Co., Ltd.	2,038,590	2,038,590	41.58
Micron Technology Taiwan Co., Ltd.	259,165	259,165	5.29
Total	<u>\$ 3,316,843</u>	<u>3,316,843</u>	<u>67.65</u>

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2020							
Non-derivative financial liabilities							
Notes payable	\$ 68,613	68,613	68,613	-	-	-	-
Accounts payable	7,055,375	7,055,375	4,763,295	44,184	207,457	1,602,049	438,390
Accrued expenses	925,192	925,192	905,866	1,767	3,925	13,466	168
Lease liabilities	163,968	191,321	9,995	4,841	12,488	28,197	135,800
Guarantee deposits received	12,182	12,182	2,536	2,144	1,689	3,800	2,013
	<u>\$ 8,225,330</u>	<u>8,252,683</u>	<u>5,750,305</u>	<u>52,936</u>	<u>225,559</u>	<u>1,647,512</u>	<u>576,371</u>
December 31, 2019							
Non-derivative financial liabilities							
Notes payable	\$ 14,439	14,439	14,439	-	-	-	-
Accounts payable	5,620,197	5,620,197	3,690,894	150,710	451,305	1,195,386	131,902
Accrued expenses	53,594	53,594	39,446	715	10,232	3,036	165
Lease liabilities	28,531	29,259	9,677	9,259	10,323	-	-
Guarantee deposits received	7,571	7,571	-	1,217	3,409	1,571	1,374
	<u>\$ 5,724,332</u>	<u>5,725,060</u>	<u>3,754,456</u>	<u>161,901</u>	<u>475,269</u>	<u>1,199,993</u>	<u>133,441</u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate (dollars)	TWD	Foreign currency	Exchange rate (dollars)	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 57,641	28.48	1,641,616	82,127	29.98	2,462,167
CNY	377,186	4.38	1,650,943	290,420	4.31	1,250,258
SGD	65	21.56	1,401	65	22.28	1,448
<u>Non-monetary items</u>						
Financial assets measured at fair value through other comprehensive income	447,503	4.38	1,958,718	476,604	4.31	2,051,779
<u>Finance liabilities</u>						
<u>Monetary items</u>						
USD	14,081	28.48	401,027	14,922	29.98	447,362
EUR	1,466	35.02	51,339	486	33.59	16,325
JPY	8,375	0.28	2,312	416	0.28	115
CNY	917	4.38	4,014	3,365	4.31	14,486
SGD	339	21.56	7,309	339	22.28	7,553

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through other comprehensive income, accounts payable and other payables that are denominated in foreign currency. A (weakening) strengthening of 1% of the NTD against the USD, EUR, CNY, SGD and JPY, the Group's net income before tax would have increased (decreased) by \$22,624 thousand and \$25,824 thousand, and other comprehensive income would have increased (decreased) by \$15,670 thousand and \$16,414 thousand, for the years ended December 31, 2020 and 2019, respectively. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group 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, 2020 and 2019, foreign exchange loss (including realized and unrealized portions) amounted to \$62,965 thousand and \$108,563 thousand, respectively.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

If the interest rate had increased/decreased by 0.25%, the Group's net income would have increased/decreased by \$24,005 thousand and \$21,685 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remaining constant.

(v) Fair value of financial instruments

1) Fair value hierarchy

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.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income 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, disclosure of fair value information is not required:

December 31, 2020					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 506,695	421,880	78,010	6,805	506,695
Financial assets at fair value through other comprehensive income					
Unquoted equity instrument measured at fair value	1,958,718	-	-	1,958,718	1,958,718
Total	\$ 2,465,413	421,880	78,010	1,965,523	2,465,413
December 31, 2019					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 220,526	34,346	179,833	6,347	220,526
Financial assets at fair value through other comprehensive income					
Unquoted equity instrument measured at fair value	2,051,779	-	-	2,051,779	2,051,779
Total	\$ 2,272,305	34,346	179,833	2,058,126	2,272,305

2) Transfer between Level 1 and Level 2

There were no transfers from Level 1 to Level 2 for the years ended December 31, 2020 and 2019.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	
	Designated at fair value through profit or loss	Unquoted equity instruments	Total
Balance at January 1, 2020	\$ 6,347	2,051,779	2,058,126
Total gains and losses			
In profit or loss	458	-	458
In other comprehensive income	-	(93,061)	(93,061)
Balance at December 31, 2020	<u>\$ 6,805</u>	<u>1,958,718</u>	<u>1,965,523</u>
Balance at January 1, 2019	\$ 7,879	1,636,961	1,644,840
Total gains and losses			
In profit or loss	(1,532)	-	(1,532)
In other comprehensive income	-	414,818	414,818
Balance at December 31, 2019	<u>\$ 6,347</u>	<u>2,051,779</u>	<u>2,058,126</u>

Total gains and losses were recognized in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income".

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss— equity investments" and "financial assets measured at fair value through other comprehensive income - equity investments".

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 input.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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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 assets at fair value through profit or loss — equity investments without an active market	Comparable Company	<ul style="list-style-type: none"> Price Book Ratio (December 31, 2019 was 1.53) (Note) Discount for lack of marketability (December 31, 2019 was 22.20%) (Note) 	<ul style="list-style-type: none"> The higher the ratio, the higher the fair value The higher the discount, the lower the fair value
Financial assets at fair value through profit or loss — equity investments without an active market	Net asset value method	<ul style="list-style-type: none"> Discount for lack of marketability (December 31, 2019 was 17.5%) (Note) Discount for control (December 31, 2019 was 22.48%) (Note) 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Price Book Ratio (December 31, 2020 and December 31, 2019 were 0.87 and 1.00) Discount for lack of marketability (December 31, 2020 and December 31, 2019 were 28.82% and 23.07%) 	<ul style="list-style-type: none"> The higher the ratio, the higher the fair value The higher the discount, the lower the fair value

Note: As of December 31, 2020, the investees had been dissolved or were expected to be liquidated, therefore, the fair value, without the application of parameters, was based on the liquidation value.

- 5) Fair value measurement in Level 3 — sensitivity analysis of reasonably possible alternative assumptions

While under different models or using different parameters may lead to different results, fair value measurement for financial instruments is reasonable.

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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, 2020						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Discount for lack of marketability	10%	(Note)	(Note)	-	-
Equity investments without an active market	Discount for control	10%	(Note)	(Note)	-	-
Equity investments without an active market	Price Book Ratio	10%	(Note)	(Note)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Discount for lack of marketability	10%	-	-	79,306	(79,306)
Equity investments without an active market	Price Book Ratio	10%	-	-	195,872	(195,872)
December 31, 2019						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Discount for lack of marketability	10%	102	(102)	-	-
Equity investments without an active market	Discount for control	10%	82	(82)	-	-
Equity investments without an active market	Price Book Ratio	10%	352	(352)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Discount for lack of marketability	10%	-	-	62,173	(62,173)
Equity investments without an active market	Price Book Ratio	10%	-	-	207,323	(207,323)

Note: As of December 31, 2020, the investees had been dissolved or were expected to be liquidated, therefore, the fair value, without the application of parameters, was based on the liquidation value.

6) Financial instruments not measured at fair value

a) Fair value information

The Group's financial instruments not measured at fair value include cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits paid, notes and accounts payable, other payables, guarantee deposits received and part of other financial assets, whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required.

b) Valuation techniques

The Group's valuation methods and assumptions used for 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, notes and accounts receivable, other receivables, notes and accounts payable and other payables were measured at book value at the reporting date.

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(y) Financial risk management

(i) Overview

The Group has exposures to the following risks arising from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

1) Notes and accounts receivable

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet 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, deposits in banks and in financial institutions. Furthermore, credit risk may derive from customers, including unreceived receivables and committed transaction.

2) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2020 and 2019, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

As of December 31, 2020 and 2019, the Group's unused credit line were amounted to \$7,683,833 thousand and \$2,669,748 thousand, 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 optimizing the return.

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 is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios.

(z) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

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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, 2020	December 31, 2019
Total liabilities	\$ 16,897,049	14,347,523
Less: cash and cash equivalents	<u>8,501,567</u>	<u>6,391,222</u>
Net debt	<u>\$ 8,395,482</u>	<u>7,956,301</u>
Total equity	<u>\$ 10,151,518</u>	<u>8,737,813</u>
Debt-to-capital ratio	<u>82.70 %</u>	<u>91.06 %</u>

(aa) Cash flows information on acquisition of property, plant and equipment

The supplementary information on acquisition of property, plant and equipment of the Group were as follows:

	2020	2019
Increase in property, plant and equipment	\$ 39,100	6,972
Cash payments	<u>\$ 39,100</u>	<u>6,972</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wholetech System Hitech Limited	Investee accounted for using equity method
Ablerex Electronics Co., Ltd.	Investee accounted for using equity method
JG Environmental Technology Co., Ltd.	Investee accounted for using equity method
ECO Energy Corporation	Investee accounted for using 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
Yun Hao Motor Technician Office	Related party

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Name of related party	Relationship with the Group
Sheng Yang Integration Co., Ltd.	Related party
All directors, supervisors, general managers and deputy general managers	Key management personnel
Wholetech System Hitech(s) Pte, Ltd.	An associate

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	2020	2019
Other related parties	\$ <u>12</u>	<u>44</u>

There is no significant difference between the credit terms of the Group and of the same businesses.

(ii) Construction cost

The amounts of purchases by the Group from related parties were as follows:

	2020	2019
Associates	\$ 295,767	116,539
Other related parties	<u>159,403</u>	<u>130,286</u>
	<u>\$ 455,170</u>	<u>246,825</u>

There is no significant difference between the payment terms of the Group and of the same businesses.

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Notes payable	Other related parties	\$ 5,983	-
Accounts payable	Associates	192,481	31,595
Accounts payable	Other related parties	43,612	68,159
Other payables	Other related parties — Dentsu Engineering	166,481	160,183
		<u>\$ 408,557</u>	<u>259,937</u>

Other payables mentioned above included package fee disbursements, salaries and interests, etc. Please refer note 12 (c) for further information.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Leases

Name of related party	Object	Lease term	Rental income	
			2020	2019
Associates	1F., No.1、3, Ln. 7, Baogao Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	2020.01.01~ 2021.05.31	\$ 4,464	4,392
Associates	Parking Space	2020.01.01~ 2021.05.31	72	72
Other related parties	No.18, Aly. 2, Ln. 261, Xinghua Rd., Shanhua Dist., Tainan City 741, Taiwan (R.O.C.)	2017.08.01~ 2020.04.30	97	194
			<u>\$ 4,633</u>	<u>4,658</u>

(v) Finance costs

	2020	2019
Other related parties — Dentsu Engineering	<u>\$ 6,298</u>	<u>6,298</u>

(vi) Other income

	2020	2019
Other related parties	<u>\$ 61</u>	<u>-</u>

(vii) Property transactions

The disposals of property, plant and equipment to related parties were summarized as follows:

Relationship	2020		2019	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Associate	<u>\$ -</u>	<u>-</u>	<u>2,420</u>	<u>2,411</u>

(c) Key management personnel compensation

	2020	2019
Short-term employee benefits	\$ 207,242	161,054
Post-employment benefits	1,401	1,372
	<u>\$ 208,643</u>	<u>162,426</u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted assets (other non — current assets)	Engineering performance bond	\$ <u>850</u>	<u>1,013</u>

(9) Commitments and contingencies

- (a) As of December 31, 2020 and 2019, except for the disclosures of Note 7, the Group's commitments and contingencies were as follows:
- (i) As of December 31, 2020 and 2019, guaranteed notes received from construction contractors for performance guarantees or maintenance guarantees amounted to \$12,033,762 thousand and \$10,511,547 thousand, respectively.
 - (ii) As of December 31, 2020 and 2019, guaranteed notes issued to construction contractors for performance guarantees or maintenance guarantees amounted to \$27,115 thousand and \$159,283 thousand, respectively.
 - (iii) As of December 31, 2020 and 2019, guaranteed notes issued for bank loans and letters of credits amounted to \$2,000,000 thousand and \$400,000 thousand, respectively.
 - (iv) As of December 31, 2020 and 2019, guaranteed letters offered by banks for contract performance guarantees amounted to \$453,139 thousand and \$106,673 thousand, respectively.
 - (v) As of December 31, 2020 and 2019, the total contract price of contracted construction projects amounted to \$125,228,244 thousand and \$117,164,497 thousand, respectively, and the contract payments received by the Group amounted to \$79,470,666 thousand and \$59,192,856 thousand, respectively.
 - (vi) As of December 31, 2020 and 2019, the total subcontract price of subcontracted construction projects amounted to \$14,845,499 thousand and \$12,772,666 thousand, respectively, and the contract payment paid by the Group amounted to \$12,118,963 thousand and \$10,855,789 thousand, respectively.
 - (vii) As of December 31, 2020 and 2019, the outstanding letters of credits issued by the Group for purchasing equipment amounted to \$196,240 thousand and \$100,011 thousand, respectively.
 - (viii) As of December 31, 2020 and 2019, guaranteed notes received from lessees for rental of buildings both mounted to \$1,073 thousand.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant contracts

In the Board of Directors meeting on June 12, 2020, the Group decided to enter into a real estate purchase agreement to be used as its headquarters. The total value of the contract including tax was \$516,950 thousand, as of December 31, 2020, the remaining unpaid balance was \$416,140 thousand.

(c) Significant liabilities :

Among the construction contracts entered by the Group, 240 of them have not been completed. As of December 31, 2020, 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
InfoVision Optoelectronics (Kunshan) Co., Ltd	2007/12/1-2009/12/31	Longteng Optoelectronics 110K Expansion Main System Engineering	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2012/5/14-2013/7/31	TSMC F6 BUMPPING engineering	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2012/5/25-2013/10/31	F12 P6 CCD EXPANSION-EDC2 F12 P4 SITE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/3/1-2017/12/31	TSMC F15 P5 MEP PACKAGE(STAGE 1)(UPS)	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2016/10/1-2017/12/31	TSMC F15 P6 CR SCADTEM addition engineering	One year	Delay penalty : one thousandth of total contract price per day	Note
systems on silicon manufacturing company Pte.Ltd.	2018/2/12-2018/6/30	new construction of SSMC factory equipment procurement	One year	Delay penalty : one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/4/13-2018/12/31	TSMC F15P7 C/R PROJECT A	One year	Delay penalty : one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/4/30-2019/2/28	TSMC F18 P1 MEP-A PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/4/30-2019/2/28	TSMC F18 P1 MEP-B PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Proprietor	Date of project	Description	Warranty service period	Restrictions	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/4/30-2019/2/28	TSMC F18 P1 FIRE PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/5/3-2019/4/30	TSMC F18 P1 C/R	One year	Delay penalty : one thousandth of total contract price per day	Note
Yangtze River Storage Technology	2018/6/4-2018/9/30	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	
MICRON MEMORY TAIWAN CO., Ltd.	2018/7/4-2018/12/31	Build up for MTB warehouse	One year	Delay penalty : one thousandth of total contract price per day	
MICRON MEMORY TAIWAN CO., Ltd.	2018/7/17-2019/07/31	A2 E100 expansion project	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2018/7/27-2018/12/31	TSMCF18P1 EBO	One year	Delay penalty : one thousandth of total contract price per day	
KOPIN TAIWAN CORPATION	2018/8/24-2019/3/31	New construction of TURNKEY	One year	Delay penalty : one thousandth of total contract price per day	Note
AU Optronics Corporation	2018/12/4-2019/5/31	L3DIJP Project	One year	Delay penalty : one thousandth of total contract price per day	Note
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	Note
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	Note
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	Note
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	Note
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

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Proprietor	Date of project	Description	Warranty service period	Restrictions	Note
Advanced. Wireless Semiconductor Company	2019/02/11-2020/12/31	New construction of Hongjie Phase II plane construction factory (A,B,C,D,E,F Building) -Mechanical and electrical contracting engineering	One year	Delay penalty : one thousandth of total contract price per day	Note
MICRON MEMORY TAIWAN CO., Ltd.	2019/03/04-2021/12/31	New construction of MICRON factory project design	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2019/7/4-2020/12/31	TSMC F15P7 C/R Project B	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2019/7/18-2020/12/31	TSMC F15 P7 MEP PACKAGE B	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2019/10/21-2020/12/31	TSMC F18 P3 MEP A PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2019/10/21-2020/12/31	TSMC F18 P3 MEP B PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2019/10/21-2020/12/31	TSMC F18 P3 FIRE PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2019/11/13-2020/12/31	TSMC F18 P3 C/R	One year	Delay penalty : one thousandth of total contract price per day	Note
Yangtze River Storage Technology	2020/1/3-2020/10/15	Yangtze River Storage (Phase I) second stage project of pipeline purchase and installation in section B-imported equipment	One year	Delay penalty : one thousandth of total contract price per day	
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2020/1/10-2020/12/31	TSMC F18 P3 EBO CR PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	
Advanced. Wireless Semiconductor Company	2020/4/20-2021/6/30	New construction of Hongjie clean rooms systems install	One year	Delay penalty : one thousandth of total contract price per day	Note
MICRON MEMORY TAIWAN CO., Ltd.	2020/4/15-2021/3/31	f16 tool install service po-Gas/NG/BA	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2020/6/15-2022/6/14	TSMC F18 P4 MEP PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Proprietor	Date of project	Description	Warranty service period	Restrictions	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2020/6/1-2021/10/31	TSMC F18 P4 CLEAN ROOM PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2020/10/20-2021/12/31	TSMC F18 P4 CLEAN ROOM PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2020/11/1-2021/12/31	TSMC RDR1 C/R	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2020/11/11-2021/12/31	TSMC F18 P5 CLEAN ROOM PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note
TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	2020/11/1-2021/12/31	TSMC F18 P5 MEP PACKAGE	One year	Delay penalty : one thousandth of total contract price per day	Note

Note : 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. 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, was as follows:

By nature	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	661,890	826,601	1,488,491	652,457	629,790	1,282,247
Labor and health insurance	26,507	37,205	63,712	27,100	31,309	58,409
Pension	14,528	20,391	34,919	16,256	18,780	35,036
Remuneration of directors	-	52,790	52,790	-	38,676	38,676
Others	31,963	23,140	55,103	47,681	16,030	63,711
Depreciation	19,055	29,658	48,713	12,309	28,639	40,948
Amortization	892	583	1,475	1,044	2,758	3,802

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) Certain directors of the Company were sentenced of violating the Securities and Exchange Act by the Taiwan High Court (the “High Court”). With respect to the main content of the judgment, corresponding measures and the impact of the litigation on the operations, please refer to the following information:

(i) Main Content of the Judgment

On June 5, 2013, the Taipei District Prosecutors Office (the “Prosecutors Office”) filed a public prosecution against Chairman Chen and former Chairman Wang of the Company, and others, on the accusation of embezzlement, and claimed that between 2001 and 2011, the defendants have transferred more than NT\$1.3 billion, from the funds of Company, to other companies that are effectively controlled by the defendants as follows: Dentsu Engineering Co. Ltd (“Dentsu”), Fukuo Engineering Co. Ltd., and Huayuan Engineering Co. Ltd. After the defendants presented numerous evidence to clarify the relevant facts during the trial, the Taipei District Court sentenced on August 31, 2015 (No. 102 Jin-Chung-Chung-Su-Tzu 17) with the following main content: the court adopts the defendants' explanations and evidence regarding the NT\$1.3 billion, as mentioned in the indictment, that the funds, except for part of them are payment for construction fee and the wages of the construction workers, the rest of the funds were used for repaying several incidental payments (collectively referred to as the “Package Fees”), previously paid by Dentsu and other companies. There is also no evidence provided that the defendants had committed an offence involving embezzlement or breach of trust; therefore, the court considers that the defendants were not guilty of each of the above-mentioned criminal charge. However, the court still held the defendants guilty for financial statement fraud due to failure to disclose in the financial statements of Dentsu and other companies and the Package Fees thereof. The defendants all appealed against the conviction while the public prosecutor also filed an appeal against the acquittal part of the verdict; and due to the death of Mr. Wang, the former Chairman of the Company, the High Court (No. 104 Jin-Shang-Chung-Su-Tzu 40) declared a dismissal judgment for Mr. Wang on July 25, 2017 with respect to the charges of non-arm's length transactions, breach of trust, and embezzlement. The High Court stated that there was no evidence to prove that the defendants, other than Mr. Wang, were guilty and the public prosecutor accepted the acquittal judgment without further appeal. As for the High Court's decision of guilty on the financial statement fraud, the sentences on two of the defendants were finalized because they were given probations and decided not to appeal; while Chairman Chen appealed to the Supreme Court, wherein the Supreme Court (No. 106 Tai-Shang-Tzu 3336), on July 25, 2018, reversed and remanded the case to the High Court whose further judgment (No. 107 Jin-Shang-Chung-Geng-Yi-Tzu 8) on December 10, 2019 sentenced Mr. Chen guilty for misrepresented financial statements for certain years and guilty for violations of the Business Entity Accounting Act, as well as a five-year probation; Chairman Chen filed an appeal while the SFIPC center also requested the prosecutor to appeal. The Supreme Court reversed and remanded the case to the High Court on July 17, 2020, moving the case for further proceedings in the High Court.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Corresponding Measures

Since the establishment of the Company by the former Chairman Wang, the performance and earnings have always surpassed those of the same industry. Apart from having no deficit, almost all distributable surplus has always been distributed to shareholders; additionally, Chairman Wang almost has never sold his shares in the Company since the Company was listed on the OTC market, which proves Chairman Wang's loyalty and confidence in the Company; Chairman Chen has assisted with matters of the Company for decades and has worked hard for the Company. Owing to the contributions of both of them, the Company has thrived and has been able to consistently make stable profits. Therefore, we feel grateful that the investigation by the first and second instance courts and the retrial court resulting in the opinions of the court that the assertions of non-arm's length transactions, breach of trust and embezzlement as indicted by the prosecutor are not true. It is regrettable that the court still considers that the financial reports of certain fiscal years are misrepresented. As the Supreme Court has reversed and remanded the case to the High Court, the Company will await the final judgment.

(iii) Impact on the Operations

Since the occurrence of this case, the staff of the Company altogether have continued to stay on their posts and serve customers. The Company has also received support from proprietors and third-party firms. The Company's revenue continues to grow, while the progress, collection and payment operations of projects remain normal. Current business and finances of the Company are quite robust, as the Company's operations have not been affected by any of the judicial events.

(iv) On December 5, 2013, based on the contents of the indictment, the SFIPC argued that it was inappropriate for the former three directors to hold such positions in the Company and appealed for court decision to dismiss the directors' positions.

As mentioned above, under the leadership of the former Chairman Wang, the operations and performances of the Company were extremely good. Apart from the record of the indictment, the SFIPC did not propose any specific evidence of the three directors' unsuitability for directorship. On February 6, 2014, the shareholders' meeting was held, and after discussion and resolutions, the majority of shareholders supported the decision for the three directors to continue to run the Company. In 2015, the shareholders' general meeting re-elected directors, and the three directors also won the majority of the shareholders' support for re-election. Under the Taipei District Court's ruling in June 18, 2015, the SFIPC lost the lawsuit. The SFIPC filed an appeal, but due to the death of Chairman Wang, the SFIPC withdrew part of the appeal and changed its petition to be dismissing two directors' positions from June 16, 2015 to June 15, 2018. The court of Second Instance decided in early February 2016 to dismiss the complaint of the SFIPC about changes of claims. The SFIPC appealed to the Court of Third Instance on March 28, 2016. The Supreme Court (No. 106 Tai-Shang-Tzu 2658) revoked the original Second Instance judgment on September 28, 2018, and remanded the case to the High Court. On April 28, 2020, the two directors were disqualified from being a director by the High Court order. Both directors filed appeals on May 18, 2020, but due to the resignation of director Lee on June 2, 2020, she withdrew the appeal on June 3 in the same year and the court's decision on director Lee became finalized as of the date thereof; while the appeal part regarding director Chen is currently under the trial of the Supreme Court. The financial and business operations of the Company have also not been affected by this lawsuit.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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- (v) According to the content of the indictment on January 27, 2014, the SFIPC filed a group lawsuit on behalf of the investor on the grounds that the Company's financial reports from the third quarter of 2008 to 2011 were misrepresented, requesting the Company, directors and former supervisors to jointly compensate the investors for the damage amounting to more than NT\$243 million.

As stated above, the Company's operations and financial position have always been sound, and its share price has remained at a considerable level. It has been a stable and profitable Company for a long time. Relevant parties have also indicated that the Company has handled the affairs of the Company's interests and has not caused the Company's financial reports to be misrepresented. The judgment of the criminal first retrial court also holds that even though the Company's financial reports and financial business documents between years 2008 and 2011 were indeed misrepresented and have not reached materiality criteria, they have only violating the Business Accounting Laws regulations. As the Supreme Court reversed and remanded the case to the High Court, the case remains for further proceedings in the High Court. Before the criminal case and the final judgment of this civil action are determined, whether the Company has misrepresented financial reports in the past years stated, the investors have been harmed, or the damage is related to false financial reporting, etc., it would take a period of time before the judgment is announced. This lawsuit has also not affected the normal operation of the Company's current financial business.

- (c) The Company received the civil judgment from the Taiwan Taipei District Court on September 2, 2014 that the Company should pay the package fees of \$104,559 thousand and the former Chairman Wang's salary from January 2001 to April 2012, as previously paid by Dentsu, amounting to \$21,405 thousand.

In the third quarter of 2014, in accordance with the judgment stated above, the Company assessed and took into accounts the package fees and salary paid by Dentsu, which have yet to be reimbursed by the Company (respectively logged as construction costs and management costs). The Company also estimated that the relevant interest payable as of December 31, 2019 amounted to \$40,517 thousand (please refer to note 7).

As of the reporting date, the Company has yet to reimburse the abovementioned package fees, salary and related interests.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
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- (d) On September 5, 2016, Jiangxi United Integrated Services Ltd. (“Jiangxi UIS”) and Fujian Mantix Display Technology Co. Ltd. (“Fujian Mantix”) have executed the “Clean City Subcontract A Turn-Key Agreement” for the “Phrase I Project of the Fujian Mantix High-Tech Panel Construction” (“Project”) in Hanjiang District, Putian City, and have subsequently executed four supplemental agreements, including the “Electrical and Mechanical Installation Project of Section A” and the “Light Current System Installation Project”. Jiangxi UIS had performed all of the obligations arising from the abovementioned agreements; while Fujian Mantix accepted and put the Project into operation for which warranty coverage has expired but failed to make payments amounting to CNY 27,303 thousand pursuant to the Agreements. On April 23, 2020, Jiangxi UIS filed a lawsuit to recover the unpaid fees and relevant interest and applied for an asset preservation order in the Fujian Putian Middle Class People's Court (“People's Court”). On June 5, 2020, the People's Court ordered to freeze Fujian Mantix's certain bank accounts within a certain range of deposit amounts. A mediated settlement agreement (“Settlement”) was reached between the parties subsequently and was approved by the People's Court on September 28, 2020. Pursuant to the Settlement, the parties agreed that the total sum of the unpaid amount shall be CNY 28,000 thousand (“Settlement Amount”). The Settlement Amount shall be paid in 7 installments commencing on October 31, 2020 with the last payments due on April 30, 2021, and if Fujian Mantix fails to pay on time, the total sum of the payment will be restored back to amount recognized by the parties amounting to CNY 27,301 thousand plus the interest of CNY 1,200 thousand.

As of December 31, 2020, Fujian Mantix has yet to receive the abovementioned payments amounting to CNY 10,646 thousand (equivalent to NTD 46,600 thousand). The consolidated company conducted relevant assessments and recognized that the allowance for loss regarding the abovementioned payments is CNY 3,237 thousand (equivalent to NTD 14,168 thousand) by December 31, 2020.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated 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 Group for the year ended December 31, 2020:

(i) Loans to other parties:

Unit: in thousands of New Taiwan Dollar

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limit (Note 2)	Maximum limit of fund financing (Note 2)
													Item	Value		
0	The Company	Su Yuan (Shanghai) Trading Ltd.	Other receivables	Yes	139,252	139,189	130,019	1.95%	2	-	Operating capital	-		-	2,000,810	4,001,621

Note 1: The ending balance during the current period is the amount, not the actual usage amount.

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 were eliminated in the preparation of consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: in thousands of New Taiwan Dollar/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	-	Current financial assets at fair value through profit or loss	63	5,507	- %	5,507	-	
The Company	stock – Taichung Commercial Bank Co., Ltd.	-	Current financial assets at fair value through profit or loss	111	1,201	- %	1,201	-	
The Company	stock – Acer	-	Current financial assets at fair value through profit or loss	1,400	33,110	0.05 %	33,110	0.05	
The Company	stock – Chunghwa Telecom Co., Ltd.	-	Current financial assets at fair value through profit or loss	26	2,834	- %	2,834	-	
The Company	stock – CTCI Co., Ltd.	-	Current financial assets at fair value through profit or loss	10	382	- %	382	-	
The Company	stock – Powerchip Semiconductor Manufacturing Corporation	-	Current financial assets at fair value through profit or loss	7,580	378,846	0.24 %	378,846	0.24	
The Company	stock – Powerchip Technology Corporation	-	Current financial assets at fair value through profit or loss	4,139	78,010	0.13 %	78,010	0.34	
					499,890				
The Company	stock – Taiwan Electronic Data Processing Corp.	-	Non-current financial assets at fair value through profit or loss	374	3,178	9.65 %	3,178	9.65	
The Company	stock – Pu-Xun Venture Capital	-	Non-current financial assets at fair value through profit or loss	722	3,627	1.67 %	3,627	1.67	
The Company	stock – Aetas Technology Inc.	-	Non-current financial assets at fair value through profit or loss	91	-	0.30 %	-	0.30	
The Company	stock – Zowie Technology Corporation	-	Non-current financial assets at fair value through profit or loss	15	-	0.07 %	-	0.07	
The Company	stock – Glandtex Corporation	-	Non-current financial assets at fair value through profit or loss	1	-	0.01 %	-	0.01	
The Company	stock – Promos Technologies Inc.	-	Non-current financial assets at fair value through profit or loss	2	-	- %	-	-	
					6,805				
The Company	stock – Jiangxi Construction	-	Non-current financial assets at fair value through other comprehensive income	Note 1	1,958,718	19.80 %	1,958,718	19.80	

Note 1: Registered with the amount of capital contribution.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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:

Unit: thousand dollars

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Land	June 12, 2020	361,860	paid: 61,560	Tsuan Lin, Hong	-	-	-	-	-	Appraisal report from Lichyuan real estate appraisal firm	Headquarters	None
The Company	Building	June 12, 2020	155,090	paid: 39,250	DeEn. Construction Co., Ltd	-	-	-	-	-	Appraisal report from Lichyuan real estate appraisal firm	Headquarters	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: in thousands of New Taiwan Dollar

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowances
					Amount	Action taken		
The Company	Su Yuan (Shanghai) Trading Ltd.	Subsidiary	166,510	-	-		931	-

Note: The transactions were eliminated in the preparation of consolidated financial statements.

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

Unit: in thousands of New Taiwan Dollar

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions				Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms		
0	United Integrated Services Co., Ltd.	Beijing Hanhe Tang Medical Devices Co., Ltd.	1	Accounts Receivable - Related Parties	3,289	There is no different from general transaction.		0.01 %
1	Beijing Hanhe Tang Medical Devices Co., Ltd.	United Integrated Services Co., Ltd.	2	Accounts Payable - Related Parties	3,289	There is no different from general transaction.		0.01 %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Other Receivables - Related Parties	60	There is no different from general transaction.		- %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Accounts Payable - Related Parties	60	There is no different from general transaction.		- %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Other Receivables - Related Parties	33	There is no different from general transaction.		- %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Accounts Payable - Related Parties	33	There is no different from general transaction.		- %
0	United Integrated Services Co., Ltd.	Su Yuan Trading (Shanghai) Co., Ltd	1	Long-Term Accounts Receivable - Related Parties	166,510	There is no different from general transaction.		0.62 %
4	Su Yuan Trading (Shanghai) Co., Ltd	United Integrated Services Co., Ltd.	2	Long-Term Accounts Payable - Related Parties	166,510	There is no different from general transaction.		0.62 %
0	United Integrated Services Co., Ltd.	United Integrated Services Co., Ltd. (JIANGXI)	1	Long-Term Accounts Receivable - Related Parties	36,257	There is no different from general transaction.		0.13 %

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
5	United Integrated Services Co., Ltd. (JIANGXi)	United Integrated Services Co., Ltd.	2	Long-Term Accounts Payable - Related Parties	36,257	There is no different from general transaction.	0.13 %
0	United Integrated Services Co., Ltd.	United Integrated Services Ltd. (British Virgin Islands)	1	Accounts Payable - Related Parties	25,756	There is no different from general transaction.	0.10 %
6	United Integrated Services Ltd. (British Virgin Islands)	United Integrated Services Co., Ltd.	2	Accounts Receivable - Related Parties	25,756	There is no different from general transaction.	0.10 %
0	United Integrated Services Co., Ltd.	United Integrated Services Co., Ltd. (JIANGXi)	1	Construction Revenue	39,469	There is no different from general transaction.	0.11 %
5	United Integrated Services Co., Ltd. (JIANGXi)	United Integrated Services Co., Ltd.	2	Construction Cost	39,469	There is no different from general transaction.	0.11 %
0	United Integrated Services Co., Ltd.	United Integrated Services Co., Ltd. (Singapore)	1	Construction Revenue	696	There is no different from general transaction.	- %
7	United Integrated Services Co., Ltd. (Singapore)	United Integrated Services Co., Ltd.	2	Construction Cost	696	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Beijing Hanhe Tang Medical Devices Co., Ltd.	1	Sales	277	There is no different from general transaction.	- %
1	Beijing Hanhe Tang Medical Devices Co., Ltd.	United Integrated Services Co., Ltd.	2	Cost of Goods Sold	277	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Rental Income	13	There is no different from general transaction.	- %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Rental Expense	13	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Construction Revenue	81,191	There is no different from general transaction.	0.23 %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Construction Cost	81,191	There is no different from general transaction.	0.23 %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Construction Revenue	81,162	There is no different from general transaction.	0.23 %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Construction Cost	81,162	There is no different from general transaction.	0.23 %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Rental Income	8	There is no different from general transaction.	- %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Rental Expense	8	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Su Yuan Trading (Shanghai) Co., Ltd	1	Interest Income	2,637	There is no different from general transaction.	0.01 %
4	Su Yuan Trading (Shanghai) Co., Ltd	United Integrated Services Co., Ltd.	2	Interest Expense	2,637	There is no different from general transaction.	0.01 %
8	Suzhou Hantai System Integration Co., Ltd.	United Integrated Services Co., Ltd. (JIANGXi)	3	Rental Income	4,295	There is no different from general transaction.	0.01 %
5	United Integrated Services Co., Ltd. (JIANGXi)	Suzhou Hantai System Integration Co., Ltd.	3	Rental Expense	4,295	There is no different from general transaction.	0.01 %
8	Suzhou Hantai System Integration Co., Ltd.	Su Yuan Trading (Shanghai) Co., Ltd	3	Rental Income	475	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Co., Ltd	Suzhou Hantai System Integration Co., Ltd.	3	Rental Expense	475	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Co., Ltd	United Integrated Services Co., Ltd. (JIANGXi)	3	Construction Revenue	33,816	There is no different from general transaction.	0.09 %

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
5	United Integrated Services Co., Ltd. (JIANGXI)	Su Yuan Trading (Shanghai) Co., Ltd	3	Construction Cost	33,816	There is no different from general transaction.	0.09 %

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

Note 3: The transactions were eliminated in the preparation of consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Highest Percentage of ownership	Net income (losses) of investee	Share of profits / losses of investee (Note 1)	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	ABLEREX ELECTRONICS CO., LTD.	Taiwan	Sale and purchase of UPS	189,852	189,852	14,987	33.30 %	490,589	33.30 %	43,660	14,540	
The Company	WHOLETECH SYSTEM HITECH LIMITED	Taiwan	Gas pipeline engineering	61,367	61,367	9,946	13.61 %	202,156	13.61 %	211,571	28,807	
The Company	JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Taiwan	Machinery and Equipment Manufacturing	47,874	47,874	3,488	17.01 %	54,734	17.01 %	33,847	5,759	
The Company	Eco Energy Corporation	Taiwan	Integration and Solutions of Battery Energy Storage Systems, Purchase and Sale of Related Materials and Equipment	99,449	99,449	6,630	16.57 %	101,666	16.57 %	14,115	2,340	
The Company	UNIMEMS MANUFACTURING CO., LTD.	Taiwan	Machinery and Equipment Manufacturing	19,000	19,000	2,095	19.49 %	-	19.49 %	-	-	
The Company	United Integrated Services BVI	BVI	Investment activities	567,643	567,643	17,698	100.00 %	736,016	100.00 %	38,678	38,678	Note 2
The Company	Hansuan Energy Co., Ltd.	Taiwan	self-usage power generation equipment utilizing renewable energy	150,000	-	15,000	100.00 %	135,122	100.00 %	(3,081)	(3,081)	Note 2
The Company	Hunter Energy Co., Ltd.	Taiwan	self-usage power generation equipment utilizing renewable energy	90,000	-	9,000	100.00 %	78,124	100.00 %	(83)	(83)	Note 2
The Company	UNITED INTEGRATED SERVICES (USA) CORP.	USA	Clean room system construction	57,130	-	2,000	100.00 %	55,759	100.00 %	(1,247)	(1,247)	Note 2
The Company	United Integrated Services Pte Ltd.	Singapore	Clean room system construction	34,040	34,040	-	100.00 %	(28,282)	100.00 %	(35,867)	(35,867)	Note 2
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEMHITECH (BVI) LIMITED	BVI	Investment activities	170,884	170,884	5,400	100.00 %	233,991	100.00 %	10,873	10,873	
WHOLETECH SYSTEMHITECH (BVI) LIMITED	WHOLETECH SYSTEMHITECH (SHANGHAI) LIMITED	China	Electromechanical, Circuit, and Pipeline Engineering Businesses	169,127	169,127	-	100.00 %	233,970	100.00 %	10,873	10,873	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEMHITECH INC.	Mauritius	Investment activities	110,559	110,559	3,500	100.00 %	215,412	100.00 %	31,117	31,117	
WHOLETECH SYSTEM HITECH INC.	WHOLETECH GROUPINTERNATIONALTRADING LIMITED	Mauritius	Investment activities	110,559	110,559	3,500	100.00 %	215,412	100.00 %	31,117	31,117	
WHOLETECH GROUP INTERNATIONAL TRADING LIMITED	WHOLETECH GROUP (Shanghai) TRADING LIMITED	China	Import and Export Trading Business of Electronics, Machineries, Chemical Equipment, Pipe Fitting Hardware, etc.	110,559	110,559	-	100.00 %	215,412	100.00 %	31,117	31,117	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEMHITECH (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 %	42,373	100.00 %	1,107	1,107	
WHOLETECH SYSTEM HITECH (S) PTE. LTD.	WHOLETECH SYSTEMHITECH (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 %	410	100.00 %	(45)	(45)	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-Samoa	Samoa	Holding company	217,445	217,445	6,635	100.00 %	473,807	100.00 %	(2,553)	(3,763)	
ABLEREX ELECTRONICS CO., LTD.	Joint	BVI	Provide management services	-	104	-	100.00 %	-	100.00 %	-	-	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-USA	USA	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	8,303	8,303	250	100.00 %	48,190	100.00 %	7,060	7,060	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-HK	Hong Kong	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	43	43	10	100.00 %	29,418	100.00 %	445	840	

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Highest Percentage of ownership	Net income (losses) of investee	Share of profits /losses of investee (Note 1)	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
ABLEREX ELECTRONICS CO., LTD.	AblereX-SG	Singapore	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	48,008	48,008	2,141	100.00 %	92,782	100.00 %	7,248	8,071	
ABLEREX ELECTRONICS CO., LTD.	AblereX-UK	UK	Holding company	4,674	4,674	100	100.00 %	12,676	100.00 %	6,391	6,925	
ABLEREX ELECTRONICS CO., LTD.	AblereX-JP	Japan	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	9,159	9,253	3	99.00 %	9,961	99.00 %	6,965	7,151	
AblereX-Samoa	AblereX -Overseas	Hong Kong	Holding company	217,445	217,445	6,635	100.00 %	478,971	100.00 %	(2,512)	-	
AblereX-UK	AblereX-IT	Italy	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	4,674	4,674	100	100.00 %	12,676	100.00 %	6,391	-	
AblereX-SG	AblereX-TH	Thailand	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	256	256	280	70.00 %	3,359	70.00 %	6	-	
AblereX-USA	AblereX-LATAM	USA	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	15,358	15,358	4	86.00 %	3,404	86.00 %	1,464	-	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD.	ASIA INTELLIGENCE INVESTMENTS LIMITED	BVI	Investment activities	30,282	30,282	-	100.00 %	33,798	100.00 %	(7,849)	(7,849)	
ASIA INTELLIGENCE INVESTMENTS LIMITED	JG ENVIRONMENTAL TECHNOLOGY (SHANGHAI) CO., LTD	China	Sales of pollution control equipment and manufacturing	30,282	30,282	-	100.00 %	33,922	100.00 %	(7,849)	(7,849)	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Taiwan Sustainable Environmental Energy CO., LTD	Taiwan	Sales of pollution control equipment	1,000	-	100	14.29 %	989	14.29 %	(76)	(11)	

Note 1: The profits/losses of the investee for current period were recognized by the investment company.

Note 2: The transactions were eliminated in the preparation of 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:

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value as of December 31, 2020	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Su Yuan (Shanghai) Trading Ltd.	Semiconductor, clean room and electromechanical	NTS 34,495 USD 1,000	(2)	NTS 34,495 USD 1,000	-	-	NTS 34,495 USD 1,000	21,072	100.00 %	100.00%	NTS 21,072	NTS 309,383	-
JIANGXI UNITED INTEGRATED SERVICES Ltd.	Electromechanical business and pipeline engineering business	NTS 453,360 RMB 100,000	(1)	NTS 338,573 RMB 75,000	-	-	NTS 338,573 RMB 75,000	232,111	75.00 %	75.00%	NTS 174,083	NTS 442,392	NTS 1,389,975 RMB 294,467
Suzhou Han tai System Integrated Ltd.	Construction hardware, materials production and sales	NTS 381,660 USD 12,000	(2)	NTS 381,660 USD 12,000	-	-	NTS 381,660 USD 12,000	15,730	100.00 %	100.00%	NTS 15,730	NTS 325,152	-
Jiangxi Construction Engineering Group Co., Ltd.	Various types of building construction	NTS 5,113,150 RMB 1,043,500	(1)	NTS 1,008,212 RMB 206,600	-	-	NTS 1,008,212 RMB 206,600	-	19.80 %	19.80%	NTS -	NTS 1,958,718	NTS 1,560,313 RMB 334,616
Beijing Han he Tang Medical instrument Ltd.	Distribution agency for medical equipment, import and export of goods, after-sales service	NTS 30,187 USD 1,000	(2)	NTS 30,187 USD 1,000	-	-	NTS 30,187 USD 1,000	1,840	100.00 %	100.00%	NTS 1,840	NTS 11,357	-

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.

Note 2: Except for Jiangxi Construction Engineering Group Co., Ltd., the transactions were eliminated in the preparation of consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Accumulated investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,798,283 (USD59,165)	1,825,134 (USD59,165)	6,002,432

(iii) Significant transactions with investees in Mainland China:

The significant inter— company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Fubon Life Assurance Co., LTD		9,620,000	5.04 %

Note: (i) The information of major shareholders who hold 5 percent or more of the issuer's common stocks and preferred stocks, including treasury stocks, is provided by Taiwan Depository and Clearing Corp. for every quarter. The share capital disclosed on financial report and the actual numbers of dematerialized securities may be different due to their discrepancies calculation basis.

(ii) If the shareholder entrusts the shares to the trust, the shareholding will be disclosed by the trustee's account individually. As for those shareholders who are responsible for the declaration of insiders' shareholding with more than 10 percent in accordance with the Securities and Exchange Act, their shareholdings shall include their own shares and the trust in which they have the authority to decide the allocation of their trust assets. Please refer to the Market Observation Post System for information on the insiders' shareholding.

(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, renewable energy and others.

(b) Information about reportable segments and their measurement and reconciliations:

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 amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to 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.

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's operating segment information and reconciliation were as follows:

	2020				
	Engineering and Integration department	Maintenance and Design department	Other	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 35,630,541	82,234	123,867	-	35,836,642
Intersegment revenues	236,334	-	277	(236,611)	-
Interest income	107,065	-	-	(2,637)	104,428
Total revenue	<u>\$ 35,973,940</u>	<u>82,234</u>	<u>124,144</u>	<u>(239,248)</u>	<u>35,941,070</u>
Interest expenses	<u>\$ 10,237</u>	<u>-</u>	<u>-</u>	<u>(2,637)</u>	<u>7,600</u>
Depreciation and amortization	<u>\$ 25,878</u>	<u>497</u>	<u>23,813</u>	<u>-</u>	<u>50,188</u>
Reportable segment profit or loss	<u>\$ 4,605,892</u>	<u>45,561</u>	<u>602,832</u>	<u>(172,483)</u>	<u>5,081,802</u>
	2019				
	Engineering and Integration department	Maintenance and Design department	Other	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 23,516,033	312,116	92,484	-	23,920,633
Intersegment revenues	294,390	-	3,311	(297,701)	-
Interest income	158,674	-	-	(4,142)	154,532
Total revenue	<u>\$ 23,969,097</u>	<u>312,116</u>	<u>95,795</u>	<u>(301,843)</u>	<u>24,075,165</u>
Interest expenses	<u>\$ 11,310</u>	<u>-</u>	<u>-</u>	<u>(4,142)</u>	<u>7,168</u>
Depreciation and amortization	<u>\$ 42,714</u>	<u>1,409</u>	<u>627</u>	<u>-</u>	<u>44,750</u>
Reportable segment profit or loss	<u>\$ 3,461,419</u>	<u>107,092</u>	<u>261,976</u>	<u>(101,098)</u>	<u>3,729,389</u>

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) Product and service information

Revenue from the external customers of the Group was as follows:

Products and services	2020	2019
Construction revenue	\$ 35,630,541	23,516,033
Service and design revenue	82,234	312,116
Sales	123,867	92,484
Total	<u>\$ 35,836,642</u>	<u>23,920,633</u>

(d) Geographic 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	2020	2019
Revenue:		
Taiwan	\$ 33,667,653	19,272,860
Mainland China	2,163,789	4,429,233
Singapore	5,200	218,540
Total	<u>\$ 35,836,642</u>	<u>23,920,633</u>

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UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Geographical information</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current assets:		
Taiwan	\$ 815,675	576,862
Mainland China	247,435	264,877
United States	30,021	-
Singapore	1,055	1,944
Total	<u>\$ 1,094,186</u>	<u>843,683</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, not including financial instruments and deferred tax assets (non-current).

(e) Major customers

For the years ended December 31, 2020 and 2019, the sales to customers exceeded 10% of the total revenue were as follows:

<u>Name of customer</u>	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
A customer	\$ 23,508,210	65.60	10,564,447	44.16
B customer	9,246,496	25.80	6,558,263	27.42
Total	<u>\$ 32,754,706</u>	<u>91.40</u>	<u>17,122,710</u>	<u>71.58</u>