

UNITED INTEGRATED SERVICES CO., LTD.**Parent Company Only 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 parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of United Integrated Services Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of 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 financial statements. Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of certain investee companies under the equity method and Note 13 (b) "Information on investees of the 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 3.54% and 4.22% of the 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 1.04% and 1.34% of the total profit before tax, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 (s) "Revenue from contracts with customers" to the financial statements.

Description of Key Audit Matter:

The Company 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 Company'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 (f) "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 financial statements.

Description of Key Audit Matter:

The Company recognized expected credit loss in accordance with the Company'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 Company'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 (f) "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 (v) "Fair value hierarchy information" to the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
UNITED INTEGRATED SERVICES CO., LTD.

Balance Sheets

December 31, 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))	\$ 6,506,029	27	4,349,076	22	2130		\$ 6,101,840	25	5,568,691	28
1110	Current financial assets measured at fair value through profit or loss (note6(b)(v))	499,890	2	214,179	1	2150		60,869	-	14,149	-
1140	Current contract assets (note6(s))	1,260,739	5	880,164	4	2160		5,983	-	-	-
1150	Notes receivable, net (note6(c))	5,881	-	1,859	-	2170		5,489,000	23	3,808,665	19
1170	Accounts receivable, net (note6(c)(s))	6,196,773	26	3,408,266	17	2180		251,780	1	115,841	1
1180	Accounts receivable—related parties (note6(c)(s) and 7)	3,289	-	46,149	-	2220		166,481	1	160,183	1
1220	Current tax assets	-	-	14,485	-	2230		486,944	2	486,933	2
130X	Inventories (note6(d))	56,665	-	42,029	-	2250		19,408	-	16,743	-
1410	Prepayments (note6(e))	605,628	3	1,012,546	5	2280		11,879	-	12,357	-
1470	Other current assets (note6(l) and 7)	3,522,156	15	4,832,698	25	2300		908,160	4	699,539	3
Total current assets		<u>18,657,050</u>	<u>78</u>	<u>14,801,451</u>	<u>74</u>			<u>13,502,344</u>	<u>56</u>	<u>10,883,101</u>	<u>54</u>
Non-current assets:											
1510	Non-current financial assets measured at fair value through profit or loss (note6(f)(v))	6,805	-	6,347	-	2550		326,982	2	288,952	1
1517	Non-current financial assets measured at fair value through other comprehensive income (note6(g)(v))	1,958,718	8	2,051,779	11	2580		95,643	-	102,607	1
1550	Investments accounted for using equity method (note6(h))	2,296,558	10	2,048,791	10	2645		7,893	-	6,928	-
1600	Property, plant and equipment (note6(i))	547,066	2	553,061	3	2650		6,663	-	2,143	-
1755	Right-of-use assets (note6(j))	19,676	-	19,164	-			28,282	-	-	-
1780	Intangible assets (note6(k))	3,353	-	2,705	-			<u>465,463</u>	<u>2</u>	<u>400,630</u>	<u>2</u>
1840	Deferred tax assets (note6(p))	165,079	1	156,384	1	31XX		<u>13,967,807</u>	<u>58</u>	<u>11,283,731</u>	<u>56</u>
1940	Long-term other receivables—related parties (note7)	202,767	1	203,876	1	3100		Total non-current liabilities			
1900	Other non-current assets (note6(l) ,8 and 9)	114,789	-	7,639	-	3200		Total liabilities			
Total non-current assets		<u>5,314,811</u>	<u>22</u>	<u>5,049,746</u>	<u>26</u>			Equity (note6(g)(q)):			
						3310		<u>1,905,867</u>	<u>8</u>	<u>1,905,867</u>	<u>10</u>
						3350		<u>368,144</u>	<u>2</u>	<u>373,561</u>	<u>2</u>
								Retained earnings:			
								Legal reserve			
								2,015,786			
								8			
								1,730,497			
								20			
								3,625,577			
								28			
								5,356,074			
								27			
								4			
								931,964			
								5			
								Total equity			
								10,004,054			
								42			
								8,567,466			
								44			
Total assets		<u>\$ 23,971,861</u>	<u>100</u>	<u>19,851,197</u>	<u>100</u>			Total liabilities and equity			
								\$ 23,971,861			
								100			
								19,851,197			
								100			

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD.

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(s) and 7):				
4520	Construction revenue	\$ 33,669,389	99	19,039,765	98
4600	Service and design revenue etc.	201,059	1	394,044	2
	Operating revenues, net	<u>33,870,448</u>	<u>100</u>	<u>19,433,809</u>	<u>100</u>
5000	Operating costs (note6(d)(k)(n)(o)(t), 7 and 12):				
5520	Construction cost	28,410,965	84	15,278,348	79
5600	Service and design cost etc.	66,753	-	205,796	1
	Total operating costs	<u>28,477,718</u>	<u>84</u>	<u>15,484,144</u>	<u>80</u>
	Gross profit from operations	5,392,730	16	3,949,665	20
5910	Less: Unrealized gain from sale	23,590	-	-	-
	Gross profit from operations, net	<u>5,369,140</u>	<u>16</u>	<u>3,949,665</u>	<u>20</u>
	Operating expenses (note6(c)(k)(n)(o)(t), 7 and 12):				
6100	Selling expenses	37,216	-	33,549	-
6200	Administrative expenses	902,822	3	724,890	4
6300	Research and development expenses	34,723	-	35,099	-
6450	Expected credit (gains) losses	(367)	-	48,443	-
	Total operating expenses	<u>974,394</u>	<u>3</u>	<u>841,981</u>	<u>4</u>
	Net operating income	<u>4,394,746</u>	<u>13</u>	<u>3,107,684</u>	<u>16</u>
	Non-operating income and expenses:				
7010	Other income (note6(b)(g)(u) and 7)	56,002	-	155,591	1
7020	Other gains and losses (note6(u) and 7)	225,357	1	(51,735)	-
7100	Interest income(note6(u) and 7)	72,944	-	142,044	-
7510	Interest expense (note6(n)(u) and 7)	(6,703)	-	(6,578)	-
7375	Share of profit of subsidiaries, associations and joint ventures accounted for using equity method (note6(h))	223,929	1	147,994	1
	Total non-operating income and expenses	<u>571,529</u>	<u>2</u>	<u>387,316</u>	<u>2</u>
7900	Net income from continuing operations before tax	4,966,275	15	3,495,000	18
7950	Less: Income tax expenses (note6(p))	932,971	3	679,702	3
8200	Net income	<u>4,033,304</u>	<u>12</u>	<u>2,815,298</u>	<u>15</u>
8300	Other comprehensive income(note6(g)(o)(p)):				
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
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	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	9,868	-	(49,605)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	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>8,951</u>	<u>-</u>	<u>(48,115)</u>	<u>-</u>
8300	Other comprehensive income	<u>(113,672)</u>	<u>-</u>	<u>404,294</u>	<u>2</u>
8500	Comprehensive income	<u>\$ 3,919,632</u>	<u>12</u>	<u>3,219,592</u>	<u>17</u>
9750	Basic earnings per share (in dollars)(note6(r))	<u>\$ 21.16</u>		<u>14.77</u>	
9850	Diluted earnings per share (in dollars)(note6(r))	<u>\$ 20.83</u>		<u>14.57</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD.**Statements of Changes in Equity****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollar)**

	<u>Share capital</u>		<u>Retained earnings</u>				<u>Exchange differences on translation of foreign operations</u>	<u>Other equity</u>	<u>Total other equity</u>	<u>Total equity</u>
	<u>Common stock</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Total retained earnings</u>		<u>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</u>		
Balance at January 1, 2019	<u>\$ 1,905,867</u>	<u>374,156</u>	<u>1,515,740</u>	<u>112,888</u>	<u>2,780,424</u>	<u>4,409,052</u>	<u>(63,488)</u>	<u>628,749</u>	<u>565,261</u>	<u>7,254,336</u>
Net income	-	-	-	-	2,815,298	2,815,298	-	-	-	2,815,298
Other comprehensive income	-	-	-	-	37,591	37,591	(48,115)	414,818	366,703	404,294
Total comprehensive income	-	-	-	-	2,852,889	2,852,889	(48,115)	414,818	366,703	3,219,592
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)
Other changes in capital surplus:										
Changes in equity of associates and joint ventures accounted for using equity method	-	(595)	-	-	-	-	-	-	-	(595)
Balance on December 31, 2019	<u>1,905,867</u>	<u>373,561</u>	<u>1,730,497</u>	<u>-</u>	<u>3,625,577</u>	<u>5,356,074</u>	<u>(111,603)</u>	<u>1,043,567</u>	<u>931,964</u>	<u>8,567,466</u>
Net income	-	-	-	-	4,033,304	4,033,304	-	-	-	4,033,304
Other comprehensive income	-	-	-	-	(29,562)	(29,562)	8,951	(93,061)	(84,110)	(113,672)
Total comprehensive income	-	-	-	-	4,003,742	4,003,742	8,951	(93,061)	(84,110)	3,919,632
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	285,289	-	(285,289)	-	-	-	-	-
Cash dividends	-	-	-	-	(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)
Balance on December 31, 2020	<u>\$ 1,905,867</u>	<u>368,144</u>	<u>2,015,786</u>	<u>-</u>	<u>4,866,403</u>	<u>6,882,189</u>	<u>(102,652)</u>	<u>950,506</u>	<u>847,854</u>	<u>10,004,054</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

UNITED INTEGRATED SERVICES CO., LTD.

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	\$ 4,966,275	3,495,000
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	25,485	18,685
Amortization expense	1,038	965
Expected credit (gain) loss	(367)	48,443
Net profit on financial assets measured at fair value through profit or loss	(285,777)	(52,933)
Interest expense	6,703	6,578
Interest income	(72,944)	(142,044)
Dividend income	(43,697)	(93,980)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(223,929)	(147,994)
Gain from disposal of property, plant and equipment	(2,755)	(1,643)
Unrealized profit from sale	23,590	-
Total adjustments to reconcile loss	(572,653)	(363,923)
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in current contract assets	(380,575)	122,439
(Increase) decrease in notes receivable	(4,022)	1,176
Increase in accounts receivable	(2,788,140)	(667,037)
Decrease in accounts receivable—related parties	42,860	20,755
(Increase) decrease in inventories	(14,636)	2,105
Decrease in prepayments	406,918	29,138
(Increase) decrease in other current assets	(9,249)	28,241
Subtotal of changes in operating assets	(2,746,844)	(463,183)
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	533,149	(326,085)
Increase (decrease) in notes payable	46,720	(227,382)
Increase (decrease) in notes payable—related parties	5,983	(38,960)
Increase in accounts payable	1,680,335	1,198,492
Increase in accounts payable—related parties	135,939	3,644
Increase in current provisions	2,665	3,389
Increase in other current liabilities	208,594	62,685
Increase in net defined benefit liability	751	2,492
Subtotal of changes in operating liabilities	2,614,136	678,275
Total changes in operating assets and liabilities	(132,708)	215,092
Total adjustments	(705,361)	(148,831)
Cash inflow generated from operations	4,260,914	3,346,169
Interest received	76,083	141,170
Interest paid	(405)	(280)
Income taxes paid	(928,652)	(617,135)
Net cash flows from operating activities	3,407,940	2,869,924
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	(297,130)	(99,449)
Acquisition of property, plant and equipment	(7,965)	(4,024)
Proceeds from disposal of property, plant and equipment	6,934	3,227
(Increase) decrease in guarantee deposits paid	(2,816)	768
Acquisition of intangible assets	(1,456)	(1,823)
Decrease in long-term other receivables—related parties	3,746	18,948
Decrease (increase) in other financial assets	956,087	(3,061,663)
Increase in other non-current assets	(104,727)	(475)
Dividends received	685,541	746,367
Net cash flows from (used in) investing activities	1,237,822	(2,408,263)
Cash flows from (used in) financing activities:		
Increase in guarantee deposits received	4,520	139
Payment of lease liabilities	(15,702)	(8,879)
Cash dividends paid	(2,477,627)	(1,905,867)
Net cash flows used in financing activities	(2,488,809)	(1,914,607)
Net increase (decrease) in cash and cash equivalents	2,156,953	(1,452,946)
Cash and cash equivalents at beginning of period	4,349,076	5,802,022
Cash and cash equivalents at end of period	\$ 6,506,029	4,349,076

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 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.

(2) Approval date and procedures of the financial statements

These parent company only 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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.
Notes to the Financial Statements

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

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

(Continued)

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

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

(a) Statement of compliance

These 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").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the 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 entity is determined based on the primary economic environment in which the entity operates. The 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.
Notes to the Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company 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:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 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.

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 Company 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.

(Continued)

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) 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.

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:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company 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.

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

(e) Cash and cash equivalents

Cash comprises cash 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.

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

(f) 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 Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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 Company'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 Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (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 Company is exposed to credit risk.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

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

The Company considers a financial asset to be in default when the financial asset is more than 12 months past due, or the debtor is unlikely to pay its credit obligations to the Company in full.

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

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial 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 12 months 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.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company 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 Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

The Company 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 Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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 Company 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.

(g) 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.

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

(h) Investment in associates

Associates are those entities in which the Company 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 Company'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 Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company 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 Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Subsidiaries

The Company accounts the investee companies that it possesses control using the equity. Net income, other comprehensive income, and shareholder's equity in the financial reports of the Company and the net income, other comprehensive income, and shareholder's equity that belongs to the owners of parent in the consolidated financial reports should be the same.

The Company accounts the changes in equity, under the condition that control is still present, as equity transactions between the proprietors.

(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.

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

(Continued)

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

(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 Company.

(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:

1) Buildings	3~50 years
2) Machinery	3~7 years
3) Plant equipment	3~50 years
4) Transportation equipment	3~7 years
5) Office equipment	3~10 years
6) 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 Company 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 Company 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

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.
Notes to the 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 Company 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 Company's incremental borrowing rate. Generally, the Company 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.

Notes to the Financial Statements

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 Company'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 Company 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 Company 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 Company 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 Company 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 Company 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.

Notes to the 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 Company 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 Company 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.

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.**Notes to the Financial Statements**

The Company 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 Company 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 Company recognizes any impairment loss on the assets associated with that contract.

(o) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Consulting Services

The Company is engaged in providing construction consulting and design services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided 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.
Notes to the Financial Statements

(iii) Construction contracts

The Company enters into contracts to design and install constructions. Because its customer controls the asset as it is being constructed, the Company 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 Company's control and, therefore, completion bonus is usually constrained, the Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Company expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For constructions, the Company offers a standard warranty to provide assurance that they comply with agreed-upon specifications and has recognized warranty provisions for this obligation.

(p) Contract costs

(i) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred, if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the 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 Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(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 Company'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 Company, 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 Company 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.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the 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 Company 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(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.

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

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

- (i) the Company 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

The Company has disclosed segment information in the consolidated financial statements, so it is not necessary to disclose such information in the parent company only financial statements.

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

The preparation of the parent company only financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

- (a) Judgment of whether the Company has substantive control over its investees, please refer to the consolidated financial statement for the year ended December 31, 2020.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

(b) Judgment regarding significant influence of investees

The Company 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 Company 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.

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 Company 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 Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating impairments and the selected inputs. For relevant assumptions and input values, please refer to Note 6 (c).

(b) Revenue recognition

The Company 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 Company 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 (s).

(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.

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 (v).

(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 Note6 (o) for the material actuarial assumptions and sensitivity analysis for actuarial calculations.

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 3,075	3,821
Demand deposits	3,641,873	1,396,648
Check deposits	1,695	1,083
Time deposits	<u>2,859,386</u>	<u>2,947,524</u>
Cash and cash equivalents in the statement of cash flow	<u>\$ 6,506,029</u>	<u>4,349,076</u>

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

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

	December 31, 2020	December 31, 2019
Financial asset measured at fair value through profit or loss:		
Stock 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>\$ 499,890</u>	<u>214,179</u>

For the years ended December 31, 2020 and 2019, the Company 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.

(c) Notes and accounts receivable, net

	December 31, 2020	December 31, 2019
Notes receivable—unrelated parties	\$ 5,881	1,859
Accounts receivable—unrelated parties	6,283,587	3,495,447
Accounts receivable—related parties	3,289	46,149
Less: Loss allowance	<u>86,814</u>	<u>87,181</u>
Total	<u>\$ 6,205,943</u>	<u>3,456,274</u>

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. 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 were determined as follows:

December 31, 2020			
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 6,169,836		-
1 to 60 days past due	17,969	1%	180
61 to 120 days past due	18,503	1%	185
More than one year past due	86,449	100%	86,449
	<u>\$ 6,292,757</u>		<u>86,814</u>
December 31, 2019			
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 3,449,726		-
1 to 60 days past due	6,614	1%	66
More than one year past due	87,115	100%	87,115
	<u>\$ 3,543,455</u>		<u>87,181</u>

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

	2020	2019
Balance at January 1	\$ 87,181	51,007
Impairment losses (reversed) recognized	(367)	48,443
Amounts written off	-	(12,269)
Balance at December 31	<u>\$ 86,814</u>	<u>87,181</u>

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

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

(d) Inventories

December 31, 2020			
	Cost	Allowance for Impairment	Carrying Amount
Raw materials	\$ 50,367	(2,995)	47,372
Work in progress	22,093	(20,608)	1,485
Finished goods	16,866	(9,058)	7,808
Merchandise	6,805	(6,805)	-
Total	<u>\$ 96,131</u>	<u>(39,466)</u>	<u>56,665</u>

December 31, 2019			
	Cost	Allowance for Impairment	Carrying Amount
Raw materials	\$ 48,742	(9,899)	38,843
Work in progress	18,439	(16,700)	1,739
Finished goods	12,527	(11,080)	1,447
Merchandise	6,805	(6,805)	-
Total	<u>\$ 86,513</u>	<u>(44,484)</u>	<u>42,029</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 Company did not provide any inventories as collaterals.

(e) Prepayments

	December 31, 2020	December 31, 2019
Domestic purchase of materials	\$ 146,018	328,710
Foreign purchases of materials	354,304	610,509
Clean and safety fee	59,256	10,130
Prepaid insurance	15,998	17,746
Prepaid technical service fee	26,803	37,939
Others	3,249	7,512
Total	<u>\$ 605,628</u>	<u>1,012,546</u>

(Continued)

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

- (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	<u>(27,990)</u>	<u>(28,448)</u>
Total	<u>\$ 6,805</u>	<u>6,347</u>

- (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 Company 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

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date was as follows:

	December 31, 2020	December 31, 2019
Subsidiary	\$ 1,447,413	1,210,818
Associates	<u>849,145</u>	<u>837,973</u>
Total	<u>\$ 2,296,558</u>	<u>2,048,791</u>

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

A summary of the Company's financial information for credit balance on investments accounted for using the equity method at the reporting date was as follows:

	December 31, 2020	December 31, 2019
Subsidiary	\$ 28,282	-

(i) Subsidiary

Please refer to the consolidated financial statement for the year ended December 31, 2020.

(ii) Associates

1) Affiliate which was material to the Company 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 Company was as follows:

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

A summary of the 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	\$ 1,481,252	1,481,400
Net assets attributable to non-controlling interests	\$ 13,538	12,643
Net assets attributable to investee	\$ 1,467,714	1,468,757

(Continued)

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

	2020	2019
Operating revenue	<u>\$ 2,361,923</u>	<u>2,462,390</u>
Net income from continuing operations	\$ 44,370	40,623
Other comprehensive income	481	(20,462)
Total comprehensive income	<u>\$ 44,851</u>	<u>20,161</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 876</u>	<u>(238)</u>
Total comprehensive income attributable to investee	<u>\$ 43,975</u>	<u>20,399</u>
	2020	2019
Share of net assets of associate attributable to the Company as of January 1	\$ 490,820	507,101
Total comprehensive income attributable to the Company	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 Company as of December 31	490,473	490,820
Add: Goodwill	116	116
Ending balance of net assets of associate attributable to the Company	<u>\$ 490,589</u>	<u>490,936</u>

2) Insignificant associates

The Company'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 associate's equity	<u>\$ 358,556</u>	<u>347,037</u>
	2020	2019
Attributable to the Company:		
Income from continuing operations	\$ 36,906	33,718
Other comprehensive income	1,213	(2,820)
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.

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

(iii) Guarantee

The Company 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 Company 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	\$ 398,538	63,843	53,767	156,835	8,341	52,064	2,076	735,464
Additions	-	-	1,391	-	663	5,911	-	7,965
Disposal	(1,725)	(3,003)	(9,714)	(448)	(305)	(3,119)	-	(18,314)
Balance at December 31, 2020	<u>\$ 396,813</u>	<u>60,840</u>	<u>45,444</u>	<u>156,387</u>	<u>8,699</u>	<u>54,856</u>	<u>2,076</u>	<u>725,115</u>
Balance at January 1, 2019	\$ 398,538	63,519	77,752	156,485	9,010	55,889	2,076	763,269
Additions	-	324	1,380	350	-	1,970	-	4,024
Disposal	-	-	(25,365)	-	(669)	(5,914)	-	(31,948)
Reclassification	-	-	-	-	-	119	-	119
Balance at December 31, 2019	<u>\$ 398,538</u>	<u>63,843</u>	<u>53,767</u>	<u>156,835</u>	<u>8,341</u>	<u>52,064</u>	<u>2,076</u>	<u>735,464</u>
Accumulated depreciation and impairment loss:								
Balance at January 1, 2020	\$ 1,160	35,236	48,889	43,471	4,452	47,221	1,974	182,403
Depreciation	-	1,428	1,248	4,170	996	1,864	75	9,781
Disposal	-	(1,257)	(9,076)	(404)	(297)	(3,101)	-	(14,135)
Balance at December 31, 2020	<u>\$ 1,160</u>	<u>35,407</u>	<u>41,061</u>	<u>47,237</u>	<u>5,151</u>	<u>45,984</u>	<u>2,049</u>	<u>178,049</u>
Balance at January 1, 2019	\$ 1,160	33,809	70,760	39,286	4,177	52,115	1,775	203,082
Depreciation	-	1,427	1,922	4,185	943	1,009	199	9,685
Disposal	-	-	(23,793)	-	(668)	(5,903)	-	(30,364)
Balance at December 31, 2019	<u>\$ 1,160</u>	<u>35,236</u>	<u>48,889</u>	<u>43,471</u>	<u>4,452</u>	<u>47,221</u>	<u>1,974</u>	<u>182,403</u>
Carrying amounts:								
Balance at December 31, 2020	<u>\$ 395,653</u>	<u>25,433</u>	<u>4,383</u>	<u>109,150</u>	<u>3,548</u>	<u>8,872</u>	<u>27</u>	<u>547,066</u>
Balance at January 1, 2019	<u>\$ 397,378</u>	<u>29,710</u>	<u>6,992</u>	<u>117,199</u>	<u>4,833</u>	<u>3,774</u>	<u>301</u>	<u>560,187</u>
Balance at December 31, 2019	<u>\$ 397,378</u>	<u>28,607</u>	<u>4,878</u>	<u>113,364</u>	<u>3,889</u>	<u>4,843</u>	<u>102</u>	<u>553,061</u>

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

(j) Right-of-use assets

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

	Buildings	Office Equipment	Total
Cost:			
Balance at January 1, 2020	\$ 27,174	990	28,164
Additions	18,671	1,453	20,124
Write-off	(5,432)	(2,204)	(7,636)
Balance at December 31, 2020	<u>\$ 40,413</u>	<u>239</u>	<u>40,652</u>
Balance at January 1, 2019	\$ 15,707	990	16,697
Additions	11,467	-	11,467
Balance at December 31, 2019	<u>\$ 27,174</u>	<u>990</u>	<u>28,164</u>

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

	Buildings	Office Equipment	Total
Accumulated depreciation:			
Balance at January 1, 2020	\$ 8,562	438	9,000
Depreciation	15,050	654	15,704
Write-off	(2,716)	(1,012)	(3,728)
Balance at December 31, 2020	<u>\$ 20,896</u>	<u>80</u>	<u>20,976</u>
Balance at January 1, 2019	\$ -	-	-
Depreciation	8,562	438	9,000
Balance at December 31, 2019	<u>\$ 8,562</u>	<u>438</u>	<u>9,000</u>
Carrying amount:			
Balance at December 31, 2020	<u>\$ 19,517</u>	<u>159</u>	<u>19,676</u>
Balance at January 1, 2019	<u>\$ 15,707</u>	<u>990</u>	<u>16,697</u>
Balance at December 31, 2019	<u>\$ 18,612</u>	<u>552</u>	<u>19,164</u>

(k) Intangible assets

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

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

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

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 statements of comprehensive income.

(l) Other current assets and non-current assets

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

	December 31, 2020	December 31, 2019
Other financial assets	\$ 3,497,416	4,453,340
Construction bid bond	-	3,100
Dividends receivable	-	358,091
Others	24,740	18,167
	<u>\$ 3,522,156</u>	<u>4,832,698</u>

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

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

	December 31, 2020	December 31, 2019
Other financial assets	\$ 850	1,013
Guarantee deposits paid	7,510	4,694
Prepayments for land and buildings	104,394	-
Others	2,035	1,932
	<u>\$ 114,789</u>	<u>7,639</u>

Other financial assets were mainly time deposits with a maturity of more than twelve months. 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) 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	<u>\$ 19,408</u>
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	<u>\$ 16,743</u>

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

The Company 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.

(n) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	\$ <u>11,879</u>	<u>12,357</u>
Non-current	\$ <u>7,893</u>	<u>6,928</u>

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

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	\$ <u>301</u>	<u>280</u>
Expenses relating to short-term leases	\$ <u>7,543</u>	<u>3,672</u>

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

	2020	2019
Total cash outflow for leases	\$ <u>23,546</u>	<u>12,831</u>

(i) Real estate leases

The Company leases buildings for its office space. The leases of office space typically run for a period of 2 to 4 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 Company 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.

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 Company 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 Company leases office equipment, with lease terms of 2 to 4 years. In some cases, the Company 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.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

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

(o) 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	<u>108,676</u>	<u>104,400</u>
Net defined benefit liabilities	<u>\$ (326,982)</u>	<u>(288,952)</u>

The Company's employee benefit liabilities were as follows:

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

The Company 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) entitled 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 Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of 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 Company'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.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

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

	2020	2019
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 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><u>435,658</u></u>	<u><u>393,352</u></u>

3) Movements in defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company 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><u>108,676</u></u>	<u><u>104,400</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company 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><u>3,668</u></u>	<u><u>5,547</u></u>

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

	2020	2019
Operating cost	\$ 3,046	4,569
Operating expenses	<u>622</u>	<u>978</u>
	<u>\$ 3,668</u>	<u>5,547</u>

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

the Company'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	<u>37,279</u>	<u>(47,955)</u>
Accumulated amount at December 31	<u>\$ 141,548</u>	<u>104,269</u>

- 6) Actuarial assumptions

The principal actuarial assumptions for the Company 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 Company 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)

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

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 Company 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 Company allocates a 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.

(p) Income taxes

(i) Income tax expenses

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

	<u>2020</u>	<u>2019</u>
Current tax expense		
Current period	\$ 946,206	792,224
Adjustment for prior periods	<u>(3,058)</u>	<u>(24,788)</u>
	<u>943,148</u>	<u>767,436</u>
Deferred tax benefit		
Origination and reversal of temporary differences	<u>(10,177)</u>	<u>(87,734)</u>
Income tax expense	<u><u>\$ 932,971</u></u>	<u><u>679,702</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>

(Continued)

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

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

	2020	2019
Net income before tax	\$ 4,966,275	3,495,000
Income tax using the Company's domestic tax rate	\$ 993,256	699,000
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	(3,058)	(24,788)
Total	\$ 932,971	679,702

(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	\$ 33,296	32,037

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	\$ 95,643	-	95,643
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	\$ 102,607	-	102,607

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

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.

(q) 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.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

(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.

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 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>

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

(r) 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

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

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	3,074	2,612
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>

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Major products/services lines:		
Integrated engineering service	\$ 33,669,389	19,039,765
Service and design	82,234	312,116
Sales	<u>118,825</u>	<u>81,928</u>
	<u><u>\$ 33,870,448</u></u>	<u><u>19,433,809</u></u>
Type of contract:		
Fixed price contract	\$ 33,751,623	19,351,881
Material-based contract	<u>118,825</u>	<u>81,928</u>
	<u><u>\$ 33,870,448</u></u>	<u><u>19,433,809</u></u>

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

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable	\$ 6,286,876	3,541,596	2,907,583
Less: allowance for impairment	86,814	87,181	51,007
Total	<u>\$ 6,200,062</u>	<u>3,454,415</u>	<u>2,856,576</u>
Contract assets-Construction in Progress	<u>\$ 1,260,739</u>	<u>880,164</u>	<u>1,002,722</u>
Contract liabilities-Construction in Progress	<u>\$ 6,101,840</u>	<u>5,568,691</u>	<u>5,894,776</u>

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

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	\$ (18,173)	871,605	(8,597)	283,392

(t) 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 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 financial statements, are identical to those of the actual distributions in 2020 shareholders' meeting.

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

(u) Non-operating income and expenses

(i) Interest income

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

	2020	2019
Interest income from bank deposits	\$ <u><u>72,944</u></u>	<u><u>142,044</u></u>

(ii) Other income

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

	2020	2019
Rental income	\$ <u>4,690</u>	<u>4,694</u>
Dividend income	<u>43,697</u>	<u>93,980</u>
Other income — other		
Income from sale of scraps	6,158	12,559
Others	<u>1,457</u>	<u>44,358</u>
Subtotal	<u>7,615</u>	<u>56,917</u>
Total	\$ <u><u>56,002</u></u>	<u><u>155,591</u></u>

iii) Other gains and losses

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

	2020	2019
Gains on disposal of property, plant and equipment	\$ <u>2,755</u>	<u>1,643</u>
Foreign exchange losses	(63,135)	(106,283)
Gains on financial assets at fair value through profit or loss	285,777	52,933
Other gains and losses	<u>(40)</u>	<u>(28)</u>
Total	\$ <u><u>225,357</u></u>	<u><u>(51,735)</u></u>

iv) Interest expense

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

	2020	2019
Interest expense - Denstsu Engineering	\$ <u>6,298</u>	<u>6,298</u>
Others	<u>405</u>	<u>280</u>
Total	\$ <u><u>6,703</u></u>	<u><u>6,578</u></u>

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

(v) 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 \$16,217,748 thousand and \$12,264,397 thousand, respectively.

The Company assesses the financial condition of its customers continuously to reduce the credit risk of accounts receivable and requires its customers to provide guarantees and collateral if it is necessary. The Company 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 Company.

2) Concentration of credit risk

When the transaction of financial instruments is concentrated in a single industry or region, the ability to oblige the contract would be impacted by similar factors, thereby causing concentration of credit risk. As of December 31, 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	%
Taiwan Semiconductor Manufacturing Co., Ltd.	\$ 804,430	804,430	12.96
Micron Memory Taiwan Co., Ltd.	5,300,959	5,300,959	85.42
Total	<u>\$ 6,105,389</u>	<u>6,105,389</u>	<u>98.38</u>
Name of client	December 31, 2019		
	Carrying amount	the maximum exposure to credit risk	%
Taiwan Semiconductor Manufacturing Co., Ltd.	\$ 1,019,088	1,019,088	29.49
Micron Memory Taiwan Co., Ltd.	2,038,590	2,038,590	58.98
Micron Technology Taiwan Co., Ltd.	259,165	259,165	7.50
Total	<u>\$ 3,316,843</u>	<u>3,316,843</u>	<u>95.97</u>

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

(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	\$ 66,852	66,852	66,852	-	-	-	-
Accounts payable	5,740,780	5,740,780	4,359,932	7,053	41,652	1,288,656	43,487
Accrued expenses	872,211	872,211	872,211	-	-	-	-
Lease liabilities	19,772	20,082	8,135	3,946	5,004	2,997	-
Guarantee deposits received	6,663	6,663	2,536	2,144	1,689	294	-
	<u>\$ 6,706,278</u>	<u>6,706,588</u>	<u>5,309,666</u>	<u>13,143</u>	<u>48,345</u>	<u>1,291,947</u>	<u>43,487</u>
December 31, 2019							
Non-derivative financial liabilities							
Notes payable	\$ 14,149	14,149	14,149	-	-	-	-
Accounts payable	3,924,506	3,924,506	2,673,663	37,491	68,105	1,039,428	105,819
Accrued expenses	2,433	2,433	2,433	-	-	-	-
Lease liabilities	19,285	19,533	6,292	6,276	6,965	-	-
Guarantee deposits received	2,143	2,143	-	1,217	632	294	-
	<u>\$ 3,962,516</u>	<u>3,962,764</u>	<u>2,696,537</u>	<u>44,984</u>	<u>75,702</u>	<u>1,039,722</u>	<u>105,819</u>

The Company 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 Company'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	\$ 57,139	28.48	1,627,319	83,049	29.98	2,489,809
CNY	423,577	4.38	1,853,997	338,624	4.31	1,457,776
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	14,790	28.48	421,219	14,212	29.98	426,076
EUR	1,625	35.02	56,908	327	33.59	10,984
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

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

2) Sensitivity analysis

The Company'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 Company's net income before tax would have increased (decreased) by \$23,928 thousand and \$27,919 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 Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange loss (including realized and unrealized portions) amounted to \$63,135 thousand and \$106,283 thousand, respectively.

(iv) Interest rate analysis

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

If the interest rate had increased/decreased by 0.25%, the Company's net income would have increased/decreased by \$20,002 thousand and \$17,599 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 Company classifies the measurement of fair value based on fair value hierarchy which reflects the significance of the inputs during the measurement. The Company categorizes fair value into the following levels:

a) Level 1

Level 1 inputs are quoted prices in active markets for identical financial instruments. An active market is a market in which all the following conditions exist:

- i) The items traded within the market are homogeneous.
- ii) Willing buyers and sellers can normally be found at any time.
- iii) Prices are available to the public.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

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 represent the expected value of future volatility of the entire market participants.

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, 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

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

	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	<u>\$ 2,272,305</u>	<u>34,346</u>	<u>179,833</u>	<u>2,058,126</u>	<u>2,272,305</u>

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.

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".

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

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

The Company'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.

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

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

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.

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 Company'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.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

b) Valuation techniques

The Company'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.

(w) Financial risk management

(i) Overview

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

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

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

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is required to conduct management and credit risk analysis for each of its new customers before the terms and conditions of the contract and delivery are set in accordance with the internal credit policy. The internal risk control system assesses the credit quality of customers by considering their financial status, past experiences and other factors. The main credit risk derives from cash and cash equivalents, deposits in banks and in financial institutions. Furthermore, credit risk may derive from customers, including unreceived receivables and committed transaction.

2) Guarantees

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

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

(iv) Liquidity risk

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

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

As of December 31, 2020 and 2019, the Company's unused credit line were amounted to \$5,969,555 thousand and \$1,058,891 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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, and optimizing the return.

1) Currency risk

The Company is a multinational institution and therefore exposes to currency risk deriving from many different currencies, mainly from USD and RMB. The relevant currency risk stems from future commercial transactions, recognized assets and liabilities, and net investments in foreign operating agencies.

2) Interest rate risk

The short-term loans of the Company are debts with floating interest rates. Therefore, changes in market interest rates will lead to changes in the interest rate of short-term loans, resulting in fluctuations of future cash flows.

3) Other market price risk

The Company 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 Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios.

(x) Capital management

The Company'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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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

The Company's strategy for managing the capital structure is to lay out the plan of product development and expand the market share considering the growth and the magnitude of industry and further developing an integral plan founded on the required capacity, capital outlay, and magnitude of assets in long-term development. Ultimately, considering the risk factors such as the fluctuation of the industry cycle and the life cycle of products, the Company determines the optimal capital structure by estimating the profitability of products, operating profit ratio, and cash flow based on the competitiveness of products. The management of the Company periodically examines the capital structure and contemplates on the potential costs and risks involved while exerting different financial tools. In general, the Company implements prudent strategy of risk management.

	December 31, 2020	December 31, 2019
Total liabilities	\$ 13,967,807	11,283,731
Less: cash and cash equivalents	<u>6,506,029</u>	<u>4,349,076</u>
Net debt	<u>\$ 7,461,778</u>	<u>6,934,655</u>
Total equity	<u>\$ 10,004,054</u>	<u>8,567,466</u>
Debt-to-capital ratio	<u>74.59 %</u>	<u>80.94 %</u>

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

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

	2020	2019
Increase in property, plant and equipment	\$ 7,965	4,024
Cash payments	<u>\$ 7,965</u>	<u>4,024</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling company

United Integrated Services Co., Ltd. is both the Company and the ultimate controlling party of its subsidiaries.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party and the Company's subsidiaries during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Hanxuan Energy Co.,Ltd	Subsidiary
Hunter Energy Co.,Ltd.	Subsidiary
UNITED INTEGRATED SERVICES (USA) CORP.	Subsidiary
United Integrated Services BVI	Subsidiary
Jiangxi United Integrated Services Ltd.	Subsidiary
United Integrated Services Pte Ltd.	Subsidiary
Su Yuan (Shanghai) Trading Ltd.	Subsidiary

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Suzhou Han Tai System Integrated Ltd.	Subsidiary
Beijing Han He Tang Medical Instrument Ltd.	Subsidiary
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
Sheng Yang Integration Co., Ltd.	Related party
All directors, supervisors, general managers and deputy general managers	Key management personnel

(c) Significant transactions with related parties

(i) Operating revenue

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

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 202,795	160,949
Other related parties	12	44
	<u>\$ 202,807</u>	<u>160,993</u>

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

(ii) Construction cost

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

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ -	579
Associates	294,871	116,539
Other related parties	159,403	130,286
	<u>\$ 454,274</u>	<u>247,404</u>

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

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

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	Subsidiaries	\$ 3,289	46,149
Other accounts receivable	Subsidiaries	93	-
Dividends receivable	Subsidiaries	-	358,091
Long-term receivables — related party (Principal)	Subsidiaries	130,019	134,919
Long-term receivables — related party (Interest)	Subsidiaries	72,748	68,957
		<u>\$ 206,149</u>	<u>608,116</u>

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes payable	Other related parties	\$ 5,983	-
Accounts payable	Subsidiaries	25,756	27,232
Accounts payable	Associates	182,412	20,450
Accounts payable	Other related parties	43,612	68,159
Other payables	Other related parties -Dentsu Engineering	<u>166,481</u>	<u>160,183</u>
		<u>\$ 424,244</u>	<u>276,024</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.
Notes to the Financial Statements

(v) Leases

<u>Name of related party</u>	<u>Object</u>	<u>Lease term</u>	<u>Rental income</u>	
			<u>2020</u>	<u>2019</u>
Subsidiaries	5F, No. 3, Ln. 7, Baogao Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	2020.09.01~ 2021.08.31	\$ 8	-
Subsidiaries	6F, No. 297, Sec. 6, Roosevelt Rd., Wenshan Dist., Taipei City 116052, Taiwan (R.O.C.)	2020.06.01~ 2021.05.31	13	-
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>\$ 4,654</u>	<u>4,658</u>

(vi) Other income

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

(vii) Interest income

	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$ 2,637</u>	<u>4,142</u>

(viii) Finance costs

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

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UNITED INTEGRATED SERVICES CO., LTD.
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(ix) 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
Associates	\$ -	-	2,420	2,411

(d) Key management personnel compensation

	2020	2019
Short-term employee benefits	\$ 199,944	155,112
Post-employment benefits	1,401	1,373
	<u>\$ 201,345</u>	<u>156,485</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
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 Company'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 \$12,006,460 thousand and \$1,489,820 thousand, respectively.
- (ii) As of December 31, 2020 and 2019, guaranteed notes issued to construction contractors for performance guarantees or maintenance guarantees amounted to \$16,829 thousand and \$143,010 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 \$35,615 thousand and \$8,000 thousand, respectively.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

- (v) As of December 31, 2020 and 2019, the total contract price of contracted construction projects amounted to \$101,292,295 thousand and \$97,052,931 thousand, respectively, and the contract payments received by the Company amounted to \$58,305,585 thousand and \$42,110,429 thousand, respectively.
- (vi) As of December 31, 2020 and 2019, the total subcontract price of subcontracted construction projects amounted to \$5,335,969 thousand and \$3,860,270 thousand, respectively, and the contract payment paid by the Company amounted to \$3,636,878 thousand and \$2,935,561 thousand, respectively.
- (vii) As of December 31, 2020 and 2019, the outstanding letters of credits issued by the Company 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.

(b) Significant contracts

In the Board of Directors meeting on June 12, 2020, the company 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 Company, 166 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 Company:

Proprietor	Date of project	Description	Warranty service period	Restrictions	Note
InfoVision Optoelectronics (Kunshan) Co., Ltd	2007/12/01-2009/12/31	Longteng Optoelectronics 110K Expansion Main System Engineering	One year	Delay penalty : one thousandth of total contract price per day	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
United Integrated Services Pte Ltd.	2014/6/23-2014/12/31	AUO(SG) L4B POWER MTM project	One year	Delay penalty : one thousandth of total contract price per day	

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Proprietor	Date of project	Description	Warranty service period	Restrictions	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
United Integrated Services Pte Ltd.	2017/10/31-2018/12/31	SSMC Expansion project	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
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	

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Proprietor	Date of project	Description	Warranty service period	Restrictions	Note
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
Advanced. Wireless Semiconductor Company	2019/02/11-2020/12/31	New construction of Hongjie Phase II plane construction factory (A,B,C,D,E,FBuilding) -Mechanical andelectrical contractingengineering	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

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Proprietor	Date of project	Description	Warranty service period	Restrictions	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
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
Hanxuan Energy Co.,Ltd	2020/9/22-2022/9/1	Hanxuan Energy Co., LTD. - Build the 10MWPhotovoltaic Power Generating Systems	One year	Delay penalty : one thousandth of total contract price per day	Note
Hunter Energy Co.,Ltd.	2020/9/22-2022/9/1	Hunter Energy Co., LTD.- Build the 10MWPhotovoltaic Power Generating Systems	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

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Proprietor	Date of project	Description	Warranty service period	Restrictions	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
Hanxuan Energy Co.,Ltd	2020/12/15-2022/09/01	Hanxuan Energy Co., LTD. - Build the 52MW Solar Power Plant On Huatan Township, Changhua County	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 Company 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

In the Board of Director meeting on January 28, 2021, the Company decided to increase the capital of its subsidiary, Hanxuan Energy Co., Ltd, amounting to \$350,000 thousand, then increasing its ownership to \$500,000 thousand.

(12) Other

- (a) A summary of current-period employee benefits, depreciation and amortization, by function, was as follows:

By function By nature	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	553,874	724,624	1,278,498	521,575	585,083	1,106,658
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	14,283	19,881	34,164	9,165	10,388	19,553
Depreciation	14,488	10,997	25,485	6,933	11,752	18,685
Amortization	455	583	1,038	478	487	965

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

For the years ended December 31, 2020 and 2019, the additional information on number of employees and employee benefits was as follows:

	2020	2019
Number of employees	<u>810</u>	<u>771</u>
Non-employee directors	<u>5</u>	<u>4</u>
Average employee benefits	<u>\$ 1,753</u>	<u>1,590</u>
Average employee salary	<u>\$ 1,588</u>	<u>1,443</u>
Adjustments of average employee salary	<u>10.05 %</u>	
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

The Company's remuneration policy, including directors, managers and employees, were as follow:

(i) Remuneration of employees:

In accordance with the Article of Incorporation.

(ii) Remuneration of directors:

The independent directors of the Company are entitled a monthly business execution fee since the following month of the inauguration date. The other directors of the Company are only entitled to the remuneration in accordance with the Article of Incorporation when there is a surplus generated at the end of the Company's fiscal year. The annual remuneration amount to each independent director shall exclude the monthly business execution fee collected.

The annual remuneration of directors is determined according to the Company's Article of Incorporation, and the Remuneration Committee suggests an amount for the Board of Directors to resolve, then the Board of Directors proposes in the shareholders meeting for approval. The appropriation of remuneration to the directors is reviewed by the Remuneration Committee and is approved by the Board of Directors before distribution.

(iii) Remuneration of president and vice president:

The Company's managers receive bonuses based on the annual performance evaluation. If there is surplus generated, the surplus should be distributed to employees based on the performance evaluation performed by the Company.

The salary proposal is drafted up according to the Rules Governing Employee Salaries and then presented to the Remuneration Committee for review and to the Board of Directors for approval. The annual performance bonus and employee remuneration should be proposed to the Remuneration Committee for review, and to the Board of Directors for approval in accordance with the annual performance evaluation results and related payment methods.

Salary is determined and paid according to the Company's Rules Governing Salary Determination; also, by referring to the business performance and profitability of each business unit. The Remuneration Committee regularly reviews the reasonableness of the salary.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the 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 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.

Notes to the 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.

Notes to the Financial Statements

- (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.

Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the 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 are 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

(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	Shares/Units (thousands)	Ending balance			Fair value	Note
					Carrying value	Percentage of ownership (%)			
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		
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		
The Company	stock – Powerchip Technology Corporation	-	Current financial assets at fair value through profit or loss	4,139	78,010	0.13 %	78,010		
	totals				<u>499,890</u>				
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		
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		
The Company	stock – Aetas Technology Inc.	-	Non-current financial assets at fair value through profit or loss	91	-	0.30 %	-		
The Company	stock – Zowie Technology Corporation	-	Non-current financial assets at fair value through profit or loss	15	-	0.07 %	-		
The Company	stock – Glandtex Corporation	-	Non-current financial assets at fair value through profit or loss	1	-	0.01 %	-		
The Company	stock – Promos Technologies Inc.	-	Non-current financial assets at fair value through profit or loss	2	-	- %	-		
	totals				<u>6,805</u>				
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		

Note 1: Registered with the amount of capital contribution.

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the 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	Buildings	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	-

- (ix) Trading in derivative instruments: None.
- (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):

Unit: in thousands of New Taiwan Dollar

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance		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			
The Company	ABLEREX ELECTRONICS CO., LTD.	Taiwan	Sale and purchase of UPS	189,852	189,852	14,987	33.30 %	490,589	43,660	14,540
The Company	WHOLETECH SYSTEM HITECH LIMITED	Taiwan	Gas pipeline engineering	61,367	61,367	9,946	13.61 %	202,156	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	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	14,115	2,340
The Company	UNIMEMS MANUFACTURING CO., LTD.	Taiwan	Machinery and Equipment Manufacturing	19,000	19,000	2,095	19.49 %	-	-	-
The Company	United Integrated Services BVI	BVI	Investment activities	567,643	567,643	17,698	100.00 %	736,016	38,678	38,678
The Company	Hanxuan Energy Co., Ltd.	Taiwan	self-usage power generation equipment utilizing renewable energy	150,000	-	15,000	100.00 %	135,122	(3,081)	(3,081)
The Company	Hunter Energy Co., Ltd.	Taiwan	self-usage power generation equipment utilizing renewable energy	90,000	-	9,000	100.00 %	78,124	(83)	(83)
The Company	UNITED INTEGRATED SERVICES (USA) CORP.	USA	Clean room system construction	57,130	-	2,000	100.00 %	55,759	(1,247)	(1,247)
The Company	United Integrated Services Pte. Ltd.	Singapore	Clean room system construction	34,040	34,040	-	100.00 %	(28,282)	(35,867)	(35,867)
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEMHITECH (BVI) LIMITED	BVI	Investment activities	170,884	170,884	5,400	100.00 %	233,991	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	10,873	10,873
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEMHITECH INC.	Mauritius	Investment activities	110,559	110,559	3,500	100.00 %	215,412	31,117	31,117
WHOLETECH SYSTEM HITECH INC.	WHOLETECH GROUPINTERNATIONAL TRADING LIMITED	Mauritius	Investment activities	110,559	110,559	3,500	100.00 %	215,412	31,117	31,117

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UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			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			
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	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	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	(45)	(45)	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-Samoa	Samoa	Holding company	217,445	217,445	6,635	100.00 %	473,807	(2,553)	(3,763)	
ABLEREX ELECTRONICS CO., LTD.	Joint	BVI	Provide management services	-	104	-	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	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	445	840	
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	7,248	8,071	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-UK	UK	Holding company	4,674	4,674	100	100.00 %	12,676	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	6,965	7,151	
Ablerex-Samoa	Ablerex -Overseas	Hong Kong	Holding company	217,445	217,445	6,635	100.00 %	478,971	(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	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	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	1,464	-	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	ASIA INTELLIGENCE INVESTMENTS LIMITED	BVI	Investment activities	30,282	30,282	-	100.00 %	33,798	(7,849)	(7,849)	
ASIA INTELLIGENCE INVESTMENTS LIMITED	JG ENVIRONMENTAL TECHNOLOGY CO., LTD	China	Sales of pollution control equipment and manufacturing	30,282	30,282	-	100.00 %	33,922	(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	(76)	(11)	

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

(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	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 %	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 %	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 %	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 %	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 %	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.

(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".

(Continued)

UNITED INTEGRATED SERVICES CO., LTD.

Notes to the Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Fubon Life Insurance 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:

Please refer to the consolidated financial statement for the year ended December 31, 2020.

(Continued)

United Integrated Services Co., Ltd.
Statement of cash and cash equivalents
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand and foreign currency	Cash	\$ 2,245
	Petty cash	830
		<u>3,075</u>
Cash in banks	Demand deposits	3,350,150
	Check Deposits	1,695
	Time deposits (Note)	2,859,386
	Foreign currency deposits (Note)	291,723
		<u>6,502,954</u>
		<u>\$ 6,506,029</u>

Note: Including demand deposits USD 32,435 thousand and time deposits USD 284,800 thousand @\$28.48, demand deposits JPY 3 thousand @\$0.28, demand deposits CNY 258,988 thousand and time deposits CNY 78,786 thousand @\$4.38, demand deposits SGD 297 thousand @\$21.56.

On December 31, 2020, the range of the interest rates of the time deposits was 0.08%~2.5%, which matured during January 2021 and March 2021.

United Integrated Services Co., Ltd.

Statement of financial assets measured at fair value through profit or loss - current

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total amount	Interest rate (%)	Acquisition cost	Fair value		Fair value changes is attributable to the changes in credit risk	Note
							Unit price	Total amount		
Nanya Technology Corporation		63	\$ -	-	-	19,928	86.80	5,507	-	
Taichung Commercial Bank Co., Ltd.		111	-	-	-	942	10.85	1,201	-	
ACER		1,400	-	-	-	94,045	23.65	33,110	-	
Chunghwa Telecom Co., Ltd		26	-	-	-	3,033	109.00	2,834	-	
CTCI Co., Ltd		10	-	-	-	340	38.20	382	-	
Powerchip Semiconductor Manufacturing Corporation		7,580	-	-	-	118,302	49.98	378,846	-	
Powerchip Technology Corporation		4,139	-	-	-	68,687	18.85	78,010	-	
						305,277		-	-	
Add: Valuation Adjustments						194,613		-	-	
						<u>\$ 499,890</u>		<u>499,890</u>	<u>-</u>	

United Integrated Services Co., Ltd.

Statement of changes in financial assets measured at fair value through profit or loss - non-current

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending Balance		Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value		
Taiwan Electronic Data Processing Co.,Ltd.	374	\$ 27,570	-	-	-	-	374	27,570	None	
Pu—Xun venture capital	722	7,225	-	-	-	-	722	7,225	"	
Add: Valuation Adjustments	-	(28,448)	-	-	-	(458)	-	(27,990)		
		<u><u>\$ 6,347</u></u>		<u><u>-</u></u>		<u><u>(458)</u></u>		<u><u>6,805</u></u>		

United Integrated Services Co., Ltd.

**Statement of changes in non-current financial assets measured at fair value
through other comprehensive income**

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending Balance		Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value		
Jiangxi Construction Engineering Group Co.,Ltd.	Note	\$ 1,008,212	-	-	-	-	-	1,008,212	None	
Add: Valuation Adjustments	-	1,043,567	-	-	-	93,061	-	950,506		
		<u>\$ 2,051,779</u>		<u>-</u>		<u>93,061</u>		<u>1,958,718</u>		

Note: Registered with the amount of capital contribution.

United Integrated Services Co., Ltd.

Statement of notes receivable

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Unrelated Parties:			
Winbond Electronics Corp.	Operating	\$ 5,176	
Reibi Bio - technology Co., Ltd.	Operating	457	
Other (The balance of each household is less than 5% of the balance of the subject)	Operating	248	
		<u>\$ 5,881</u>	

Statement of accounts receivable

Client name	Description	Amount	Note
Related Parties:			
Beijing Han he Tang Medical instrument , Ltd.	Operating	\$ 3,289	
Unrelated Parties:			
Taiwan Semiconductor Manufacturing Co., Ltd.	Operating	804,430	
Micron Memory Taiwan Co., Ltd.	Operating	5,300,959	
Other (The balance of each household is less than 5% of the balance of the subject)	Operating	178,198	
		<u>6,283,587</u>	
		6,286,876	
Less: Loss allowance		<u>86,814</u>	
		<u>\$ 6,200,062</u>	

United Integrated Services Co., Ltd.

Statement of changes in Contract Assets and Contract Liabilities

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Name of Project	Contract Assets						Contract Liabilities					Contract Assets	Contract liability
	Beginning Balance	Addition		Decrease		Ending Balance	Beginning Balance	Input	Completion	Ending Balance			
		Construction cost	Gain on Construction	Loss on Construction	Completion								
F210	\$ 1,908,925	252	26,316	-	1,935,493	-	1,935,495	-	1,935,495	-	-	-	
F360	1,095,028	2,941	67,833	-	1,165,802	-	1,165,802	-	1,165,802	-	-	-	
F400	1,920,355	3,772	354,485	-	2,278,612	-	2,261,779	16,833	2,278,612	-	-	-	
F460	1,785,541	12,180	360,610	-	2,158,331	-	2,158,331	-	2,158,331	-	-	-	
F530	1,046,901	19,050	1,500	-	-	1,067,451	1,147,226	78,983	-	1,226,209	-	158,758	
F600	4,899,432	699,342	622,173	-	-	6,220,947	5,960,671	498,356	-	6,459,027	-	238,080	
F710	1,811,908	20,261,116	1,214,906	-	-	23,287,930	2,407,112	24,572,248	-	26,979,360	-	3,691,430	
Others	22,977,398	7,412,306	2,613,515	15,978	10,075,457	22,911,784	25,097,599	8,642,473	10,075,455	23,664,617	1,260,739	2,013,572	
	\$ 37,445,488	28,410,959	5,261,338	15,978	17,613,695	53,488,112	42,134,015	33,808,893	17,613,695	58,329,213	1,260,739	6,101,840	

United Integrated Services Co., Ltd.

Statement of inventories

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net realizable value	
Merchandise	\$ 6,805	-	
Finished goods	16,866	7,808	
Work in process	22,093	1,485	
Raw materials	<u>50,367</u>	<u>47,372</u>	
Total	96,131	<u>56,665</u>	
Less: Allowance for impairment	39,466		
	<u>\$ 56,665</u>		

Statement of prepayments

Please refer to note 6 (e).

Statement of other current assets

Please refer to note 6 (l).

United Integrated Services Co., Ltd.
Statement of changes in investments accounted for using equity method
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value(Note 2)		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership (%)	Amount	Unit price	Total amount	Collateral
Ablere Electronics Co., Ltd.	14,987	\$ 490,936	-	14,645	-	14,992	14,987	33.30	490,589	39.40	590,468	None
Wholetech System Hitech Limited	9,946	193,385	-	29,720	-	20,949	9,946	13.61	202,156	30.15	299,874	"
JG Environmental Technology Co., Ltd	3,488	54,127	-	6,362	-	5,755	3,488	17.01	54,734	-	54,734	"
Eco Energy Corporation	6,630	99,525	-	2,340	-	199	6,630	16.57	101,666	10.65	70,609	"
UniMEMS Manufacturing Co., Ltd.	2,095	-	-	-	-	-	2,095	19.49	-	-	-	"
United Integrated Services BVI	17,698	691,732	-	44,284	-	-	17,698	100.00	736,016	-	736,016	"
(Jiangxi) United Integrated Services , Ltd.	Note 1	511,041	-	178,929	-	247,578	Note 1	75.00	442,392	-	442,392	"
Hanxuan Energy Co. Ltd.	-	-	15,000	150,000	-	14,878	15,000	100.00	135,122	-	135,122	"
Hunter Energy Co. Ltd.	-	-	9,000	90,000	-	11,876	9,000	100.00	78,124	-	78,124	"
United Integrated Services (USA) Corp.	-	-	2,000	57,130	-	1,371	2,000	100.00	55,759	-	55,759	"
		2,040,746		573,410		317,598			2,296,558		2,463,098	
United Integrated Services Pte Ltd.	Note 1	8,045	-	-	-	36,327	Note 1	100.00	(28,282)	-	-	"
Total		<u>\$ 2,048,791</u>		<u>573,410</u>		<u>353,925</u>			<u>2,268,276</u>		<u>2,463,098</u>	

Note 1: Registered with the amount of capital contribution.

Note 2: If there is no open market price for a long-term equity investment, the net value or book value of the equity at the balance sheet date is its fair market value.

United Integrated Services Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6 (i).

Statement of changes in accumulated depreciation of property, plant and equipment

Please refer to note 6 (i).

Statement of changes in intangible assets

Please refer to note 6 (k).

Statement of deferred tax assets

Please refer to note 6 (p)(ii)2).

United Integrated Services Co., Ltd.
Statement of other non-current assets
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6 (l).

Statement of notes payable

Vendor Name	Description	Amount	Note
Related Parties:			
AIRREX Co., Ltd.	operating	\$ 2,208	
Yun Hao Motor Technician Office	operating	<u>3,775</u>	
		<u>5,983</u>	
Unrelated Parties:			
NAKOSIN Enterprise Ltd.	operating	3,277	
Leader Air Condition Co., LTD.	operating	31,594	
Chang Ji Clean Room Technology Ltd.	operating	11,375	
Shang Dwen Construction Ltd.	operating	6,560	
Other (The balance of each household is less than 5% of the balance of the subject)	operating	8,063	
		<u>60,869</u>	
		<u><u>\$ 66,852</u></u>	

United Integrated Services Co., Ltd.

Statement of accounts payable

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Construction Retention Payable:			
Related Parties:			
Fu-Kuo Engineering Co., Ltd.	operating	\$ 5,300	
Dentsu Engineering Co., Ltd.	operating	3,100	
Huayuan Engineering Co., Ltd.	operating	2,936	
AIRREX Co., Ltd.	operating	12,222	
Wholetech System Hitech Limited	operating	13	
JG Environmental Technology Co., Ltd.	operating	<u>16,961</u>	
		<u>40,532</u>	
Unrelated Parties:			
Time Max Enterprise Limited	operating	98,513	
WE SHUNG TECHNOLOGY CORPORATION	operating	81,492	
Other (The balance of each household is less than 5% of the balance of the subject)		<u>1,157,685</u>	
		<u>1,337,690</u>	
Construction Payable:			
Related Parties:			
United Integrated Services BVI	operating	25,756	
AIRREX Co., Ltd.	operating	20,054	
ABLEREX ELECTRONICS CO., LTD.	operating	18,250	
Wholetech System Hitech Limited	operating	1,761	
Eco Energy Corporation	operating	<u>145,427</u>	
		<u>211,248</u>	
Unrelated Parties:			
FuTsu Construction Co., Ltd.	operating	1,308,064	
Taiyo Nippon Sanso Taiwan, Inc.	operating	290,836	
He Song Co., Ltd.	operating	218,048	
Other (The balance of each household is less than 5% of the balance of the subject)	operating	<u>2,334,362</u>	
		<u>4,151,310</u>	
		<u><u>\$ 5,740,780</u></u>	

United Integrated Services Co., Ltd.
Statement of other payables- related parties
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 7 (c) iv) .

Statement of provisions - current

Please refer to note 6 (m).

United Integrated Services Co., Ltd.
Statement of other current liabilities
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other accrued expenses:			
	Employee bonus and board compensation	\$ 640,768	
	Business tax	69,390	
	Salary allowance	167,969	
	Labor and health insurance premium	13,029	
	Other	6,981	
		<u>898,137</u>	
Other payables-other		<u>3,240</u>	
Other current liabilities:			
	Temporary receipts	2,005	
	Receipts under custody	1,846	
	Tax collections	2,543	
	Other notes payable	389	
		<u>6,783</u>	
		<u>\$ 908,160</u>	

Statement of provisions - non-current

Please refer to note 6 (o).

United Integrated Services Co., Ltd.
Statement of deferred tax liabilities
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6 (p) (ii) 2).

Statement of operating revenues
For the year ended December 31, 2020

Item	Quantity	Amount
Construction revenue:		
Percentage of completion method	-	\$ 2,513,140
- Completed construction revenue		
Percentage of completion method	-	31,156,249
- Uncompleted construction revenue		
Subtotal		33,669,389
Service and design revenue	-	82,234
Sales	-	118,825
Net operating revenues		<u><u>\$ 33,870,448</u></u>

United Integrated Services Co., Ltd.
Statement of operating costs
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Construction costs:		
Current material	\$ 26,538,705	
Labor	790,566	
Construction overhead	<u>1,081,694</u>	
Total of construction costs		28,410,965
Service and design costs		25,996
Costs of goods sold		<u>40,757</u>
Total operating costs		<u><u>\$ 28,477,718</u></u>

Statement of construction overhead

Item	Description	Amount
Components		\$ 191,533
Freight		75,515
Overtime pay		71,123
Services expenses		155,199
Other (The balance of each household is less than 5% of the balance of the subject)		588,324
Total		<u><u>\$ 1,081,694</u></u>

United Integrated Services Co., Ltd.
Statement of selling expenses
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Wages and salaries		\$ 16,647
Depreciations		1,693
Warranty expenses		11,218
Overtime pay		2,294
Other (The balance of each household is less than 5% of the balance of the subject)		5,364
Total		\$ 37,216

Statement of administrative expenses

Item	Description	Amount
Wages and salaries		\$ 733,918
Insurance expenses		61,478
Other (The balance of each household is less than 5% of the balance of the subject)		107,426
Total		\$ 902,822

United Integrated Services Co., Ltd.

Statement of the research and development expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Wages and salaries		\$ 21,219
Depreciation expenses		1,686
Insurance expenses		1,688
Other (The balance of each household is less than 5% of the balance of the subject)		10,130
Total		<u><u>\$ 34,723</u></u>

Statement of other gains and losses

Please refer to note 6 (u).

Statement of Labor, Depreciation and Amortization by Function

Please refer to note 12 (a).