

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

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

**Address: 6F., No.297, Section 6, Roosevelt Rd, Taipei  
City 116, Taiwan (R.O.C)**

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

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

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## **Representation Letter**

The entities that are required to be included in the combined financial statements of United Integrated Services Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, United Integrated Services Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: United Integrated Services Co., Ltd.

Chairman: Belle Lee

Date: March 23, 2022



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	home.kpmg/tw

## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of United Integrated Services Co., Ltd. and its Subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

**Other Matter**

We did not audit the financial statements of investee companies under the equity method and certain information of Note 13 (b) "Information on investees of the consolidated financial statements". Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of other auditors. The investments in the investee companies constituted 3.68% and 3.14% of the consolidated total assets, as of December 31, 2021 and 2020, respectively. For the years then ended, the recognized shares of profit of associates accounted for using the equity method of these investee companies constituted 1.95% and 1.01% of the consolidated total profit before tax, respectively.

United Integrated Services Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion with the Other Matter paragraph.

**Key Audit Matters**

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

**1. Revenue recognition**

For the accounting policies related to revenue recognition, please refer to Note 4 (o) "Revenue recognition"; for uncertainty of accounting estimates and assumption for revenue recognition, please refer to Note 5 (b) "Revenue recognition"; for information of revenue recognition, please refer to Note 6 (u) "Revenue from contracts with customers" to the consolidated financial statements.

**Description of Key Audit Matter:**

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

**How the matter was addressed in our audit:**

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

## 2. Accounts receivable impairment assessment

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

### Description of Key Audit Matter:

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

### How the matter was addressed in our audit:

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

## 3. Financial instruments assessment

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

### Description of Key Audit Matter:

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

### How the matter was addressed in our audit:

The principal audit procedures for the above key audit matters by the accountant include testing the investment cycle and financial reporting process of the Group and assessing the internal control of the disclosure of the financial statements. Appointed our valuation specialists to assess the reasonableness of valuation techniques and to test the key parameters of financial assets without active market prices, wherein valuation models are used to ensure that the applied valuation techniques are in accordance with IFRS 13 "Fair Value Measurement".

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)  
March 23, 2022

#### **Notes to Readers**

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

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

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

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020			
		Amount	%	Amount	%			Amount	%	Amount	%		
Assets													
Current assets:								Liabilities and Equity					
								Current liabilities:					
1100	Cash and cash equivalents (note6(a))	\$	6,922,880	29	8,501,567	32	2130	Current contract liabilities (note6(u))	\$	7,191,840	30	7,266,043	27
1110	Current financial assets measured at fair value through profit or loss (note6(b)(x))		710,961	3	499,890	2	2150	Notes payable (note6(x))		64,094	-	62,630	-
1140	Current contract assets (note6(u))		3,389,495	14	2,246,005	8	2160	Notes payable—related parties (note6(x) and 7)		-	-	5,983	-
1150	Notes receivable, net (note6(c))		1,016	-	7,383	-	2170	Accounts payable (note6(x))		4,588,716	19	6,819,282	25
1170	Accounts receivable, net (note6(c)(u) and 12)		2,896,744	12	7,137,679	26	2180	Accounts payable—related parties (note6(x) and 7)		67,757	-	236,093	1
1180	Accounts receivable—related parties (note6(c)(u) and 7)		107	-	-	-	2220	Other payables—related parties (note7 and 12)		172,780	1	166,481	1
1220	Current tax assets		2	-	-	-	2230	Current tax liabilities		187,234	1	507,633	2
130X	Inventories (note6(d))		58,433	-	51,459	-	2250	Current provisions (note6(n))		11,812	-	19,408	-
1410	Prepayments (note6(e) and 7)		1,352,701	6	789,921	3	2280	Current lease liabilities (note6(j)(p)(x))		58,679	-	14,568	-
1470	Other current assets (note6(l))		3,631,034	15	3,717,894	14	2300	Other current liabilities (note6(o)(q)(x))		861,533	4	961,537	4
Total current assets			18,963,373	79	22,951,798	85		Total current liabilities		13,204,445	55	16,059,658	60
Non-current assets:								Non-Current liabilities:					
1510	Non-current financial assets measured at fair value through profit or loss (note6(f)(x))		3,529	-	6,805	-	2550	Non-current provisions (note6(q))		176,745	1	326,982	1
1517	Non-current financial assets measured at fair value through other comprehensive income (note6(g)(x))		2,026,136	9	1,958,718	7	2570	Deferred tax liabilities (note6(r))		108,287	-	95,643	-
1550	Investments accounted for using equity method (note6(h))		874,867	4	849,145	3	2580	Non-current lease liabilities (note6(j)(p)(x))		211,167	1	149,400	-
1600	Property, plant and equipment (note6(i) and 7)		1,328,217	6	790,818	3	2670	Other non-current liabilities (note6(o)(x))		282,550	1	265,366	1
1755	Right-of-use assets (note6(j))		285,099	1	192,323	1		Total non-current liabilities		778,749	3	837,391	2
1780	Intangible assets (note6(k))		22,096	-	3,353	-	31XX	Total liabilities		13,983,194	58	16,897,049	62
1840	Deferred tax assets (note6(r))		181,705	1	165,079	1	3100	Equity attributable to owners of parent (note6(g)(q)(s)):					
1900	Other non-current assets (note6(l) and 8)		64,480	-	130,528	-	3200	Common stock		1,905,867	8	1,905,867	7
Total non-current assets			4,786,129	21	4,096,769	15		Capital surplus		377,460	2	368,144	1
								Retained earnings:					
								Legal reserve		2,416,160	10	2,015,786	7
								Unappropriated earnings		4,010,254	17	4,866,403	18
										6,426,414	27	6,882,189	25
								Other equity		896,922	4	847,854	4
								Total equity attributable to owners of parent		9,606,663	41	10,004,054	37
								Non-controlling interests		159,645	1	147,464	1
								Total equity		9,766,308	42	10,151,518	38
Total assets		\$	23,749,502	100	27,048,567	100		Total liabilities and equity	\$	23,749,502	100	27,048,567	100

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	<b>Operating Revenues (note6(u) and 7):</b>				
4520	Construction revenue	\$ 25,401,497	99	35,630,541	99
4600	Service and design revenue etc.	204,644	1	206,101	1
	<b>Operating revenues, net</b>	<u>25,606,141</u>	<u>100</u>	<u>35,836,642</u>	<u>100</u>
5000	<b>Operating costs (note6(d)(k)(p)(q), 7 and 12):</b>				
5520	Construction cost	21,441,053	84	30,084,477	84
5600	Service and design cost etc.	78,452	-	68,019	-
	<b>Total operating costs</b>	<u>21,519,505</u>	<u>84</u>	<u>30,152,496</u>	<u>84</u>
	<b>Gross profit from operations</b>	<u>4,086,636</u>	<u>16</u>	<u>5,684,146</u>	<u>16</u>
	<b>Operating expenses (note6(c)(k)(p)(q)(v), 7 and 12):</b>				
6100	Selling expenses	27,285	-	37,216	-
6200	Administrative expenses	904,993	4	1,002,471	3
6300	Research and development expenses	30,000	-	34,723	-
6450	Reversal of expected credit losses	(15,303)	-	(10,910)	-
	<b>Total operating expenses</b>	<u>946,975</u>	<u>4</u>	<u>1,063,500</u>	<u>3</u>
	<b>Net operating income</b>	<u>3,139,661</u>	<u>12</u>	<u>4,620,646</u>	<u>13</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income (note6(b)(g)(w) and 7)	67,408	-	90,646	-
7020	Other gains and losses (note6(w))	194,463	2	222,236	1
7100	Interest income (note6(w))	96,436	-	104,428	-
7510	Interest expense (note6(p)(w) and 7)	(11,822)	-	(7,600)	-
7370	Share of profit of associations and joint ventures accounted for using equity method (note6(h))	69,168	-	51,446	-
	<b>Total non-operating income and expenses</b>	<u>415,653</u>	<u>2</u>	<u>461,156</u>	<u>1</u>
7900	<b>Net income from continuing operations before tax</b>	<u>3,555,314</u>	<u>14</u>	<u>5,081,802</u>	<u>14</u>
7950	Less: Income tax expenses (note6(r))	734,832	3	990,470	3
8200	<b>Net income</b>	<u>2,820,482</u>	<u>11</u>	<u>4,091,332</u>	<u>11</u>
8300	<b>Other comprehensive income(note6(g)(q)(r)(s)):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	17,388	-	(37,279)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	67,418	-	(93,061)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	814	-	261	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	3,478	-	(7,456)	-
	<b>Items that may not be reclassified subsequently to profit or loss</b>	<u>82,142</u>	<u>-</u>	<u>(122,623)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operation	(19,423)	-	11,483	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(3,810)	-	1,057	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(3,635)	-	1,974	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	<u>(19,598)</u>	<u>-</u>	<u>10,566</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>62,544</u>	<u>-</u>	<u>(112,057)</u>	<u>-</u>
8500	<b>Comprehensive income</b>	<u>\$ 2,883,026</u>	<u>11</u>	<u>3,979,275</u>	<u>11</u>
	<b>Profit attributable to:</b>				
8610	Shareholders of the Company	\$ 2,769,475	11	4,033,304	11
8620	Non-controlling interests	51,007	-	58,028	-
		<u>\$ 2,820,482</u>	<u>11</u>	<u>4,091,332</u>	<u>11</u>
	<b>Comprehensive income attributable to:</b>				
8710	Shareholders of the Company	\$ 2,833,267	11	3,919,632	11
8720	Non-controlling interests	49,759	-	59,643	-
		<u>\$ 2,883,026</u>	<u>11</u>	<u>3,979,275</u>	<u>11</u>
9750	<b>Basic earnings per share (in dollars)(note6(t))</b>	<u>\$ 14.53</u>		<u>21.16</u>	
9850	<b>Diluted earnings per share (in dollars)(note6(t))</b>	<u>\$ 14.36</u>		<u>20.83</u>	

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent										
	Share capital					Other equity					
						Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings						
Balance at January 1, 2020	\$ 1,905,867	373,561	1,730,497	3,625,577	5,356,074	(111,603)	1,043,567	931,964	8,567,466	170,347	8,737,813
Net income	-	-	-	4,033,304	4,033,304	-	-	-	4,033,304	58,028	4,091,332
Other comprehensive income	-	-	-	(29,562)	(29,562)	8,951	(93,061)	(84,110)	(113,672)	1,615	(112,057)
Total comprehensive income	-	-	-	4,003,742	4,003,742	8,951	(93,061)	(84,110)	3,919,632	59,643	3,979,275
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	285,289	(285,289)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(2,477,627)	(2,477,627)	-	-	-	(2,477,627)	-	(2,477,627)
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	(5,417)	-	-	-	-	-	-	(5,417)	-	(5,417)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(82,526)	(82,526)
Balance on December 31, 2020	1,905,867	368,144	2,015,786	4,866,403	6,882,189	(102,652)	950,506	847,854	10,004,054	147,464	10,151,518
Net income	-	-	-	2,769,475	2,769,475	-	-	-	2,769,475	51,007	2,820,482
Other comprehensive income	-	-	-	14,724	14,724	(18,350)	67,418	49,068	63,792	(1,248)	62,544
Total comprehensive income	-	-	-	2,784,199	2,784,199	(18,350)	67,418	49,068	2,833,267	49,759	2,883,026
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	400,374	(400,374)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(3,239,974)	(3,239,974)	-	-	-	(3,239,974)	-	(3,239,974)
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	9,111	-	-	-	-	-	-	9,111	-	9,111
Overdue unclaimed dividend transferred in	-	205	-	-	-	-	-	-	205	-	205
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(37,578)	(37,578)
Balance on December 31, 2021	\$ 1,905,867	377,460	2,416,160	4,010,254	6,426,414	(121,002)	1,017,924	896,922	9,606,663	159,645	9,766,308

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollar)**

	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
Income before income tax	\$ 3,555,314	5,081,802
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	69,552	48,713
Amortization expense	1,630	1,475
Reversal of expected credit losses	(15,303)	(10,910)
Net profit on financial assets measured at fair value through profit or loss	(194,990)	(285,777)
Interest expense	11,822	7,600
Interest income	(96,436)	(104,428)
Dividend income	(12,273)	(43,697)
Share of profit of associates and joint ventures accounted for using equity method	(69,168)	(51,446)
Gains on disposal of property, plant and equipment	(15)	(2,705)
Gains on disposal of investments	(31,382)	-
<b>Total adjustments to reconcile loss</b>	<b>(336,563)</b>	<b>(441,175)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in current contract assets	(1,143,490)	(565,923)
Decrease in notes receivable	6,367	109,976
Decrease (increase) in accounts receivable	4,257,591	(2,343,639)
Increase in accounts receivable—related parties	(107)	-
Increase in inventories	(6,974)	(13,762)
(Increase) decrease in prepayments	(562,780)	402,984
Decrease in other current assets	14,279	47,506
<b>Subtotal of changes in operating assets</b>	<b>2,564,886</b>	<b>(2,362,858)</b>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in current contract liabilities	(74,203)	750,658
Increase in notes payable	1,464	48,191
(Decrease) increase in notes payable—related parties	(5,983)	5,983
(Decrease) increase in accounts payable	(2,230,566)	1,298,839
(Decrease) increase in accounts payable—related parties	(168,336)	136,339
(Decrease) increase in current provisions	(7,596)	2,665
(Decrease) increase in other current liabilities	(100,004)	198,155
(Decrease) increase in net defined benefit liability	(132,849)	751
Decrease in other non-current liabilities	(1,909)	(25,096)
<b>Subtotal of changes in operating liabilities</b>	<b>(2,719,982)</b>	<b>2,416,485</b>
<b>Total changes in operating assets and liabilities</b>	<b>(155,096)</b>	<b>53,627</b>
<b>Total adjustments</b>	<b>(491,659)</b>	<b>(387,548)</b>
Cash inflow generated from operations	3,063,655	4,694,254
Interest received	94,412	110,788
Interest paid	(5,523)	(1,302)
Income taxes paid	(1,059,019)	(1,030,009)
<b>Net cash flows from operating activities</b>	<b>2,093,525</b>	<b>3,773,731</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through profit or loss	3,251	-
Acquisition of financial assets at fair value through profit or loss	(26,408)	(392)
Proceeds from disposal of financial assets at fair value through profit or loss	41,532	-
Proceeds from disposal of investments accounted for using equity method	535	-
Acquisition of property, plant and equipment	(463,340)	(39,100)
Proceeds from disposal of property, plant and equipment	80	6,948
Decrease in guarantee deposits paid	277	5,828
Acquisition of intangible assets	(19,800)	(1,456)
Decrease in other financial assets	36,741	954,785
Increase in other non-current assets	(101)	(104,941)
Dividends received	61,501	79,872
<b>Net cash flows from (used in) investing activities</b>	<b>(365,732)</b>	<b>901,544</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in guarantee deposits received	19,093	4,611
Payment of lease liabilities	(28,811)	(21,066)
Cash dividends paid	(3,239,974)	(2,477,627)
Overdue unclaimed dividends transferred to capital surplus	205	-
Changes in non-controlling interests	(37,578)	(82,526)
<b>Net cash flows used in financing activities</b>	<b>(3,287,065)</b>	<b>(2,576,608)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(19,415)</b>	<b>11,678</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,578,687)</b>	<b>2,110,345</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,501,567</b>	<b>6,391,222</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 6,922,880</b>	<b>8,501,567</b>

See accompanying notes to consolidated financial statements.

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

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2021 and 2020**

**(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.

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

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

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

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

(Continued)

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

### Notes to the Consolidated Financial Statements

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

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

For the years ended December 31, 2021 and 2020, the composition of the consolidated financial statements includes the Company, its subsidiaries (the Group), and the affiliates of the Group in the associates. Please refer to note 4 (c) for the main operation items of the Group.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 23, 2022.

#### **(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. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- 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”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group’s adoption of the new amendments, effective for annual period beginning on January 1, 2022, are expected to have the following impacts:

- (i) Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”

The amendments clarify that the ‘costs of fulfilling a contract’ comprises the incremental costs and an allocation of other direct costs. Those amendments shall apply to contracts for which it has not yet fulfilled all its obligations on January 1, 2022. The Group estimated the application of the amendments resulting in the in the provision and the retained earnings to increase and decrease by \$0 thousand, respectively, on January 1, 2022.

(Continued)

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

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- 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"

The estimated impact of adopting the new IFRS may change due to future changes in circumstances or conditions.

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB

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

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

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

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

**(4) Summary of significant accounting policies**

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

**(a) Statement of compliance**

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

**(b) Basis of preparation**

**(i) Basis of measurement**

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

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

**(ii) Functional and presentation currency**

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

**(c) Basis of consolidation**

**(i) Principles of preparation of consolidated financial statements**

The consolidated financial statements comprise the Company and subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(Continued)

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

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

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions.

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2021	December 31, 2020	
The Company	United Integrated Services BVI	Investment Business	100 %	100 %	Subsidiary of the Company
The Company	Jiangxi United Integrated Services Ltd.	Electromechanical business and pipeline engineering business	75 %	75 %	Subsidiary of the Company
The Company	United Integrated Services Pte Ltd.	Clean room construction	100 %	100 %	Subsidiary of the Company
The Company	Hanxuan Energy Co., Ltd. (note)	self-usage power generation equipment utilizing renewable energy and energy technical services	100 %	100 %	Subsidiary of the Company
The Company	Hunter Energy Co., Ltd. (note)	self-usage power generation equipment utilizing renewable energy and energy technical services	100 %	100 %	Subsidiary of the Company
The Company	UNITED INTEGRATED SERVICES (USA) CORP.	Clean room construction	100 %	100 %	Subsidiary of the Company
United Integrated Services BVI	Su Yuan (Shanghai) Trading Ltd.	Selling semiconductors, clean rooms and electromechanical equipment	100 %	100 %	Subsidiary of United Integrated Services BVI
United Integrated Services BVI	Suzhou Han Tai System Integrated Ltd	Construction hardware materials production and sales	100 %	100 %	Subsidiary of United Integrated Services BVI
United Integrated Services BVI	Beijing Han He Tang Medical Instrument Ltd.	Distribution agency for medical equipment, import and export of goods, after-sales service	100 %	100 %	Subsidiary of United Integrated Services BVI

Note: It has not been in operation yet.

All of subsidiaries included in the consolidated financial statements.

(Continued)

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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

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

(Continued)

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

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

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

An entity shall classify a liability as current when:

- 1) It is expected to be settled in the normal operating cycle;
  - 2) It is held primarily for the purpose of trading;
  - 3) It is due to be settled within twelve months after the reporting period; or
  - 4) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.
- (iii) Other

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

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in fair value. The definition of time deposit within 3 months is similar to that of cash equivalent; however, the purpose of holding time deposit is for short term cash commitment rather than investment.

(Continued)

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

(g) Financial instruments

(i) Financial assets

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI )

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

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

4) Business model assessment

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

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

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

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

5) Impairment of financial assets

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

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

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

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

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

(Continued)

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than a year past due;
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) **Derecognition of financial assets**

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

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

(Continued)

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

(ii) Financial liabilities

1) Financial liabilities

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(Continued)

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

(i) Investment in associates

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

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

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

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

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

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

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

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

(k) Leases

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

(i) As a lessee

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

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

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

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

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

(Continued)

**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated 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 Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

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

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

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

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

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

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

(l) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(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	2~10 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

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

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

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

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

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

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

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

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the monetary market time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

The Group shall provide one-thousandth of the total contract amounts for the completed project within one year of the period-end settlement for the project warranty reserve. When the actual expenditure occurs, the provision is reversed, and if there is a deficiency, it is listed as the annual expense.

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

(o) Revenue Recognition

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

(i) Sale of goods

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

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

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

(ii) Consulting Services

The Group is engaged in providing construction consulting and design services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the surveys of work performed.

(iii) Construction contracts

The Group enters into contracts to design and install constructions. Because its customer controls the asset as it is being constructed, the Group recognizes revenue over time basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. Considering the progress of a public construction is highly susceptible to factors outside the Group's control and, therefore, completion bonus is usually constrained, the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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

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

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

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

(p) Contract costs

(i) Incremental costs of obtaining a contract

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

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

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

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

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

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

(Continued)

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

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

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

(iii) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

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

(Continued)

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

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.

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.

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

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

(s) Earnings per share

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

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements 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 estimations.

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

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

(a) Judgment regarding significant influence of investees

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment assessment of accounts receivable

The Group has estimated the allowance for loss on trade receivable that is based on the risk of default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating impairments and the selected inputs. For relevant assumptions and input values, please refer to Note 6 (c).

(b) Revenue recognition

The Group recognizes contract revenues based on the degree of completion on construction contracts; degree of completion is calculated with contract costs incurred to date as a percentage of estimated total contract costs. The Group considers the nature of each project, the estimated construction period, the project item, the construction process, the construction method and the estimated amount of the subcontracts when estimating total contract costs. Any changes in the estimates above may result in a significant adjustment to the estimated amount, please refer to Note 6 (u).

(c) Fair value of financial instruments

The fair value of financial instruments in non active markets or without open market quotes is determined by evaluation models or counterparty quotations. When using the evaluation model to determine fair value, all models only use observable data as input values without artificial adjustment. The observable input value is based on the principle of long term stable market used parameters to avoid differences in cross period financial reporting due to changes in data sources. The model must be repeatedly adjusted and verified to ensure that the output is sufficient to properly reflect the value of the asset.

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

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

(d) Measurement of defined benefit obligations

Defined benefit costs and net defined benefit liabilities (assets) under defined benefit pension plans are calculated using the Projected Unit Credit Method. The appropriate actuarial assumptions include the discount rate, employee turnover rate, and future salary increase rate. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and liability. Please refer to Note 6 (q) for the material actuarial assumptions and sensitivity analysis for actuarial calculations.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand and petty cash	\$ 6,223	10,517
Demand deposits	3,872,311	4,951,591
Check deposits	60,990	3,718
Time deposits	<u>2,983,356</u>	<u>3,535,741</u>
Cash and cash equivalents in the consolidated statement of cash flow	<u><b>\$ 6,922,880</b></u>	<u><b>8,501,567</b></u>

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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial assets measured at fair value through profit or loss:		
Stocks listed on domestic markets	\$ 252,646	236,590
Stocks unlisted on domestic markets	68,687	68,687
Valuation adjustment	<u>389,628</u>	<u>194,613</u>
Total	<u><b>\$ 710,961</b></u>	<u><b>499,890</b></u>

For the years ended December 31, 2021 and 2020, the Group recognized dividend income from the above financial assets measured at fair value through profit or loss of \$12,273 thousand and \$1,564 thousand, respectively.

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

(c) Notes and accounts receivable, net

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Notes receivable — unrelated parties	\$ 1,016	7,383
Accounts receivable — unrelated parties	3,145,313	7,402,904
Accounts receivable — related parties	107	-
Less: Loss allowance	<u>248,569</u>	<u>265,225</u>
Total	<u><b>\$ 2,897,867</b></u>	<u><b>7,145,062</b></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions in respect of all receivables with a credit rating of A were determined as follows:

<b>December 31, 2021</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,730,856		-
1 to 60 days past due	130,758	1%	1,308
61 to 120 days past due	1,909	1%	19
121 to 365 days past due	36,031	1%	360
More than one year past due	<u>246,882</u>	100%	<u>246,882</u>
	<u><b>\$ 3,146,436</b></u>		<u><b>248,569</b></u>
<b>December 31, 2020</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 6,920,190		-
1 to 60 days past due	144,116	1%	1,441
61 to 120 days past due	28,942	1%	290
121 to 365 days past due	21,326	1%	213
More than one year past due	<u>249,113</u>	100%	<u>249,113</u>
	<u><b>\$ 7,363,687</b></u>		<u><b>251,057</b></u>

The loss allowance provisions in respect of all receivables with a credit rating of B were determined as follows:

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

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

For the year ended December 31, 2021, the Group did not have receivables with a credit rating of B.

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

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 265,225	270,370
Gain on reversal of impairment loss recognized	(15,303)	(10,910)
Receivables collected	-	2,863
Foreign exchange losses / (gains)	(1,353)	2,902
Balance at December 31	<b>\$ 248,569</b>	<b>265,225</b>

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

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

(d) Inventories

	<b>December 31, 2021</b>		
	<b>Cost</b>	<b>Allowance for Impairment</b>	<b>Carrying Amount</b>
Raw materials	\$ 53,450	(5,895)	47,555
Work in progress	24,405	(22,626)	1,779
Finished goods	16,594	(9,557)	7,037
Merchandise	8,003	(5,941)	2,062
Total	<b>\$ 102,452</b>	<b>(44,019)</b>	<b>58,433</b>

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

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

The reversal (losses) of inventory write-down to net realizable value amounted to (\$4,553) thousand and \$5,018 thousand, respectively, for the years ended December 31, 2021, and 2020.

In addition, the loss on inventory disposal amounted to \$0 thousand and \$5,570 thousand, respectively, for the years ended December 31, 2021, and 2020. These changes are recognized as adding or subtracting the cost of goods sold.

The Group did not provide any inventories as collaterals.

(e) Prepayments

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Domestic purchase of materials	\$ 266,250	146,018
Foreign purchase of materials	888,494	489,554
Prepaid project subcontractor cost	52,093	40,862
Prepaid insurance expense	90,075	15,998
Others	55,789	97,489
<b>Total</b>	<b>\$ 1,352,701</b>	<b>789,921</b>

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial assets measured at fair value through profit or loss:		
Stocks unlisted on domestic markets	\$ 31,544	34,795
Valuation adjustments	(28,015)	(27,990)
<b>Total</b>	<b>\$ 3,529</b>	<b>6,805</b>

(g) Non-current financial assets measured at fair value through other comprehensive income

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity instruments measured at fair value through other comprehensive income		
Unlisted stocks (overseas)	\$ 1,008,212	1,008,212
Valuation adjustment	1,017,924	950,506
<b>Total</b>	<b>\$ 2,026,136</b>	<b>1,958,718</b>

- (i) The equity instrument investment of the Group is a long-term strategic investment and is not held for trading, which has been designated as measured at fair value through other comprehensive income. In September 2020, the equity instrument investments declared dividends amounting to \$42,133 thousand and be claimed in December 2020. There was no such situation for the year ended December 31, 2021.

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

- (ii) The changes in valuation adjustment of financial assets measured at fair value through other comprehensive income were as follows:

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 950,506	1,043,567
Add: Changes for the period	67,418	(93,061)
Balance at December 31	<u><u>\$ 1,017,924</u></u>	<u><u>950,506</u></u>

- (h) Investments accounted for using equity method

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

Name of Affiliate	Nature of Relationship with the Group	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2021	December 31, 2020
Ablerex electronics co., Ltd.	Selling and Manufacturing of UPS	Taiwan	33.30 %	33.30 %

The fair value of the investment in associates which are publicly traded was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Ablerex electronics co., Ltd.	<u><u>\$ 589,719</u></u>	<u><u>590,468</u></u>

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 2,406,092	2,003,389
Non-current assets	972,575	963,721
Current liabilities	(1,751,250)	(1,351,435)
Non-current liabilities	(120,431)	(134,423)
Net assets	<u><u>\$ 1,506,986</u></u>	<u><u>1,481,252</u></u>
Net assets attributable to non-controlling interests	<u><u>\$ 13,878</u></u>	<u><u>13,538</u></u>
Net assets attributable to investee	<u><u>\$ 1,493,108</u></u>	<u><u>1,467,714</u></u>
	<b>2021</b>	<b>2020</b>
Operating revenue	<u><u>\$ 2,984,677</u></u>	<u><u>2,361,923</u></u>
Net income from continuing operations	\$ 76,511	44,370
Other comprehensive income	(5,778)	481
Total comprehensive income	<u><u>\$ 70,733</u></u>	<u><u>44,851</u></u>
Total comprehensive income attributable to non-controlling interests	<u><u>\$ 339</u></u>	<u><u>876</u></u>
Total comprehensive income attributable to investee	<u><u>\$ 70,394</u></u>	<u><u>43,975</u></u>

(Continued)

**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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	<u>2021</u>	<u>2020</u>
Share of net assets of associate attributable to the Group as of January 1	\$ 490,473	490,820
Total comprehensive income attributable to the Group	23,444	14,645
Adjustments for using equity method	-	(6)
Dividends from associate	<u>(14,987)</u>	<u>(14,986)</u>
Share of net assets of associate attributable to the Group as of December 31	498,930	490,473
Add: Goodwill	<u>116</u>	<u>116</u>
Ending balance of net assets of associate attributable to the Group	<u><u>\$ 499,046</u></u>	<u><u>490,589</u></u>

(ii) Insignificant associates

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of individually insignificant associates' equity	<u><u>\$ 375,821</u></u>	<u><u>358,556</u></u>
	<u>2021</u>	<u>2020</u>
Attributable to the Group:		
Income from continuing operations	\$ 43,900	36,906
Other comprehensive income	<u>(1,172)</u>	<u>1,213</u>
Total comprehensive income	<u><u>\$ 42,728</u></u>	<u><u>38,119</u></u>

In 2021 and 2020, 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, 2021 and 2020, the share of profit of associations accounted for using equity method amounted to \$69,168 thousand and \$51,446 thousand, respectively.

(iii) Guarantee

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

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

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings	Machinery	Plant equipment	Transportation Equipment	Office equipment	Leasehold Improvements	Total
Cost or deemed cost:								
Balance at January 1, 2021	\$ 402,782	389,844	70,800	156,387	12,081	71,317	2,076	1,105,287
Additions	318,269	132,733	81	6,302	3,880	2,075	-	463,340
Disposal	-	-	(1,713)	-	(859)	(455)	-	(3,027)
Reclassification	61,876	42,729	-	-	-	-	-	104,605
Effect of movements in exchange rates	(190)	(3,165)	(200)	-	(27)	(139)	-	(3,721)
Balance at December 31, 2021	<u>\$ 782,737</u>	<u>562,141</u>	<u>68,968</u>	<u>162,689</u>	<u>15,075</u>	<u>72,798</u>	<u>2,076</u>	<u>1,666,484</u>
Balance at January 1, 2020	\$ 398,537	363,925	79,002	156,835	12,162	68,239	2,076	1,080,776
Additions	6,197	24,789	1,391	-	663	6,060	-	39,100
Disposals	(1,725)	(3,003)	(9,987)	(448)	(798)	(3,253)	-	(19,214)
Effect of movements in exchange rates	(227)	4,133	394	-	54	271	-	4,625
Balance at December 31, 2020	<u>\$ 402,782</u>	<u>389,844</u>	<u>70,800</u>	<u>156,387</u>	<u>12,081</u>	<u>71,317</u>	<u>2,076</u>	<u>1,105,287</u>
Accumulated depreciation and impairment loss:								
Balance at January 1, 2021	\$ 1,160	131,715	65,329	47,237	8,323	58,656	2,049	314,469
Depreciation	-	17,405	1,203	4,517	1,400	3,284	27	27,836
Disposal	-	-	(1,674)	-	(858)	(430)	-	(2,962)
Effect of movements in exchange rates	-	(767)	(189)	-	(26)	(94)	-	(1,076)
Balance at December 31, 2021	<u>\$ 1,160</u>	<u>148,353</u>	<u>64,669</u>	<u>51,754</u>	<u>8,839</u>	<u>61,416</u>	<u>2,076</u>	<u>338,267</u>
Balance at January 1, 2020	\$ 1,160	117,976	72,987	43,471	7,628	57,449	1,973	302,644
Depreciation	-	13,357	1,309	4,170	1,408	4,183	76	24,503
Disposal	-	(1,257)	(9,350)	(404)	(742)	(3,218)	-	(14,971)
Effect of movements in exchange rates	-	1,639	383	-	29	242	-	2,293
Balance at December 31, 2020	<u>\$ 1,160</u>	<u>131,715</u>	<u>65,329</u>	<u>47,237</u>	<u>8,323</u>	<u>58,656</u>	<u>2,049</u>	<u>314,469</u>
Carrying amounts:								
Balance at December 31, 2021	<u>\$ 781,577</u>	<u>413,788</u>	<u>4,299</u>	<u>110,935</u>	<u>6,236</u>	<u>11,382</u>	<u>-</u>	<u>1,328,217</u>
Balance at January 1, 2020	<u>\$ 397,377</u>	<u>245,949</u>	<u>6,015</u>	<u>113,364</u>	<u>4,534</u>	<u>10,790</u>	<u>103</u>	<u>778,132</u>
Balance at December 31, 2020	<u>\$ 401,622</u>	<u>258,129</u>	<u>5,471</u>	<u>109,150</u>	<u>3,758</u>	<u>12,661</u>	<u>27</u>	<u>790,818</u>

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

(Continued)

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

(j) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 173,941	51,635	505	226,081
Additions	-	135,598	123	135,721
Write-off	-	(4,658)	(63)	(4,721)
Effect of movements in exchange rates	(257)	(1,257)	(2)	(1,516)
Balance at December 31, 2021	<u>\$ 173,684</u>	<u>181,318</u>	<u>563</u>	<u>355,565</u>
Balance at January 1, 2020	\$ 32,059	41,571	1,285	74,915
Additions	141,343	19,665	1,476	162,484
Write-off	-	(9,665)	(2,260)	(11,925)
Effect of movements in exchange rates	539	64	4	607
Balance at December 31, 2020	<u>\$ 173,941</u>	<u>51,635</u>	<u>505</u>	<u>226,081</u>
Accumulated depreciation:				
Balance at January 1, 2021	\$ 3,808	29,672	278	33,758
Depreciation	7,376	34,112	228	41,716
Write-off	-	(4,658)	(63)	(4,721)
Effect of movements in exchange rates	(13)	(272)	(2)	(287)
Balance at December 31, 2021	<u>\$ 11,171</u>	<u>58,854</u>	<u>441</u>	<u>70,466</u>
Balance at January 1, 2020	\$ 795	14,123	554	15,472
Depreciation	2,983	20,461	766	24,210
Write-off	-	(5,038)	(1,046)	(6,084)
Effect of movements in exchange rates	30	126	4	160
Balance at December 31, 2020	<u>\$ 3,808</u>	<u>29,672</u>	<u>278</u>	<u>33,758</u>
Carrying amount:				
Balance at December 31, 2021	<u>\$ 162,513</u>	<u>122,464</u>	<u>122</u>	<u>285,099</u>
Balance at January 1, 2020	<u>\$ 31,264</u>	<u>27,448</u>	<u>731</u>	<u>59,443</u>
Balance at December 31, 2020	<u>\$ 170,133</u>	<u>21,963</u>	<u>227</u>	<u>192,323</u>

The Group and Exeter 100 West Pinnacle Peak, LLC entered into a warehouse lease agreement in August 2021, with a contract term of 3 years and a total rental price of US\$ 3,678 thousand. According to the transaction, the Group initially recognized both US\$ 3,253 thousand (NT\$ 90,042 thousand) of the right-of-use asset and lease liabilities.

On September 9, 2020, the Group entered into a land lease for solar energy installment with Jindun Village Forestry Cooperative of Changhua County. The construction period (from the notarization date to finish the construction) is 18 months, with an annual rental of \$400 thousand for the first year. The monthly rental was \$80 thousand starting from the second year. An application for an 18-month extension shall be approved by the lessor when 18 months of construction is mature, and the monthly rental is \$160 thousand starting from the 31st month. Furthermore, the annual rental was \$8400 thousand, as well as the land value tax born by the lessee for a period of 20 years from the date of completion of the construction. According to the above transactions, the Group initially recognized both \$141,343 thousand of right-to-use assets and the lease liabilities.

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

(k) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2021 and 2020 were as follows:

	<u>Computer software</u>
Costs:	
Balance at January 1, 2021	\$ 11,783
Additions	19,800
Effect of changes in exchange rate	(9)
Balance at December 31, 2021	<u>\$ 31,574</u>
Balance at January 1, 2020	\$ 10,327
Additions	1,456
Balance at December 31, 2020	<u>\$ 11,783</u>
Accumulated amortization:	
Balance at January 1, 2021	\$ 8,430
Amortization	1,048
Balance at December 31, 2021	<u>\$ 9,478</u>
Balance at January 1, 2020	\$ 7,622
Amortization	808
Balance at December 31, 2020	<u>\$ 8,430</u>
Carrying value:	
Balance at December 31, 2021	<u>\$ 22,096</u>
Balance at January 1, 2020	<u>\$ 2,705</u>
Balance at December 31, 2020	<u>\$ 3,353</u>

For the years ended December 31, 2021 and 2020, the amortization expense amounted to \$1,048 thousand and \$808 thousand, respectively. These expenses were included in operating costs and operating expenses in the consolidated statements of comprehensive income.

(l) Other current assets and non-current assets

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other financial assets	\$ 3,442,594	3,510,823
Construction guarantee deposits paid	3,910	10,286
Temporary payment	9,836	21,801
Others	174,694	174,984
Total	<u>\$ 3,631,034</u>	<u>3,717,894</u>

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

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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Other financial assets	\$ 32,338	850
Guarantee deposits paid	28,085	21,986
Prepayments of equipment for construction project	2,088	1,049
Prepayments for land and buildings	-	104,608
Others	1,969	2,035
<b>Total</b>	<b>\$ 64,480</b>	<b>130,528</b>

Other financial assets were mainly time deposits with a maturity of more than twelve months and bank deposits with restricted pay holders. The prepayments for land and buildings were the prepayments of the purchase price of properties, deed tax, stamp tax, fees, and other prepayments related to the properties as a headquarters in 2020.

(m) Short-term borrowings

The short-term borrowings were summarized as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Range of interest rates (%)	-	-
Unused short-term credit lines	<b>\$ 21,039,440</b>	<b>7,683,833</b>

(n) Current provisions

	<b>Warranty</b>
Balance at January 1, 2021	\$ 19,408
Provisions made during the year	9,339
Provisions used during the year	(16,935)
Balance at December 31, 2021	<b>\$ 11,812</b>
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	<b>\$ 19,408</b>

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

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

(o) Other current liabilities and other non-current liabilities

The other current liabilities of the Group were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Receipts under custody	\$ 1,607	1,881
Other payables	56,676	54,627
Accrued expenses	796,004	899,731
Other current liabilities	7,246	5,298
Total	<b>\$ 861,533</b>	<b>961,537</b>

The other non-current liabilities of the Group were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Guarantee deposit received	\$ 31,275	12,182
Dividends payable	251,275	253,184
Total	<b>\$ 282,550</b>	<b>265,366</b>

(p) Lease liabilities

The Group's lease liabilities were as follow:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current	<b>\$ 58,679</b>	<b>14,568</b>
Non-current	<b>\$ 211,167</b>	<b>149,400</b>

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

The amounts recognized in profit or loss were as follows:

	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<b>\$ 5,281</b>	<b>1,188</b>
Expenses relating to short-term leases	<b>\$ 22,663</b>	<b>26,816</b>

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

	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<b>\$ 56,755</b>	<b>49,070</b>

(i) Real estate leases

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

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

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

(ii) Other leases

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

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

(q) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of the defined benefit obligations	\$ (420,853)	(435,658)
Fair value of plan assets	244,108	108,676
Net defined benefit liabilities	<u>\$ (176,745)</u>	<u>(326,982)</u>

The Group's employee benefit liabilities were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Short-term compensated absence liabilities (Other current liabilities)	<u>\$ 25,659</u>	<u>24,537</u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$244,108 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligations at January 1	\$ 435,658	393,352
Current service costs and interest cost	3,247	6,045
Remeasurements of the net defined benefit liabilities		
— Actuarial (gain) loss arising from changes in financial assumptions	(3,925)	42,080
— Actuarial gain arising from experience adjustments	(11,496)	(3,000)
Benefits paid	(2,631)	(2,819)
Defined benefit obligations at December 31	<u>\$ 420,853</u>	<u>435,658</u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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3) Movements in defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 108,676	104,400
Interest income	389	2,377
Remeasurements of the net defined benefit liabilities		
— Return on plan assets excluding interest income	1,967	1,801
Contributions	135,707	2,917
Benefits paid	<u>(2,631)</u>	<u>(2,819)</u>
Fair value of plan assets at December 31	<u><u>\$ 244,108</u></u>	<u><u>108,676</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 1,709	1,718
Net interest of net liabilities for defined benefit obligations	1,149	1,950
	<u><u>\$ 2,858</u></u>	<u><u>3,668</u></u>
	<u>2021</u>	<u>2020</u>
Operating costs	\$ 2,373	3,046
Operating expenses	485	622
	<u><u>\$ 2,858</u></u>	<u><u>3,668</u></u>

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

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Accumulated amount at January 1	\$ 141,548	104,269
Recognized during the period	<u>(17,388)</u>	<u>37,279</u>
Accumulated amount at December 31	<u><u>\$ 124,160</u></u>	<u><u>141,548</u></u>

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

6) Actuarial assumptions

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.47 %	0.35 %
Future salary increases rate	2.00 %	2.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$2,795 thousand.

The weighted average lifetime of the defined benefit plans is 8.08 years.

7) Sensitivity analysis

As of December 31, 2021 and 2020, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations shall be as follows:

	<b>The impact of defined benefit obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2021		
Discount rate (0.50%)	\$ (16,326)	16,223
Future salary increase rate (0.25%)	8,273	(8,073)
December 31, 2020		
Discount rate (0.50%)	(17,757)	13,217
Future salary increase rate (0.25%)	9,006	(8,779)

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 2021 and 2020.

(ii) Defined contribution plans

The Company, Hanxuan Energy Co., Ltd., and Hunter Energy Co., Ltd. allocate 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. The subsidiary in the United States, UNITED INTEGRATED SERVICES (USA) CORP., allocates a specific ratio of local employees' monthly wages to pension management institutions in accordance with the 401(k) plan. Under these defined contribution plans, the Company allocates a pension to the Bureau of Labor Insurance and related pension management institutions without additional legal or constructive obligation.

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The cost of the pension contributions to the Bureau of Labor Insurance or related pension management institutions for the years ended December 31, 2021 and 2020 amounted to \$33,574 thousand and \$31,251 thousand, respectively.

(r) Income taxes

(i) Income tax expenses

The components of income tax of the Group in the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 747,224	1,007,342
Adjustment for prior periods	<u>(8,454)</u>	<u>(6,695)</u>
	<u>738,770</u>	<u>1,000,647</u>
Deferred tax benefit		
Origination and reversal of temporary differences	<u>(3,938)</u>	<u>(10,177)</u>
Income tax expense	<u><u>\$ 734,832</u></u>	<u><u>990,470</u></u>

There was no income tax expense recognized in equity for the years ended December 31, 2021 and 2020.

The amount of income tax expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	\$ <u>(3,478)</u>	<u>7,456</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>3,635</u>	<u>(1,974)</u>
	<u><u>\$ 157</u></u>	<u><u>5,482</u></u>

Reconciliation of the Group's income tax expense and net income before tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Net income before tax	<u><u>\$ 3,555,314</u></u>	<u><u>5,081,802</u></u>
Income tax using the Company's domestic tax rate	\$ 711,063	1,016,360
Effect of tax rates in foreign jurisdiction	69,922	38,032
Tax- exempt income	(2,455)	(313)
Permanent differences	(50,353)	(56,914)
5% income surtax on undistributed earnings	15,109	-
Income tax adjustments for prior periods	<u>(8,454)</u>	<u>(6,695)</u>
Total	<u><u>\$ 734,832</u></u>	<u><u>990,470</u></u>

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
The court adjudged to pay the payment and related interest expenses	<b>\$ 34,556</b>	<b>33,296</b>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred tax liabilities:

	<b>Foreign investment income</b>
<b>Balance at January 1, 2021</b>	<b>\$ 95,643</b>
Recognized in profit or loss	<b>12,644</b>
<b>Balance at December 31, 2021</b>	<b>\$ 108,287</b>
<b>Balance at January 1, 2020</b>	<b>\$ 102,607</b>
Recognized in profit or loss	<b>(6,964)</b>
<b>Balance at December 31, 2020</b>	<b>\$ 95,643</b>

Deferred Tax Assets:

	<b>Defined benefit plans</b>	<b>Unrealized warranty</b>	<b>Loss allowance exceeded the limit</b>	<b>Allowance for inventory valuation</b>	<b>Foreign investment loss</b>	<b>Others</b>	<b>Total</b>
<b>Balance at January 1, 2021</b>	<b>\$ 36,902</b>	<b>6,356</b>	<b>4,778</b>	<b>7,893</b>	<b>44,032</b>	<b>65,118</b>	<b>165,079</b>
Recognized in profit or loss	-	(1,519)	8,136	911	4,515	4,539	16,582
Recognized in other comprehensive income	(3,478)	-	-	-	-	3,635	157
Effects of changes in exchange rate	-	-	-	-	-	(113)	(113)
<b>Balance at December 31, 2021</b>	<b>\$ 33,424</b>	<b>4,837</b>	<b>12,914</b>	<b>8,804</b>	<b>48,547</b>	<b>73,179</b>	<b>181,705</b>
<b>Balance at January 1, 2020</b>	<b>\$ 29,446</b>	<b>5,823</b>	<b>12,779</b>	<b>8,897</b>	<b>36,609</b>	<b>62,830</b>	<b>156,384</b>
Recognized in profit or loss	-	533	(8,001)	(1,004)	7,423	4,262	3,213
Recognized in other	7,456	-	-	-	-	(1,974)	5,482
<b>Balance at December 31, 2020</b>	<b>\$ 36,902</b>	<b>6,356</b>	<b>4,778</b>	<b>7,893</b>	<b>44,032</b>	<b>65,118</b>	<b>165,079</b>

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the tax authorities.

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

(s) Capital and other equity

(i) Common Stock

As of December 31, 2021 and 2020, 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, 2021 and 2020.

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
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	27,705	18,389
	<b><u>\$ 377,460</u></b>	<b><u>368,144</u></b>

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

(iii) Retained earnings

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

Where the earnings referred in the preceding paragraph are intended to be allocated in cash, the Board of Directors is authorized to allocate the same per special resolution and report it to the shareholders' meeting.

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

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

1) Legal reserve

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

2) Earnings distribution

For the appropriations of earnings for 2020 and 2019, the amounts of cash dividends to be distributed were \$17 and \$13 per share in 2021 and 2020, 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, 2021	\$ (102,652)	950,506	847,854
Exchange differences on foreign operations	(18,350)	-	(18,350)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	67,418	67,418
Balance at December 31, 2021	<u>\$ (121,002)</u>	<u>1,017,924</u>	<u>896,922</u>
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>

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2021 and 2020 were as follows:

(i) Basic earnings per share

	2021	2020
Net income attributable to ordinary shareholders of the Company	<u>\$ 2,769,475</u>	<u>4,033,304</u>
Weighted average number of ordinary shares	<u>190,587</u>	<u>190,587</u>
Basic earnings per share (in NT dollars)	<u>\$ 14.53</u>	<u>21.16</u>

(Continued)

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

ii) Diluted earnings per share

	<b>2021</b>	<b>2020</b>
Net income attributable to ordinary shareholders of the Company (diluted)	<u><u>\$ 2,769,475</u></u>	<u><u>4,033,304</u></u>
Weighted average number of ordinary shares (basic)	190,587	190,587
Effect of potentially dilutive ordinary shares:		
Effect of employee bonuses	<u>2,247</u>	<u>3,074</u>
Weighted average number of ordinary shares (diluted)	<u><u>192,834</u></u>	<u><u>193,661</u></u>
Diluted earnings per share (in NT dollars)	<u><u>\$ 14.36</u></u>	<u><u>20.83</u></u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2021</b>	<b>2020</b>
Primary geographic markets:		
Taiwan	\$ 22,680,457	33,667,653
Mainland China	2,848,002	2,163,789
Singapore	(1,193)	5,200
USA	<u>78,875</u>	<u>-</u>
	<u><u>\$ 25,606,141</u></u>	<u><u>35,836,642</u></u>
Major products/services lines:		
Integrated engineering service	\$ 25,401,497	35,630,541
Service and design	88,262	82,234
Sales	<u>116,382</u>	<u>123,867</u>
	<u><u>\$ 25,606,141</u></u>	<u><u>35,836,642</u></u>
Type of contract:		
Fixed price contract	\$ 25,489,759	35,712,775
Material-based contract	<u>116,382</u>	<u>123,867</u>
	<u><u>\$ 25,606,141</u></u>	<u><u>35,836,642</u></u>

(ii) Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Accounts receivable	\$ 3,145,420	7,402,904	5,056,402
Less: allowance for impairment	<u>248,569</u>	<u>265,225</u>	<u>270,370</u>
Total	<u><u>\$ 2,896,851</u></u>	<u><u>7,137,679</u></u>	<u><u>4,786,032</u></u>
Contract assets-Construction in Progress	<u><u>\$ 3,389,495</u></u>	<u><u>2,246,005</u></u>	<u><u>1,680,082</u></u>

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Contract liabilities-Construction in Progress	\$ 7,190,568	7,263,159	6,511,321
Contract liabilities-Merchandise inventory	1,272	2,884	4,064
Total	<u><u>\$ 7,191,840</u></u>	<u><u>7,266,043</u></u>	<u><u>6,515,385</u></u>

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

The revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liabilities balance of sale the merchandise at the beginning of the period were \$103 thousand and \$398 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:

	2021		2020	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Stage of completion measurement	\$ -	-	-	-
Contract modification	\$ 903,659	600,658	44,351	994,199

(v) Employee compensation and directors' remuneration

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

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$378,000 thousand and \$524,000 thousand, and directors' remuneration amounting to \$32,400 thousand and \$47,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. The amounts, as stated in 2020 consolidated financial statements, are identical to those of the actual distributions in 2021 shareholders' meeting.

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

(w) Non-operating income and expenses

(i) Interest income

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

	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ <b><u>96,436</u></b>	<b><u>104,428</u></b>

(ii) Other income

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

	<b>2021</b>	<b>2020</b>
Rental income	\$ <u>29,673</u>	<u>31,916</u>
Dividend income	<u>12,273</u>	<u>43,697</u>
Other income—other subtotal	<u>25,462</u>	<u>15,033</u>
Total	\$ <b><u>67,408</u></b>	<b><u>90,646</u></b>

iii) Other gains and losses

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

	<b>2021</b>	<b>2020</b>
Gains on disposal of property, plant and equipment	\$ <u>15</u>	<u>2,705</u>
Gain on disposal of investments	<u>31,382</u>	<u>-</u>
Foreign exchange losses	<u>(29,824)</u>	<u>(62,965)</u>
Gains on financial assets at fair value through profit or loss	<u>194,990</u>	<u>285,777</u>
Other gains and losses	<u>(2,100)</u>	<u>(3,281)</u>
Total	\$ <b><u>194,463</u></b>	<b><u>222,236</u></b>

iv) Interest expense

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

	<b>2021</b>	<b>2020</b>
Interest expense of—Dentsu Engineering	\$ <u>6,299</u>	<u>6,298</u>
Others	<u>5,523</u>	<u>1,302</u>
Total	\$ <b><u>11,822</u></b>	<b><u>7,600</u></b>

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

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the amounts of the maximum exposure to credit risk were \$13,327,674 thousand and \$19,190,574 thousand, respectively.

The Group assesses the financial condition of its customers continuously to reduce the credit risk of accounts receivable and requires its customers to provide guarantees and collateral if it is necessary. The Group monitors and reviews the recoverable amount of the accounts receivable to ensure the uncollectible amount are recognized appropriately as impairment loss. Therefore, the expected credit losses are in the expectation of the Group.

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, 2021 and 2020, notes and accounts receivable concentrated on few counter-parties were as follows:

<b>Name of client</b>	<b>December 31, 2021</b>		
	<b>Carrying amount</b>	<b>the maximum exposure to credit risk</b>	<b>%</b>
Taiwan Semiconductor Manufacturing Co., Ltd.	\$ 1,641,189	1,641,189	56.63
Micron Technology Taiwan Co., Ltd.	252,537	252,537	8.72
<b>Total</b>	<b>\$ 1,893,726</b>	<b>1,893,726</b>	<b>65.35</b>
<b>Name of client</b>	<b>December 31, 2020</b>		
	<b>Carrying amount</b>	<b>the maximum exposure to credit risk</b>	<b>%</b>
Micron Memory Taiwan Co., Ltd.	\$ 5,300,959	5,300,959	74.19
Taiwan Semiconductor Manufacturing Co., Ltd.	804,430	804,430	11.26
<b>Total</b>	<b>\$ 6,105,389</b>	<b>6,105,389</b>	<b>85.45</b>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated 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
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Notes payable	\$ 64,094	64,094	64,094	-	-	-	-
Accounts payable	4,656,473	4,656,473	2,679,374	62,072	192,272	1,597,210	125,545
Accrued expenses (Note)	772,778	772,778	772,778	-	-	-	-
Lease liabilities	269,846	304,812	33,786	33,323	60,862	49,441	127,400
Guarantee deposits received	31,275	31,275	2,721	-	1,445	27,109	-
	<u>\$ 5,794,466</u>	<u>5,829,432</u>	<u>3,552,753</u>	<u>95,395</u>	<u>254,579</u>	<u>1,673,760</u>	<u>252,945</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Notes payable	\$ 68,613	68,613	68,613	-	-	-	-
Accounts payable	7,055,375	7,055,375	4,763,295	44,184	207,457	1,602,049	438,390
Accrued expenses (Note)	873,804	873,804	873,804	-	-	-	-
Lease liabilities	163,968	191,321	9,995	4,841	12,488	28,197	135,800
Guarantee deposits received	12,182	12,182	2,536	2,144	1,689	3,800	2,013
	<u>\$ 8,173,942</u>	<u>8,201,295</u>	<u>5,718,243</u>	<u>51,169</u>	<u>221,634</u>	<u>1,634,046</u>	<u>576,203</u>

Note: Other current liabilities

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate (dollars)	TWD	Foreign currency	Exchange rate (dollars)	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 11,492	27.68	318,107	57,641	28.48	1,641,616
CNY	413,157	4.34	1,794,756	377,186	4.38	1,650,943
SGD	2	20.46	45	65	21.56	1,401
<u>Non-monetary items</u>						
Financial assets measured at fair value through other comprehensive income	466,422	4.34	2,026,136	447,503	4.38	1,958,718
<u>Finance liabilities</u>						
<u>Monetary items</u>						
USD	8,651	27.68	239,450	14,081	28.48	401,027
EUR	65	31.32	2,051	1,466	35.02	51,339
JPY	416	0.24	100	8,375	0.28	2,312
CNY	912	4.34	3,962	917	4.38	4,014
SGD	-	-	-	339	21.56	7,309

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through other comprehensive income, accounts payable and other payables that are denominated in foreign currency. A (weakening) strengthening of 1% of the NTD against the USD, EUR, CNY, SGD and JPY, the Group's net income before tax would have increased (decreased) by \$14,939 thousand and \$22,624 thousand, and other comprehensive income would have increased (decreased) by \$16,209 thousand and \$15,670 thousand, for the years ended December 31, 2021 and 2020, respectively. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange loss (including realized and unrealized portions) amounted to \$29,824 thousand and \$62,965 thousand, respectively.

(iv) Interest rate analysis

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

If the interest rate had increased/decreased by 0.25%, the Group's net income would have increased/decreased by \$20,783 thousand and \$24,005 thousand for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant.

(v) Fair value of financial instruments

1) Fair value hierarchy

To provide disclosure information, the Group classifies the measurement of fair value based on fair value hierarchy which reflects the significance of the inputs during the measurement. The Group categorizes fair value into the following levels:

a) Level 1

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

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

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated 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 represents the expected value of future volatility of the entire market participants.

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

<b>December 31, 2021</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 714,490	596,339	114,622	3,529	714,490
Financial assets at fair value through other comprehensive income					
Unquoted equity instrument measured at fair value	2,026,136	-	-	2,026,136	2,026,136
<b>Total</b>	<b>\$ 2,740,626</b>	<b>596,339</b>	<b>114,622</b>	<b>2,029,665</b>	<b>2,740,626</b>
<b>December 31, 2020</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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
<b>Total</b>	<b>\$ 2,465,413</b>	<b>421,880</b>	<b>78,010</b>	<b>1,965,523</b>	<b>2,465,413</b>

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

2) Transfer between Level 1 and Level 2

There were no transfers from Level 1 to Level 2 for the years ended December 31, 2021 and 2020.

3) Reconciliation of Level 3 fair values

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	
	<b>Designated at fair value through profit or loss</b>	<b>Unquoted equity instruments</b>	<b>Total</b>
Balance at January 1, 2021	\$ 6,805	1,958,718	1,965,523
Total gains and losses			
In profit or loss	(25)	-	(25)
In other comprehensive income	-	67,418	67,418
Cash capital reduction	(3,251)	-	(3,251)
Balance at December 31, 2021	<u>\$ 3,529</u>	<u>2,026,136</u>	<u>2,029,665</u>
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>

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

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

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

The equity investments which are lack of active market and categorized into Level 3 have numerous significant unobservable inputs. The significant unobservable inputs of equity investments without active market are independent between each other. Hence, there is no correlation between each significant unobservable input.

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

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through profit or loss — equity investments without an active market	Comparable Company	<ul style="list-style-type: none"> <li>Price Book Ratio (Note)</li> <li>Discount for lack of marketability (Note)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the ratio, the higher the fair value</li> <li>The higher the discount, the lower the fair value</li> </ul>
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"> <li>Discount for lack of marketability (Note)</li> <li>Discount for control (Note)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the discount, the lower the fair value</li> <li>The higher the controlling discount, the lower the fair value</li> </ul>
Financial assets at fair value through other comprehensive income — equity investments without an active market	Comparable Company	<ul style="list-style-type: none"> <li>Price Book Ratio (December 31, 2021 and December 31, 2020 were 0.83 and 0.87)</li> <li>Discount for lack of marketability (December 31, 2021 and December 31, 2020 were 19.66% and 28.82%)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the ratio, the higher the fair value</li> <li>The higher the discount, the lower the fair value</li> </ul>

Note: As of December 31, 2021 and 2020, the investees had been dissolved or 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.

(Continued)

**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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The following tables shows the valuation impacts changes in input parameters on Level 3 financial instruments:

			Fair Value through Profit and Loss		Fair value through other comprehensive income	
	Input	Assumptions	Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2021						
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%	-	-	49,582	(49,582)
Equity investments without an active market	Price Book Ratio	10%	-	-	202,614	(202,614)
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)

Note: As of December 31, 2021 and 2020, the investees had been dissolved or were expected to be liquidated, therefore, the fair value, without the application of parameters, was based on the liquidation value.

6) Financial instruments not measured at fair value

a) Fair value information

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

b) Valuation techniques

The Group's valuation methods and assumptions used for financial instruments not measured at fair value are as follows:

Since the maturity date is close and the future receipt and reimbursement price is similar to the book value, the fair value of cash and cash equivalents, notes and accounts receivable, other receivables, notes and accounts payable and other payables were measured at book value at the reporting date.

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

(y) Financial risk management

(i) Overview

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

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

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

(ii) Structure of risk management

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

(iii) Credit risk

1) Notes and accounts receivable

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

2) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2021 and 2020, no other guarantees were outstanding.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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(iv) Liquidity risk

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

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

As of December 31, 2021 and 2020, the Group's unused credit line were amounted to \$21,039,440 thousand and \$7,683,833 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, and optimizing the return.

1) Currency risk

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

2) Interest rate risk

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

3) Other market price risk

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

(z) Capital management

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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	\$ 13,983,194	16,897,049
Less: cash and cash equivalents	<u>6,922,880</u>	<u>8,501,567</u>
Net debt	<u><b>\$ 7,060,314</b></u>	<u><b>8,395,482</b></u>
Total equity	<u><b>\$ 9,766,308</b></u>	<u><b>10,151,518</b></u>
Debt-to-capital ratio	<u><b>72.29 %</b></u>	<u><b>82.70 %</b></u>

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

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

	<b>2021</b>	<b>2020</b>
Increase in property, plant and equipment	\$ 463,340	39,100
Cash payments	<u><b>\$ 463,340</b></u>	<u><b>39,100</b></u>

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

<u><b>Name of related party</b></u>	<u><b>Relationship with the Group</b></u>
Wholetech System Hitech Limited	Investee accounted for using equity method
Ablerex Electronics Co., Ltd.	Investee accounted for using equity method
JG Environmental Technology Co., Ltd.	Investee accounted for using equity method
ECO Energy Corporation	Investee accounted for using equity method
AIRREX Co., Ltd. (Note)	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

(Continued)

**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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<u>Name of related party</u>	<u>Relationship with the Group</u>
All directors, supervisors, general managers and deputy general managers	Key management personnel
Wholetech System Hitech(s) Pte, Ltd.	An associate

Note: The company is not a related party to the Company since September 1, 2021.

(b) Significant transactions with related parties

(i) Operating revenue

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

	<u>2021</u>	<u>2020</u>
Key management personnel	\$ 16	-
Other related parties	<u>3</u>	<u>12</u>
	<u>\$ 19</u>	<u>12</u>

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

(ii) Construction cost

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

	<u>2021</u>	<u>2020</u>
Associates	\$ 201,893	295,767
Other related parties	<u>129,898</u>	<u>159,403</u>
	<u>\$ 331,791</u>	<u>455,170</u>

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

(iii) Receivable from related parties

The details of the Group's receivable from related parties were as follows:

<u>Account</u>	<u>Type of related parties</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Associates	<u>\$ 107</u>	<u>-</u>

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

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Type of related parties</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes payable	Other related parties	\$ -	5,983
Accounts payable	Associates	56,421	192,481
Accounts payable	Other related parties	11,336	43,612
Other payables	Other related parties — Dentsu Engineering	172,780	166,481
		<u>\$ 240,537</u>	<u>408,557</u>

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

(v) Leases

			<u>Rental income</u>	
<u>Name of related party</u>	<u>Object</u>	<u>Lease term</u>	<u>2021</u>	<u>2020</u>
Associates	1F., No.1、3, Ln. 7, Baogao Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	2020.01.01~ 2022.05.31	\$ 4,464	4,464
Associates	Parking Space	2020.01.01~ 2022.05.31	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
			<u>\$ 4,536</u>	<u>4,633</u>

(vi) Finance costs

	<u>2021</u>	<u>2020</u>
Other related parties — Dentsu Engineering	<u>\$ 6,299</u>	<u>6,298</u>

(vii) Other income

	<u>2021</u>	<u>2020</u>
Other related parties	<u>\$ -</u>	<u>61</u>

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

(viii) Prepayments

The prepayments to related parties were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Associates	<b>\$ 2,309</b>	<b>-</b>

(ix) Property transactions

The purchases price of property, plant and equipment purchased from related parties were as follows:

	<b>2021</b>	<b>2020</b>
Key management personnel	<b>\$ 16,100</b>	<b>-</b>

The Group acquired the land for Tainan Factory from key management personnel of the Company in July 2021. The land area is 1,490 square meters with a total price of \$16,100 thousand. As of December 31, 2021, the ownership transfer procedure has been completed, and the purchase price has been paid. The land acquisition price was based on the asset evaluation report from Li Cyuan Real Estate Appraiser Firm. For further description of the property, plant, and equipment, please refer to note 6(i).

(c) Key management personnel compensation

	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 140,079	207,242
Post-employment benefits	1,387	1,401
	<b>\$ 141,466</b>	<b>208,643</b>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Restricted assets (other current assets)	Engineering performance bond	\$ 850	850
Restricted assets (other current assets)	Migrant worker payroll account	31,488	-
		<b>\$ 32,338</b>	<b>850</b>

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

**(9) Commitments and contingencies**

- (a) As of December 31, 2021 and 2020, except for the disclosures of Note 7, the Group's commitments and contingencies were as follows:
- (i) As of December 31, 2021 and 2020, guaranteed notes received from construction contractors for performance guarantees or maintenance guarantees amounted to \$14,597,886 thousand and \$12,033,762 thousand, respectively.
  - (ii) As of December 31, 2021 and 2020, guaranteed notes issued to construction contractors for performance guarantees or maintenance guarantees amounted to \$15,102 thousand and \$27,115 thousand, respectively.
  - (iii) As of December 31, 2021 and 2020, guaranteed notes issued for bank loans and letters of credits amounted to \$3,000,000 thousand and \$2,000,000 thousand, respectively.
  - (iv) As of December 31, 2021 and 2020, guaranteed letters offered by banks for contract performance guarantees amounted to \$416,629 thousand and \$453,139 thousand, respectively.
  - (v) As of December 31, 2021 and 2020, the total contract price of contracted construction projects amounted to \$171,309,603 thousand and \$120,224,145 thousand, respectively, and the contract payments received by the Group amounted to \$98,578,064 thousand and \$78,738,414 thousand, respectively.
  - (vi) As of December 31, 2021 and 2020, the total subcontract price of subcontracted construction projects amounted to \$17,229,580 thousand and \$14,845,499 thousand, respectively, and the contract payment paid by the Group amounted to \$13,303,110 thousand and \$12,118,963 thousand, respectively.
  - (vii) As of December 31, 2021 and 2020, the outstanding letters of credits issued by the Group for purchasing equipment amounted to \$214,223 thousand and \$196,240 thousand, respectively.
  - (viii) As of December 31, 2021 and 2020, guaranteed notes received from lessees for rental of buildings both mounted to \$744 thousand and \$1,073 thousand.
- (b) Significant contracts

In the Board of Directors meeting on June 12, 2020, the Group decided to enter into a real estate purchase agreement to be used as its headquarters. The total value of contract including tax was \$516,950 thousand. As of December 31, 2021, the Company had paid the full amount.

**(10) Losses Due to Major Disasters: None.**

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

**(11) Subsequent Events**

- (a) In the Board of Directors meeting on March 8, 2022, the Company decided to purchase real estate in Tainan as its factory. The Chairman has the absolute discretion of property acquisition within the total amount of \$590,660 thousand (excluding the value-added tax for the building).
- (b) Under Article 28-2 of the Securities and Exchange Act, in the Board of Directors meeting on March 8, 2022, the Company is expected to repurchase 3,000 thousand ordinary shares of the Company between the price of \$ 170 to \$250 per share during March 9 and May 6, 2022, for providing incentives to retain talents. When the share price falls below the minimum price set for the repurchase, the Company will continue to repurchase shares until they reach the maximum amount of \$750,000 thousand.

**(12) Other**

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

By nature	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	739,766	646,429	1,386,195	661,890	826,601	1,488,491
Labor and health insurance	38,971	37,599	76,570	26,507	37,205	63,712
Pension	18,494	17,938	36,432	14,528	20,391	34,919
Remuneration of directors	-	38,328	38,328	-	52,790	52,790
Others	45,664	25,030	70,694	31,963	23,140	55,103
Depreciation	31,920	37,632	69,552	19,055	29,658	48,713
Amortization	625	1,005	1,630	892	583	1,475

- (b) Some of the Company's directors are involved in the adjudication process for violating the Securities and Exchange Act regulations and the effect on the Company's operation; please refer to the following information:
- (i) The primary judgment contents

Director Chen, former director Wang and other involved parties were prosecuted by Taipei District Prosecutor's Office on June 5, 2002, as illegally transferred Company's fund more than \$1.3 billion to Dentsu Engineering Co., Ltd. (Hereinafter referred to as Dentsu Corporation), Fuguo Engineering Co., Ltd., and Huayuan Engineering Co., Ltd, then transferred the fund to themselves. The primary judgment contents given by Taipei District Prosecutor's Office on August, 31, 2015 (Finance Criminal Procedure Code No. 17 Act 2013) that the Court believed the defendants did not commit such crimes. However, the notes of the financial statements did not disclose that Dentsu Corporation shall be a relative party of the Company and paid expenses on behalf of the Company, therefore, the defendants were convicted guilty by the Court of providing false financial statements. 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

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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embezzlement. The High Court stated that there was no evidence 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 the former 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 Jun 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, whose further judgment (No. 109 Jun Shang Chung Geng Er Tzu 13) on May 13, 2020 sentenced two years' imprisonment and five-year probation for misrepresented financial statements for certain years. The former Chairman Chen has filed an appeal on June 11, 2022.

(ii) Impact on Operations

- 1) After the courts of the First, Second, and Last Instance investigation and trial, the defendants were not guilty of the charges of non-arm's length transactions, breach of trust, and embezzlement and vindicated themselves. The Company feels pleased but regrets the charges of misrepresenting the financial statements. The former Chairman Chen has appealed against the Second Instance. Therefore, the Company will await the court's decision to become finalized.
- 2) 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.

(iii) 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.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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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 the former Chairman Wang, the SFIPC withdraw 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. Mr. Chen did not reappoint as a director in the shareholder's meeting on August 17, 2021. The Supreme Court decided to dismiss the appeal of Mr. Chen on February 24, 2021, and the High Court's decision on Mr. Chen became finalized. The financial, business operations of the Company have also not been affected by this lawsuit.

- (iv) 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 \$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 former Chairman Chen has appealed to the Supreme Court regarding the High Court's decision on the criminal case. 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 affect 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, 2021 amounted to \$46,816 thousand (please refer to note 7).

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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As of the reporting date, the Company has yet to reimburse the abovementioned package fees, salary and related interests.

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

As of December 31, 2021, the aforementioned receivables from construction had been received.

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

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures

##### (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2021:

##### (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	139,411	138,139	88,461	1.95%	2	-	Operating capital	-	-	-	1,921,332	3,842,665

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

Note 2: The total amount of the Company's externally handled funds and loans does not exceed 40% of the Company's net worth, and the loan for a single business fund is not more than 20% of the Company's net worth.

Note 3: The capital loan and nature are as follows:

There are business contacts for 1

The need for short-term financing is 2

Note 4: The transactions were eliminated in the preparation of consolidated financial statements.

##### (ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	UNITED INTEGRATED SERVICES (USA) CORP.	2	76,853,304	11,353,483	11,292,289	-	-	117.55 %	96,066,630	Y	N	N

Note 1: The total amount of the Company's external endorsement / guarantee shall not exceed ten times of the net value of the Company. The maximum guarantee and endorsement for single enterprise cannot exceed 50% of net value except for the following subsidiaries.

The net value is based on the latest financial statements audited or reviewed by the accountants.

1. The Company directly and indirectly holds 100% of the voting shares of a company shall not exceed eight times of the net value.

2. The Company directly and indirectly holds more than 50% of the voting shares of a company shall not be exceed 1.5 times of net value.

Note 2: There are seven conditions in which the Company may have guarantees or endorsements for other parties:

1) The Company has business relationship.

2) A company in which the Company directly or indirectly holds more than 50% voting right.

3) An investee in which the Company and subsidiary holds more than 50% of its voting rights.

4) Subsidiaries in which the Company holds more than 90% of voting rights.

5) Companies in accordance with contractual provisions established by mutual applicants or in need of project.

6) Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.

7) The performance guarantees for pre-sale house sales contract between intra-industry companies in accordance with the Consumer Protection Law requires joint guarantee.

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

Unit: in thousands of New Taiwan Dollar/thousand of shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	stock — Nanya Technology Corporation	-	Current financial assets at fair value through profit or loss	63	4,955	- %	4,955	-	
The Company	stock — Taichung Commercial Bank Co., Ltd.	-	Current financial assets at fair value through profit or loss	120	1,454	- %	1,454	-	
The Company	stock — Acer	-	Current financial assets at fair value through profit or loss	1,400	42,630	0.05 %	42,630	0.05	
The Company	stock — Chunghwa Telecom Co., Ltd.	-	Current financial assets at fair value through profit or loss	26	3,029	- %	3,029	-	
The Company	stock — CTCI Co., Ltd.	-	Current financial assets at fair value through profit or loss	10	372	- %	372	-	
The Company	stock — Powerchip Semiconductor Manufacturing Corporation	-	Current financial assets at fair value through profit or loss	7,639	543,899	0.25 %	543,899	0.25	
The Company	stock — Powerchip Technology Corporation	-	Current financial assets at fair value through profit or loss	4,553	114,622	0.14 %	114,622	0.33	
					<b>710,961</b>				
The Company	stock — Taiwan Electronic Data Processing Corp.	-	Non-current financial assets at fair value through profit or loss	374	3,156	9.65 %	3,156	9.65	
The Company	stock — Pu-Xun Venture Capital	-	Non-current financial assets at fair value through profit or loss	397	373	1.67 %	373	1.67	
The Company	stock — Aetas Technology Inc.	-	Non-current financial assets at fair value through profit or loss	91	-	0.30 %	-	0.30	

(Continued)

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

### Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	stock—Glandtex Corporation	-	Non-current financial assets at fair value through profit or loss	1	-	0.01 %	-	0.01	
The Company	stock—Promos Technologies Inc.	-	Non-current financial assets at fair value through profit or loss	2	-	- %	-	-	
	totals				<u>3,529</u>				
The Company	stock—Jiangxi Construction	-	Non-current financial assets at fair value through other comprehensive income	Note 1	2,026,136	19.80 %	2,026,136	19.80	

Note 1: Registered with the amount of capital contribution.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

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: -	Tsuan Lin, Hong	-	-	-	-	-	Appraisal report from Lichyuan real estate appraisal firm	Headquarters	None
The Company	Building	June 12, 2020	155,090	paid: -	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:

Unit: in thousands of New Taiwan Dollar

Name of company	Related party	Nature of Relationship	Transaction details				Transactions with terms different from others		Notes / accounts receivable (payable)		Note
			Purchase / Sale	Amount	Percentage of total purchases / sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	AIRREX Co., Ltd.	Subsidiary	Purchase	115,733	0.54 %	O/A 62 days	-	-	63,898	1.35 %	Note 1
The Company	ECO Energy Corporation	Subsidiary	Purchase	144,952	0.67 %	O/A 30 days	-	-	-	- %	
The Company	Han Syuan Energy Co., Ltd	Subsidiary	Sale	145,403	0.57 %	O/A 30 days	-	-	-	- %	Note 2
The Company	United Intergrated Services Co., Ltd. (JIANGXI)	Subsidiary	Sale	202,412	0.79 %	O/A 90 days	-	-	-	- %	Note 2

Note 1: The Company only disclosed the purchase amounts from AIRREX CO., LTD. that transaction occurred from January 1 to August 31, 2021. Since September 1, 2021, AIRREX CO., LTD. is no longer the Group's related party. Therefore, the disclosure of accounts payable to related parties in note 7 does not include the disclosure of accounts payable in this chart.

Note 2: Eliminated in the preparation of the consolidated financial statements.

- (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	126,934	-	-		414	-

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

- (ix) Trading in derivative instruments: None.

(Continued)

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

(x) Business relationships and significant intercompany transactions:

Unit: in thousands of New Taiwan Dollar

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	United Integrated Services Co., Ltd.	Beijing Hanhe Tang Medical Devices Co., Ltd.	1	Accounts Receivable - Related Parties	1,486	There is no different from general transaction.	0.01 %
1	Beijing Hanhe Tang Medical Devices Co., Ltd.	United Integrated Services Co., Ltd.	2	Accounts Payable - Related Parties	1,486	There is no different from general transaction.	0.01 %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Other Receivables - Related Parties	70	There is no different from general transaction.	- %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Accounts Payable - Related Parties	70	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Other Receivables - Related Parties	14	There is no different from general transaction.	- %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Accounts Payable - Related Parties	14	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Su Yuan Trading (Shanghai) Co., Ltd	1	Long-Term Accounts Receivable - Related Parties	126,934	There is no different from general transaction.	0.53 %
4	Su Yuan Trading (Shanghai) Co., Ltd	United Integrated Services Co., Ltd.	2	Long-Term Accounts Payable - Related Parties	126,934	There is no different from general transaction.	0.53 %
0	United Integrated Services Co., Ltd.	United Integrated Services Co., Ltd. (JIANGXi)	1	Long-Term Accounts Receivable - Related Parties	35,983	There is no different from general transaction.	0.15 %
5	United Integrated Services Co., Ltd. (JIANGXi)	United Integrated Services Co., Ltd.	2	Long-Term Accounts Payable - Related Parties	35,983	There is no different from general transaction.	0.15 %
0	United Integrated Services Co., Ltd.	United Integrated Services Ltd. (British Virgin Islands)	1	Accounts Payable - Related Parties	24,600	There is no different from general transaction.	0.10 %
6	United Integrated Services Ltd. (British Virgin Islands)	United Integrated Services Co., Ltd.	2	Accounts Receivable - Related Parties	24,600	There is no different from general transaction.	0.10 %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Construction Unearned Revenue - Related Parties	351,600	There is no different from general transaction.	1.48 %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Prepayments - Related Parties	351,600	There is no different from general transaction.	1.48 %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Construction Unearned Revenue - Related Parties	50,000	There is no different from general transaction.	0.21 %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Prepayments - Related Parties	50,000	There is no different from general transaction.	0.21 %
0	United Integrated Services Co., Ltd.	Su Yuan Trading (Shanghai) Co., Ltd	1	Construction Revenue	476	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Co., Ltd	United Integrated Services Co., Ltd.	2	Construction Cost	476	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	United Integrated Services Co., Ltd. (JIANGXi)	1	Construction Revenue	202,413	There is no different from general transaction.	0.79 %
5	United Integrated Services Co., Ltd. (JIANGXi)	United Integrated Services Co., Ltd.	2	Construction Cost	202,413	There is no different from general transaction.	0.79 %
0	United Integrated Services Co., Ltd.	United Integrated Services Co., Ltd. (Singapore)	1	Construction Revenue	1,844	There is no different from general transaction.	0.01 %
7	United Integrated Services Co., Ltd. (Singapore)	United Integrated Services Co., Ltd.	2	Construction Cost	1,844	There is no different from general transaction.	0.01 %

(Continued)

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

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Construction Revenue	145,403	There is no different from general transaction.	0.57 %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Construction Cost	145,403	There is no different from general transaction.	0.57 %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Rental Income	23	There is no different from general transaction.	- %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Rental Expense	23	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Service Revenue	207	There is no different from general transaction.	- %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Service Expense	207	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Construction Revenue	28,698	There is no different from general transaction.	0.11 %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Construction Cost	28,698	There is no different from general transaction.	0.11 %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Rental Income	23	There is no different from general transaction.	- %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Rental Expense	23	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Service Revenue	37	There is no different from general transaction.	- %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Service Expense	37	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Su Yuan Trading (Shanghai) Co., Ltd	1	Interest Income	2,254	There is no different from general transaction.	0.01 %
4	Su Yuan Trading (Shanghai) Co., Ltd	United Integrated Services Co., Ltd.	2	Interest Expense	2,254	There is no different from general transaction.	0.01 %
8	Suzhou Hantai System Integration Co., Ltd.	United Integrated Services Co., Ltd. (JIANGXi)	3	Rental Income	4,350	There is no different from general transaction.	0.02 %
5	United Integrated Services Co., Ltd. (JIANGXi)	Suzhou Hantai System Integration Co., Ltd.	3	Rental Expense	4,350	There is no different from general transaction.	0.02 %
8	Suzhou Hantai System Integration Co., Ltd.	Su Yuan Trading (Shanghai) Co., Ltd	3	Rental Income	481	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Co., Ltd	Suzhou Hantai System Integration Co., Ltd.	3	Rental Expense	481	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Co., Ltd	United Integrated Services Co., Ltd. (JIANGXi)	3	Construction Revenue	10,224	There is no different from general transaction.	0.04 %
5	United Integrated Services Co., Ltd. (JIANGXi)	Su Yuan Trading (Shanghai) Co., Ltd	3	Construction Cost	10,224	There is no different from general transaction.	0.04 %
4	Su Yuan Trading (Shanghai) Co., Ltd	United Integrated Services Co., Ltd. (JIANGXi)	3	Unearned Sales Revenue - Related Parties	6,154	There is no different from general transaction.	0.03 %
5	United Integrated Services Co., Ltd. (JIANGXi)	Su Yuan Trading (Shanghai) Co., Ltd	3	Prepayments - Related Parties	6,154	There is no different from general transaction.	0.03 %

Note 1: The numbering is as follows:

1. "0" represents the parent company
2. Subsidiaries are sequentially numbered from 1 by company

Note 2: Relation between related parties are as follows:

1. Parent company and its subsidiaries
2. Subsidiaries and its parent company
3. Subsidiaries and its subsidiaries

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

(Continued)

# UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Highest Percentage of ownership	Net income (losses) of investee	Share of profits / losses of investee (Note 1)	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	ABLEREX ELECTRONICS CO., LTD.	Taiwan	Sale and purchase of UPS	189,852	189,852	14,987	33.30 %	499,046	33.30 %	75,872	25,268	
The Company	WHOLETECH SYSTEM HITECH LIMITED	Taiwan	Gas pipeline engineering	61,367	61,367	9,946	13.61 %	221,489	13.61 %	281,195	38,287	
The Company	JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Taiwan	Machinery and Equipment Manufacturing	47,544	47,874	3,464	16.90 %	48,042	17.01 %	(6,447)	(1,097)	
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 %	106,290	16.57 %	40,483	6,710	
The Company	United Integrated Services (BVI) Co., Ltd.	BVI	Investment activities	567,643	567,643	17,698	100.00 %	751,093	100.00 %	22,935	22,935	Note 2
The Company	Hanxuan Energy Co., Ltd.	Taiwan	self-usage power generation equipment utilizing renewable energy	500,000	150,000	50,000	100.00 %	453,507	100.00 %	(9,813)	(9,813)	Note 2
The Company	Hunter Energy Co., Ltd.	Taiwan	self-usage power generation equipment utilizing renewable energy	90,000	90,000	9,000	100.00 %	73,743	100.00 %	(211)	(211)	Note 2
The Company	UNITED INTEGRATED SERVICES (USA) CORP.	USA	Clean room system construction	1,392,503	57,130	50,000	100.00 %	1,363,005	100.00 %	(20,066)	(20,066)	Note 2
The Company	UNITED INTEGRATED SERVICES CO., LTD. (Singapore)	Singapore	Clean room system construction	34,040	34,040	-	100.00 %	(29,303)	100.00 %	(2,510)	(2,510)	Note 2
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEMHITECH (BVI) LIMITED	BVI	Investment activities	170,884	170,884	5,400	100.00 %	293,370	100.00 %	61,090	61,090	
WHOLETECH SYSTEMHITECH (BVI) LIMITED	WHOLETECH SYSTEMHITECH (SHANGHAI) LIMITED	China	Electromechanical, Circuit, and Pipeline Engineering Businesses	169,127	169,127	-	100.00 %	293,350	100.00 %	61,090	61,090	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEMHITECH INC.	Mauritius	Investment activities	110,559	110,559	3,500	100.00 %	262,350	100.00 %	48,498	48,498	
WHOLETECH SYSTEM HITECH INC.	WHOLETECH GROUPINTERNATIONALTRADING LIMITED	Mauritius	Investment activities	110,559	110,559	3,500	100.00 %	262,350	100.00 %	48,498	48,498	
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 %	262,350	100.00 %	48,498	48,498	
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 %	45,939	100.00 %	5,266	5,266	
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 %	308	100.00 %	(77)	(77)	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-Samoa	Samoa	Holding company	217,445	217,445	6,635	100.00 %	450,420	100.00 %	(18,884)	(19,695)	
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 %	60,357	100.00 %	13,649	13,681	
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 %	29,649	100.00 %	1,070	1,070	
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 %	100,405	100.00 %	8,706	10,268	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-UK	UK	Holding company	4,674	4,674	100	100.00 %	14,447	100.00 %	3,803	3,600	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-JP	Japan	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	9,159	9,159	3	99.00 %	5,867	99.00 %	(2,980)	(2,967)	
Ablerex-Samoa	Ablerex-Overseas	Hong Kong	Holding company	217,445	217,445	6,635	100.00 %	456,434	100.00 %	(18,845)	-	
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 %	14,447	100.00 %	3,803	-	
Ablerex-SG	Ablerex-TH	Thailand	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	256	256	280	70.00 %	2,770	70.00 %	(249)	-	
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 %	7,610	86.00 %	5,061	-	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	ASIA INTELLIGENCE INVESTMENTS LIMITED	BVI	Investment activities	30,280	30,280	-	100.00 %	41,486	100.00 %	7,867	7,867	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Taiwan Sustainable Environmental Energy CO., LTD	Taiwan	Sales of pollution control equipment	100	1,000	10	14.29 %	105	14.29 %	(16)	16	

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

### Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Highest Percentage of ownership	Net income (losses) of investee	Share of profits /losses of investee (Note 1)	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Hua Zhi System Engineering Co., Ltd.	Taiwan	Sales of pollution control equipment	2,205	2,205	221	21.00 %	5,373	21.00 %	887	232	
ASIA INTELLIGENCE INVESTMENTS LIMITED	JG ENVIRONMENTAL TECHNOLOGY (SHANGHAI) CO., LTD	China	Sales of pollution control equipment and manufacturing	30,280	30,280	-	100.00 %	41,607	100.00 %	7,867	7,867	
Eco Energy Corporation	Jia Huang Technology Ltd.	Taiwan	Possession of power plants and engagement in public agency cases	50,000	50,000	5,000	100.00 %	47,916	100.00 %	175	(2,084)	
Eco Energy Corporation	Jia Ai Technology Co., Ltd.	Taiwan	Possession of power plants and engagement in public agency cases	1,000	1,000	100	100.00 %	956	- %	(32)	(44)	
Eco Energy Corporation	Jei Bo Energy Co., Ltd.	Taiwan	Possession of power plants and engagement in public agency cases	5,000	-	500	100.00 %	4,991	- %	(9)	(9)	
Eco Energy Corporation	Ming Qu Energy Engineering Ltd.	Taiwan	Possession of power plants and engagement in public agency cases	206,045	-	20,604	49.00 %	179,451	- %	(407)	(26,594)	
Eco Energy Corporation	Hei Bo Energy Co., Ltd.	Taiwan	Possession of power plants and engagement in public agency cases	5,000	-	500	100.00 %	4,991	- %	(9)	(9)	

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

Note 2: The transactions were eliminated in the preparation of consolidated financial statements.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value as of December 31, 2021	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Su Yuan (Shanghai) Trading Ltd.	Semiconductor, clean room and electromechanical	NT\$ 34,495 USD 1,000	(2)	NT\$ 34,495 USD 1,000	-	-	NT\$ 34,495 USD 1,000	10,500	100.00 %	100.00 %	NT\$ 10,500	NT\$ 317,455	-
JIANGXI UNITED INTEGRATED SERVICES Ltd.	Electromechanical business and pipeline engineering business	NT\$ 453,360 RMB 100,000	(1)	NT\$ 338,573 RMB 75,000	-	-	NT\$ 338,573 RMB 75,000	204,029	75.00 %	75.00 %	NT\$ 153,022	NT\$ 478,936	NT\$ 1,502,709 RMB 320,521
Suzhou Han tai System Integrated Ltd.	Construction hardware, materials production and sales	NT\$ 381,660 USD 12,000	(2)	NT\$ 381,660 USD 12,000	-	-	NT\$ 381,660 USD 12,000	10,211	100.00 %	100.00 %	NT\$ 10,211	NT\$ 332,811	-
Jiangxi Construction Engineering Group Co., Ltd.	Various types of building construction	NT\$ 5,113,150 RMB 1,043,500	(1)	NT\$ 1,008,212 RMB 206,600	-	-	NT\$ 1,008,212 RMB 206,600	-	19.80 %	19.80 %	NT\$ -	NT\$ 2,026,136	NT\$ 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	NT\$ 30,187 USD 1,000	(2)	NT\$ 30,187 USD 1,000	-	-	NT\$ 30,187 USD 1,000	2,193	100.00 %	100.00 %	NT\$ 2,193	NT\$ 13,461	-

Note 1: Investment method

(1) Investing in the mainland through companies in another country

(2) Establishing a company through the investment in the third region to reinvest in the mainland.

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

(ii) Limitation on investment in Mainland China:

Accumulated investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,798,283 (USD59,165)	1,825,134 (USD59,165)	5,763,997

(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 di

sclosed in "Information on significant transactions".

(d) Major shareholders:

For the year ended December 31, 2021, no shareholder held more than 5%.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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**(14) Segment information**

(a) General information

The Group's reportable segments are as follows:

- (i) Engineering and Integration department : It is engaged in various equipment engineering, control of instrument engineering, clean room system construction and other services.
- (ii) Maintenance and Design department : It provides various computerized automatic monitoring system, engineering design, maintenance contracting services and other businesses.
- (iii) Other: Department of photoelectric, renewable energy and others.

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

The reportable segments of the Group are strategic business entities providing different product and services. Since each strategic business entities need different technology and marketing strategy, they are managed separately. Most of the business entities were acquired separately and the original management teams when acquired stay the same.

The Group does not allocate tax expenses to its reporting segments. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 2 "Significant Accounting Policies". The income of the operating segments is measured based on the income before tax, which also serves as the basis for performance measurement. The Group considers the sales and transfer between departments as a sales or transfer with a third person, measured at the current market price.

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

	<b>2021</b>				
	<b>Engineering and Integration department</b>	<b>Maintenance and Design department</b>	<b>Other</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
Revenue:					
Revenue from external customers	\$ 25,401,497	88,262	116,382	-	25,606,141
Intersegment revenues	389,058	244	-	(389,302)	-
Interest income	98,690	-	-	(2,254)	96,436
Total revenue	<u>\$ 25,889,245</u>	<u>88,506</u>	<u>116,382</u>	<u>(391,556)</u>	<u>25,702,577</u>
Interest expenses	<u>\$ 14,076</u>	<u>-</u>	<u>-</u>	<u>(2,254)</u>	<u>11,822</u>
Depreciation and amortization	<u>\$ 30,004</u>	<u>984</u>	<u>40,111</u>	<u>-</u>	<u>71,099</u>
Reportable segment profit or loss	<u>\$ 3,183,988</u>	<u>43,175</u>	<u>471,508</u>	<u>(143,357)</u>	<u>3,555,314</u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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	2020				
	Engineering and Integration department	Maintenance and Design department	Other	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 35,630,541	82,234	123,867	-	35,836,642
Intersegment revenues	236,334	-	277	(236,611)	-
Interest income	107,065	-	-	(2,637)	104,428
Total revenue	<u>\$ 35,973,940</u>	<u>82,234</u>	<u>124,144</u>	<u>(239,248)</u>	<u>35,941,070</u>
Interest expenses	<u>\$ 10,237</u>	<u>-</u>	<u>-</u>	<u>(2,637)</u>	<u>7,600</u>
Depreciation and amortization	<u>\$ 25,878</u>	<u>497</u>	<u>23,813</u>	<u>-</u>	<u>50,188</u>
Reportable segment profit or loss	<u>\$ 4,605,892</u>	<u>45,561</u>	<u>602,832</u>	<u>(172,483)</u>	<u>5,081,802</u>

Note: As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities is not disclosed.

(c) Product and service information

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

Products and services	2021	2020
Construction revenue	\$ 25,401,497	35,630,541
Service and design revenue	88,262	82,234
Sales	116,382	123,867
Total	<u>\$ 25,606,141</u>	<u>35,836,642</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	2021	2020
Revenue:		
Taiwan	\$ 22,680,457	33,667,653
Mainland China	2,848,002	2,163,789
Singapore	(1,193)	5,200
USA	78,875	-
Total	<u>\$ 25,606,141</u>	<u>35,836,642</u>
Geographical information	December 31, 2021	December 31, 2020
Non-current assets:		
Taiwan	\$ 1,286,470	815,675
Mainland China	233,709	247,435
United States	118,999	30,021
Singapore	291	1,055
Total	<u>\$ 1,639,469</u>	<u>1,094,186</u>

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

(e) Major customers

For the years ended December 31, 2021 and 2020, the sales to customers exceeded 10% of the total revenue were as follows:

<b>Name of customer</b>	<b>2021</b>		<b>2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
A customer	\$ 14,652,850	57.22	9,246,496	25.80
B customer	7,153,847	27.94	23,270,700	64.94
Total	<u><u>\$ 21,806,697</u></u>	<u><u>85.16</u></u>	<u><u>32,517,196</u></u>	<u><u>90.74</u></u>