Stock Code:2404

UNITED INTEGRATED SERVICES CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: **13F., No.13, Qiaohe Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)**

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

Table of contents

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, 2022 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, 2023

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 kpmg.com/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, 2022 and 2021 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, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 2.51% and 3.68% of the consolidated total assets, as of December 31, 2022 and 2021, respectively. For the years then ended, the recognized shares of profit of associates accounted for using the equity method of these investee companies constituted 1.98% and 1.95% of the consolidated total profit before tax, respectively.

United Integrated Services Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, 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: (i) testing the effectiveness of the internal control related to the timing and precision of revenue recognition; (ii) selecting samples of new construction projects and inspecting the contracts as well as related documents to evaluate the reasonableness of the management's accounting estimates; (iii) obtaining the annual construction revenue statistics of the Group and assessing whether the revenue recognition was appropriate.

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 accounts receivables; (ii) implementing sampling procedures to examine the accuracy of accounts receivable aging report; (iii) analyzing the changes of the aging of accounts receivable in each period; (iv) examining historical collection records; (v) examining subsequent collection status to evaluate the reasonableness of the Group's recognition of allowance for impairment loss.

3. Financial instruments assessment

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

Description of Key Audit Matter:

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

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included: (i) testing the investment cycle and financial reporting process of the Group and assessing the internal control of the disclosure of the financial statements; (ii) appointing 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 check whether 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2023

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 11,223,268	34	6,922,880	29
1110	Current financial assets measured at fair value through profit or loss (notes 6(b) and (x))	328,176	1	710,961	3
1140	Current contract assets (note 6(u))	3,818,977	11	3,389,495	14
1150	Notes receivable, net (note 6(c))	319	-	1,016	-
1170	Accounts receivable, net (notes 6(c), (u) and 12)	8,394,618	25	2,896,744	12
1180	Accounts receivable－related parties (notes 6(c), (u) and 7)	-	-	107	-
1220	Current tax assets	24	-	2	-
130X	Inventories (note 6(d))	52,136	-	58,433	-
1410	Prepayments (notes 6(e) and 7)	1,945,858	6	1,352,701	6
1470	Other current assets (notes 6(l) and 7)	3,252,852	10	3,631,034	15
	Total current assets	29,016,228	87	18,963,373	79
	Non-current assets:				
1510	Non-current financial assets measured at fair value through profit or loss (notes 6(f) and (x))	-	-	3,529	-
1517	Non-current financial assets measured at fair value through other comprehensive income (notes 6(g) and (x))	1,630,910	5	2,026,136	9
1550	Investments accounted for using equity method (notes 6(h) and 7)	839,280	3	874,867	4
1600	Property, plant and equipment (notes 6(i) and 7)	1,405,613	4	1,328,217	6
1755	Right-of-use assets (note 6(j))	376,598	1	285,099	1
1780	Intangible assets (note 6(k))	19,138	-	22,096	-
1840	Deferred tax assets (note 6(r))	121,268	-	181,705	1
1900	Other non-current assets (notes 6(l) and 7)	63,512	-	64,480	-
	Total non-current assets	4,456,319	13	4,786,129	21
	Total assets	$ 33,472,547	100	23,749,502	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Current contract liabilities (note 6(u))	$ 13,682,905	40	7,191,840	30
2150	Notes payable (note 6(x))	19,541	-	64,094	-
2170	Accounts payable (note 6(x))	6,212,542	19	4,588,716	19
2180	Accounts payable－related parties (notes 6(x) and 7)	37,702	-	67,757	-
2220	Other payables－related parties (notes 7 and 12)	178,992	1	172,780	1
2230	Current tax liabilities	673,039	2	187,234	1
2250	Current provisions (note 6(n))	19,926	-	11,812	-
2280	Current lease liabilities (notes 6(j), (p) and (x))	75,776	-	58,679	-
2300	Other current liabilities (notes 6(o) and (x))	998,243	3	861,533	4
	Total current liabilities	21,898,666	65	13,204,445	55
	Non-Current liabilities:				
2550	Non-current provisions (note 6(q))	126,483	-	176,745	1
2570	Deferred tax liabilities (note 6(r))	259,007	1	108,287	-
2580	Non-current lease liabilities (notes 6(j), (p) and (x))	299,441	1	211,167	1
2600	Other non-current liabilities (notes (o), (q) and (x))	278,602	1	282,550	1
	Total non-current liabilities	963,533	3	778,749	3
	Total liabilities	22,862,199	68	13,983,194	58
31XX	**Equity attributable to owners of parent** (notes 6(g), (q) and (s)):				
3100	Common stock	1,905,867	6	1,905,867	8
3200	Capital surplus	378,352	1	377,460	2
	Retained earnings:				
3310	Legal reserve	2,694,580	8	2,416,160	10
3350	Unappropriated earnings	5,296,903	16	4,010,254	17
		7,991,483	24	6,426,414	27
3400	Other equity	712,067	2	896,922	4
3500	Treasury stock	(573,943)	(2)	-	-
	Total equity attributable to owners of parent	10,413,826	31	9,606,663	41
36XX	Non-controlling interests	196,522	1	159,645	1
	Total equity	10,610,348	32	9,766,308	42
	Total liabilities and equity	$ 33,472,547	100	23,749,502	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, 2022 and 2021

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

		2022 Amount	%	2021 Amount	%
4000	**Operating Revenues (notes 6(u) and 7):**				
4520	Construction revenue	$ 47,964,996	100	25,401,497	99
4600	Service and design revenue etc.	235,314	-	204,644	1
	Operating revenues, net	48,200,310	100	25,606,141	100
5000	**Operating costs (notes 6(d), (k), (p), (q), 7 and 12):**				
5520	Construction cost	41,389,192	86	21,441,053	84
5600	Service and design cost etc.	92,394	-	78,452	-
	Total operating costs	41,481,586	86	21,519,505	84
	Gross profit from operations	6,718,724	14	4,086,636	16
	Operating expenses (notes 6(c), (k), (p), (q), (v), 7 and 12):				
6100	Selling expenses	39,507	-	27,285	-
6200	Administrative expenses	1,222,505	3	904,993	4
6300	Research and development expenses	27,165	-	30,000	-
6450	Reversal of expected credit losses	(817)	-	(15,303)	-
	Total operating expenses	1,288,360	3	946,975	4
	Net operating income	5,430,364	11	3,139,661	12
	Non-operating income and expenses:				
7010	Other income (notes 6(b), (g), (w) and 7)	101,395	-	67,408	-
7020	Other gains and losses (note 6(w))	(348,650)	-	194,463	2
7100	Interest income (note 6(w))	163,398	-	96,436	-
7510	Interest expense (notes 6(p), (w) and 7)	(26,239)	-	(11,822)	-
7370	Share of profit of associations and joint ventures accounted for using equity method (note 6(h))	107,631	-	69,168	-
	Total non-operating income and expenses	(2,465)	-	415,653	2
7900	**Net income from continuing operations before tax**	5,427,899	11	3,555,314	14
7950	Less: Income tax expenses (note 6(r))	1,326,054	3	734,832	3
8200	**Net income**	4,101,845	8	2,820,482	11
8300	**Other comprehensive income (notes 6(g), (q), (r) and (s)):**				
8310	**Items that will not be reclassified to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	33,355	-	17,388	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(395,226)	-	67,418	-
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	52,351	-	814	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6,671	-	3,478	-
	Items that will not be reclassified to profit or loss	(316,191)	-	82,142	-
8360	**Items that will be reclassified to profit or loss:**				
8361	Exchange differences on translation of foreign operation	189,079	-	(19,423)	-
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	9,643	-	(3,810)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	37,353	-	(3,635)	-
	Items that will be reclassified to profit or loss	161,369	-	(19,598)	-
8300	**Other comprehensive income**	(154,822)	-	62,544	-
8500	**Comprehensive income**	**$ 3,947,023**	**8**	**2,883,026**	**11**
	Profit attributable to:				
8610	Shareholders of the Company	$ 3,999,485	8	2,769,475	11
8620	Non-controlling interests	102,360	-	51,007	-
		$ 4,101,845	**8**	**2,820,482**	**11**
	Comprehensive income attributable to:				
8710	Shareholders of the Company	$ 3,842,345	8	2,833,267	11
8720	Non-controlling interests	104,678	-	49,759	-
		$ 3,947,023	**8**	**2,883,026**	**11**
9750	**Basic earnings per share (in dollars) (note 6(t))**	**$**	**21.25**		**14.53**
9850	**Diluted earnings per share (in dollars) (note 6(t))**	**$**	**20.89**		**14.36**

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent											
	Share capital		Retained earnings			Other equity						
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2021	$ 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
Net income	-	-	-	3,999,485	3,999,485	-	-	-	-	3,999,485	102,360	4,101,845
Other comprehensive income	-	-	-	27,715	27,715	159,051	(343,906)	(184,855)	-	(157,140)	2,318	(154,822)
Total comprehensive income	-	-	-	4,027,200	4,027,200	159,051	(343,906)	(184,855)	-	3,842,345	104,678	3,947,023
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	278,420	(278,420)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(2,462,131)	(2,462,131)	-	-	-	-	(2,462,131)	-	(2,462,131)
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	518	-	-	-	-	-	-	-	518	-	518
Overdue unclaimed dividend transferred in	-	374	-	-	-	-	-	-	-	374	-	374
Purchase of treasury stock	-	-	-	-	-	-	-	-	(573,943)	(573,943)	-	(573,943)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(67,801)	(67,801)
Balance on December 31, 2022	**$ 1,905,867**	**378,352**	**2,694,580**	**5,296,903**	**7,991,483**	**38,049**	**674,018**	**712,067**	**(573,943)**	**10,413,826**	**196,522**	**10,610,348**

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	2022	2021
Cash flows from (used in) operating activities:		
Income before income tax	$ 5,427,899	3,555,314
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	103,253	69,552
Amortization expense	6,713	1,630
Reversal of expected credit losses	(817)	(15,303)
Net loss (profit) on financial assets measured at fair value through profit or loss	377,036	(194,990)
Interest expense	26,239	11,822
Interest income	(163,398)	(96,436)
Dividend income	(22,642)	(12,273)
Share of profit of associates and joint ventures accounted for using equity method	(107,631)	(69,168)
Loss (gain) on disposal of property, plant and equipment	224	(15)
Gain on disposal of investments	(21,411)	(31,382)
Gain on reversal of impairment loss of property, plant and equipment	(1,402)	-
Other income	(66)	-
Total adjustments to reconcile loss	196,098	(336,563)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in current contract assets	(429,482)	(1,143,490)
Decrease in notes receivable	697	6,367
(Increase) decrease in accounts receivable	(5,499,451)	4,257,591
Decrease (increase) in accounts receivable－ related parties	107	(107)
Decrease (increase) in inventories	6,297	(6,974)
Increase in prepayments	(593,157)	(562,780)
(Increase) decrease in other current assets	(115,990)	14,279
Subtotal of changes in operating assets	(6,630,979)	2,564,886
Changes in operating liabilities:		
Increase (decrease) in current contract liabilities	6,491,065	(74,203)
(Decrease) increase in notes payable	(44,553)	1,464
Decrease in notes payable－related parties	-	(5,983)
Increase (decrease) in accounts payable	1,623,826	(2,230,566)
Decrease in accounts payable－related parties	(30,055)	(168,336)
Increase (decrease) in current provisions	8,114	(7,596)
Increase (decrease) in other current liabilities	136,710	(100,004)
Decrease in net defined benefit liability	(16,907)	(132,849)
Increase (decrease) in other non-current liabilities	3,702	(1,909)
Subtotal of changes in operating liabilities	8,171,902	(2,719,982)
Total changes in operating assets and liabilities	1,540,923	(155,096)
Total adjustments	1,737,021	(491,659)
Cash inflow generated from operations	7,164,920	3,063,655
Interest received	147,731	94,412
Interest paid	(20,027)	(5,523)
Income taxes paid	(675,146)	(1,059,019)
Net cash flows from operating activities	6,617,478	2,093,525
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through profit or loss	2,303	3,251
Acquisition of financial assets at fair value through profit or loss	-	(26,408)
Proceeds from disposal of financial assets at fair value through profit or loss	3,854	41,532
Proceeds from disposal of investments accounted for using equity method	176,570	535
Acquisition of property, plant and equipment	(98,588)	(463,340)
Proceeds from disposal of property, plant and equipment	14	80
(Increase) decrease in guarantee deposits paid	(10,077)	277
Acquisition of intangible assets	(3,152)	(19,800)
Decrease in other financial assets	549,728	36,741
Increase in other non-current assets	(27,346)	(101)
Dividends received	76,334	61,501
Net cash flows from (used in) investing activities	669,640	(365,732)
Cash flows from (used in) financing activities:		
(Decrease) increase in guarantee deposits received	(7,650)	19,093
Payment of lease liabilities	(56,841)	(28,811)
Cash dividends paid	(2,462,131)	(3,239,974)
Payments to acquire treasury shares	(573,943)	-
Overdue unclaimed dividends transferred to capital surplus	374	205
Changes in non-controlling interests	(67,801)	(37,578)
Net cash flows used in financing activities	(3,167,992)	(3,287,065)
Effect of exchange rate changes on cash and cash equivalents	181,262	(19,415)
Net increase (decrease) in cash and cash equivalents	4,300,388	(1,578,687)
Cash and cash equivalents at beginning of period	6,922,880	8,501,567
Cash and cash equivalents at end of period	$ 11,223,268	6,922,880

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, 2022 and 2021

(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 was renamed as United Integrated Services Co., Ltd. on May 29, 2002. On July 29, 2003, the Company merged with Taichun Technology Co., Ltd. through the cash consideration method. The surviving company was United Integrated Services Co., Ltd. The Company relocated during 2022 and changed the registered address to 13F., No.13, Qiaohe Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)

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, 2022 and 2021, 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, 2023.

(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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- 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”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- 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 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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.

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

(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 (NT$), 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.

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

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**	**Description**
The Company	United Integrated Services BVI	Investment Business	100 %	100 %	Subsidiary of the Company
The Company	Jiangxi United Integrated Services Ltd.	Electromechanical business and pipeline engineering business	75 %	75 %	Subsidiary of the Company
The Company	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 CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Description
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 subsidiaries are included in the consolidated financial statements.

(d) Foreign currencies

(i) Foreign currency transactions

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

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

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

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

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

1) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

2) It is held primarily for the purpose of trading;

3) It is expected to be realized within twelve months after the reporting period; or

4) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(ii) A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

1) It is expected to be settled in the normal operating cycle;

2) It is held primarily for the purpose of trading;

3) It is due to be settled within twelve months after the reporting period; or

4) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(iii) Other

The Group is mainly engaged in the planning, designing and construction contracting of engineering projects with a operating cycle of approximately three to five years. The classification of current and non-current assets and liabilities related to the engineering business is based on the operating cycle.

(f) Cash and cash equivalents

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

(g) Financial instruments

(i) Financial assets

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

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

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

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

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

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

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

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

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

5) Impairment of financial assets

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

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

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

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

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

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

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than a year past due;

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

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

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

6) Derecognition of financial assets

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

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

(ii) Financial liabilities

1) Financial liabilities

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(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.

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 annual reporting date and adjusted if appropriate.

(Continued)

(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.

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.

(ii) As a leasor

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.

(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

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

(n) Provisions

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

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.

(Continued)

(o) Revenue Recognition

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

(i) Sale of goods

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

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

(ii) Consulting Services

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

(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.

(Continued)

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

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

(p) Contract costs

(i) Incremental costs of obtaining a contract

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

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

(ii) Costs to fulfil a contract

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

· The costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

· The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

· The costs are expected to be recovered.

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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.

The surtax on undistributed earnings, computed according to the ROC Income Tax Act, is charged to current income expense in the year when stockholders decide not to distribute the earnings.

(Continued)

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred 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 reserve, 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 estimates.

The management continues to monitor the accounting assumptions, estimates and judgments. The management recognizes the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

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 and JG Environmental Technology Co., Ltd. However, the Group has determined that it has significant influence because it has participation in the policy-making process of Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment 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 accounts 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).

(Continued)

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

(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. For details of revenue recognition, please refer to Note 6 (u).

(c) Fair value of financial instruments

The fair value of non-active market or non-quoted financial instruments is determined by the valuation model or counterparty quotes. When using the valuation model to determine fair value, the models use only observable data as input values, without artificial adjustment, as far as possible. To avoid differences in cross period financial reporting arose from changes in data source, the observable input shall be a stable, long-term available market practice parameter. Moreover, the model must be repeatedly verified and revised in order to ensure that the output is adequate to reflect the value of the asset.

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

(d) Measurement of defined benefit obligations

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 5,234	6,223
Demand deposits	6,148,441	3,872,311
Check deposits	1,043,595	60,990
Time deposits	4,025,998	2,983,356
Cash and cash equivalents in the consolidated statement of cash flow	**$ 11,223,268**	**6,922,880**

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.

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

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

	December 31, 2022	December 31, 2021
Financial assets measured at fair value through profit or loss:		
Domestic listed stocks	$ 249,273	252,646
Domestic unlisted stocks	68,687	68,687
Valuation adjustment	10,216	389,628
Total	**$ 328,176**	**710,961**

For the years ended December 31, 2022 and 2021, the Group recognized dividend income from the above financial assets measured at fair value through profit or loss of $22,642 thousand and $12,273 thousand, respectively.

(c) Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable－unrelated parties	$ 319	1,016
Accounts receivable－unrelated parties	8,574,362	3,145,313
Accounts receivable－related parties	-	107
Less: Loss allowance	179,744	248,569
Total	**$ 8,394,937**	**2,897,867**

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 were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 8,300,247		-
1 to 60 days past due	89,262	1%	892
61 to 120 days past due	1,807	1%	18
121 to 365 days past due	4,577	1%	46
More than one year past due	178,788	100%	178,788
	$ 8,574,681		**179,744**

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

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
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	246,882	100%	246,882
	$ 3,146,436		**248,569**

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

	2022	2021
Balance on January 1	$ 248,569	265,225
Gain on reversal of impairment loss recognized	(817)	(15,303)
Amounts written off	(70,402)	-
Foreign exchange losses / (gains)	2,394	(1,353)
Balance on December 31	**$ 179,744**	**248,569**

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

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

(d) Inventories

	December 31, 2022		
	Cost	Allowance for Impairment	Carrying Amount
Raw materials	$ 34,755	(5,623)	29,132
Work in progress	28,861	(18,769)	10,092
Finished goods	21,354	(9,450)	11,904
Merchandise	7,742	(6,734)	1,008
Total	**$ 92,712**	**(40,576)**	**52,136**

	December 31, 2021		
	Cost	Allowance for Impairment	Carrying Amount
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	**$ 102,452**	**(44,019)**	**58,433**

(Continued)

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

The (write-down of inventories) reversal of write-downs to net realizable value amounted to $3,443 thousand and $(4,553) thousand, respectively, for the years ended December 31, 2022 and 2021.

The Group did not provide any inventories as collaterals.

(e) Prepayments

		December 31, 2022	December 31, 2021
Domestic purchase of materials	$	486,530	266,250
Foreign purchase of materials		1,241,573	888,494
Prepaid project subcontractor cost		46,380	52,093
Prepaid insurance expense		85,595	90,075
Others		85,780	55,789
Total	**$**	**1,945,858**	**1,352,701**

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

		December 31, 2022	December 31, 2021
Financial assets measured at fair value through profit or loss:			
Unlisted stocks	$	25,639	31,544
Valuation adjustments		(25,639)	(28,015)
Total	**$**	**-**	**3,529**

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

		December 31, 2022	December 31, 2021
Equity instruments measured at fair value through other comprehensive income			
Unlisted stocks (overseas)	$	1,008,212	1,008,212
Valuation adjustment		622,698	1,017,924
Total	**$**	**1,630,910**	**2,026,136**

(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.

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:

	2022	2021
Balance on January 1	$ 1,017,924	950,506
Add: Changes for the period	(395,226)	67,418
Balance on December 31	**$ 622,698**	**1,017,924**

(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, 2022	Proportion of shareholding and voting rights December 31, 2021
Ablerex electronics co., Ltd.	Selling and Manufacturing of UPS	Taiwan	31.57 %	33.30 %

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

	December 31, 2022	December 31, 2021
Ablerex electronics co., Ltd.	**$ 605,282**	**589,719**

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

	December 31, 2022	December 31, 2021
Current assets	$ 2,540,220	2,406,092
Non-current assets	1,174,296	972,575
Current liabilities	(1,841,299)	(1,751,250)
Non-current liabilities	(124,820)	(120,375)
Net assets	**$ 1,748,397**	**1,507,042**
Net assets attributable to non-controlling interests	**$ 12,194**	**13,878**
Net assets attributable to investee	**$ 1,736,203**	**1,493,164**

	2022	2021
Operating revenue	**$ 3,057,767**	**2,984,677**
Net income from continuing operations	$ 115,658	76,511
Other comprehensive income	187,820	(5,778)
Total comprehensive income	**$ 303,478**	**70,733**
Total comprehensive income attributable to non-controlling interests	**$ (1,684)**	**339**
Total comprehensive income attributable to investee	**$ 305,162**	**70,394**

(Continued)

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

	2022	2021
Share of net assets of associate attributable to the Group as of January 1	$ 498,930	490,473
Total comprehensive income attributable to the Group	99,259	23,444
Changes in capital surplus of associates accounted for using equity method	486	-
Disposal of investments	(30,916)	-
Dividends from associate	(17,887)	(14,987)
Share of net assets of associate attributable to the Group as of December 31	549,872	498,930
Add: Goodwill	116	116
Ending balance of net assets of associate attributable to the Group	$ **549,988**	**499,046**

(ii) Insignificant associates

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

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	$ **289,292**	**375,821**

	2022	2021
Attributable to the Group:		
Net income from continuing operations	$ 68,991	43,900
Other comprehensive income	1,368	(1,172)
Total comprehensive income	$ **70,359**	**42,728**

In 2022 and 2021, the preparation of the financial statements for the investee companies under the equity method was evaluated based on the independent auditors' reports of the investee companies. For the years ended December 31, 2022 and 2021, the share of profit of associations accounted for using equity method amounted to $107,631 thousand and $69,168 thousand, respectively.

(iii) Guarantee

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

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, 2022 and 2021, were as follows:

	Land	Buildings	Machinery	Plant equipment	Transportation Equipment	Office equipment	Leasehold Improvements	Total
Cost or deemed cost:								
Balance on January 1, 2022	$ 782,737	562,141	68,968	162,689	15,075	72,798	2,076	1,666,484
Additions	-	28,654	-	21,270	4,811	19,200	24,653	98,588
Disposal	-	-	(258)	-	(633)	(2,678)	-	(3,569)
Reclassification	-	-	-	-	1,578	-	-	1,578
Effect of movements in exchange rates	835	7,880	374	611	229	427	709	11,065
Balance on December 31, 2022	**$ 783,572**	**598,675**	**69,084**	**184,570**	**21,060**	**89,747**	**27,438**	**1,774,146**
Balance on 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
Disposals	-	-	(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 on December 31, 2021	**$ 782,737**	**562,141**	**68,968**	**162,689**	**15,075**	**72,798**	**2,076**	**1,666,484**
Accumulated depreciation and impairment loss:								
Balance on January 1, 2022	$ 1,160	148,353	64,669	51,754	8,839	61,416	2,076	338,267
Depreciation	-	18,496	774	6,436	2,318	3,641	912	32,577
Reversal of impairment	(1,160)	(242)	-	-	-	-	-	(1,402)
Disposal	-	-	(242)	-	(633)	(2,456)	-	(3,331)
Effect of movements in exchange rates	-	1,678	358	68	66	226	26	2,422
Balance on December 31, 2022	**$ -**	**168,285**	**65,559**	**58,258**	**10,590**	**62,827**	**3,014**	**368,533**
Balance on 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 on December 31, 2021	**$ 1,160**	**148,353**	**64,669**	**51,754**	**8,839**	**61,416**	**2,076**	**338,267**
Carrying amounts:								
Balance on December 31, 2022	**$ 783,572**	**430,390**	**3,525**	**126,312**	**10,470**	**26,920**	**24,424**	**1,405,613**
Balance on January 1, 2021	**$ 401,622**	**258,129**	**5,471**	**109,150**	**3,758**	**12,661**	**27**	**790,818**
Balance on December 31, 2021	**$ 781,577**	**413,788**	**4,299**	**110,935**	**6,236**	**11,382**	**-**	**1,328,217**

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:

		Land	Buildings	Office equipment	Total
Cost:					
Balance on January 1, 2022	$	173,684	181,318	563	355,565
Additions		-	160,942	465	161,407
Write-off		(1,513)	(36,815)	(239)	(38,567)
Effect of movements in exchange rates		476	14,264	4	14,744
Balance on December 31, 2022	**$**	**172,647**	**319,709**	**793**	**493,149**
Balance on 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 on December 31, 2021	**$**	**173,684**	**181,318**	**563**	**355,565**
Accumulated depreciation:					
Balance on January 1, 2022	$	11,171	58,854	441	70,466
Depreciation		6,951	63,487	238	70,676
Write-off		-	(27,074)	(239)	(27,313)
Effect of movements in exchange rates		31	2,687	4	2,722
Balance on December 31, 2022	**$**	**18,153**	**97,954**	**444**	**116,551**
Balance on 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 on December 31, 2021	**$**	**11,171**	**58,854**	**441**	**70,466**
Carrying amount:					
Balance on December 31, 2022	**$**	**154,494**	**221,755**	**349**	**376,598**
Balance on January 1, 2021	**$**	**170,133**	**21,963**	**227**	**192,323**
Balance on December 31, 2021	**$**	**162,513**	**122,464**	**122**	**285,099**

The Group and Mr. Larry entered into a warehouse lease agreement in September 2022, with a contract term of 5 years and a total rental price of US$5,495 thousand. According to the transaction, the Group initially recognized right-of-use assets and lease liabilities, both amounting to US$4,767 thousand (NT$142,306 thousand).

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 right-of-use assets and lease liabilities, both amounting to US$3,253 thousand (NT$90,043 thousand).

(Continued)

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

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 $8,400 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 right-of-use assets and lease liabilities, both amounting to $141,343 thousands. In early 2022, the lessor has agreed to extend the construction period to August 2023. The lease modification led to the write-off of right-of-use assets and lease liabilities both amounting to $1,513 thousand in 2022.

(k) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2022 and 2021 were as follows:

		Computer software
Costs:		
Balance on January 1, 2022	$	31,574
Additions		3,152
Disposals		(7,321)
Effect of changes in exchange rate		113
Balance on December 31, 2022	**$**	**27,518**
Balance on January 1, 2021	$	11,783
Additions		19,800
Effect of changes in exchange rates		(9)
Balance on December 31, 2021	**$**	**31,574**
Accumulated amortization:		
Balance on January 1, 2022	$	9,478
Amortization		6,185
Disposals		(7,321)
Effect of changes in exchange rates		38
Balance on December 31, 2022	**$**	**8,380**
Balance on January 1, 2021	$	8,430
Amortization		1,048
Balance on December 31, 2021	**$**	**9,478**
Carrying value:		
Balance on December 31, 2022	**$**	**19,138**
Balance on January 1, 2021	**$**	**3,353**
Balance on December 31, 2021	**$**	**22,096**

(Continued)

For the years ended December 31, 2022 and 2021, the amortization expense amounted to $6,185 thousand and $1,048 thousand, respectively. These expenses were included in operating costs and operating expenses in the consolidated statements of comprehensive income.

(l) Other current assets and non-current assets

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

	December 31, 2022	December 31, 2021
Other financial assets	$ 2,925,204	3,442,594
Construction guarantee deposits paid	11,461	3,910
Temporary payment	987	9,836
Others	315,200	174,694
Total	**$ 3,252,852**	**3,631,034**

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

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

	December 31, 2022	December 31, 2021
Other financial assets	$ -	32,338
Guarantee deposits paid	30,611	28,085
Prepayments of equipment for construction project	24,216	2,088
Others	8,685	1,969
Total	**$ 63,512**	**64,480**

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

(m) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2022	December 31, 2021
Range of interest rates (%)	-	-
Unused short-term credit lines	**$ 19,642,940**	**21,039,440**

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

(n) Current provisions

		Warranty
Balance on January 1, 2022	$	11,812
Provisions made during the year		12,505
Provisions used during the year		(4,391)
Balance on December 31, 2022	**$**	**19,926**
Balance on January 1, 2021	$	19,408
Provisions made during the year		9,339
Provisions used during the year		(16,935)
Balance on December 31, 2021	**$**	**11,812**

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.

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

The other current liabilities of the Group were as follows:

		December 31, 2022	December 31, 2021
Receipts under custody	$	1,870	1,607
Other payables		59,226	56,676
Accrued expenses		931,644	796,004
Other current liabilities		5,503	7,246
Total	**$**	**998,243**	**861,533**

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

		December 31, 2022	December 31, 2021
Guarantee deposit received	$	23,625	31,275
Dividends payable		254,977	251,275
Total	**$**	**278,602**	**282,550**

(p) Lease liabilities

The Group's lease liabilities were as follow:

		December 31, 2022	December 31, 2021
Current	**$**	**75,776**	**58,679**
Non-current	**$**	**299,441**	**211,167**

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 11,000	5,281
Expenses relating to short-term leases	$ 51,281	22,663

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

	2022	2021
Total cash outflow for leases	$ 119,122	56,755

(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 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

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

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

(q) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ (372,749)	(420,853)
Fair value of plan assets	246,266	244,108
Net defined benefit liabilities	$ (126,483)	(176,745)

(Continued)

The Group's employee benefit liabilities were as follows:

	December 31, 2022	December 31, 2021
Short-term compensated absence liabilities (Other current liabilities)	$ 25,932	25,659

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 $246,266 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, 2022 and 2021 were as follows:

	2022	2021
Defined benefit obligations at January 1	$ 420,853	435,658
Current service costs and interest cost	3,496	3,247
Remeasurements of the net defined benefit liabilities		
－Actuarial (gain) loss arising from changes in financial assumptions	(22,780)	(3,925)
－Actuarial (gain) loss arising from experience adjustments	5,408	(11,496)
Benefits paid	(34,228)	(2,631)
Defined benefit obligations at December 31	$ 372,749	420,853

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

3) Movements in defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Fair value of plan assets at January 1	$	244,108	108,676
Interest income		1,152	389
Remeasurements of the net defined benefit liabilities			
－Return on plan assets excluding interest income		15,983	1,967
Contributions		2,282	135,707
Benefits paid		(17,259)	(2,631)
Fair value of plan assets at December 31	**$**	**246,266**	**244,108**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Current service costs	$	1,522	1,709
Net interest of net liabilities for defined benefit obligations		822	1,149
	$	**2,344**	**2,858**

		2022	2021
Operating costs	$	2,009	2,373
Operating expenses		335	485
	$	**2,344**	**2,858**

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 were as follows:

		2022	2021
Accumulated amount at January 1	$	124,160	141,548
Recognized during the period		(33,355)	(17,388)
Accumulated amount at December 31	**$**	**90,805**	**124,160**

6) Actuarial assumptions

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

	December 31, 2022	December 31, 2021
Discount rate	1.32 %	0.47 %
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 $2,327 thousand.

The weighted average lifetime of the defined benefit plans is 7.12 years.

7) Sensitivity analysis

As of December 31, 2022 and 2021, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations shall be as follows:

	The impact of defined benefit obligations	
	Increase	Decrease
December 31, 2022		
Discount rate (0.50%)	$ (12,643)	13,355
Future salary increase rate (0.25%)	6,434	(6,292)
December 31, 2021		
Discount rate (0.50%)	(16,326)	16,223
Future salary increase rate (0.25%)	8,273	(8,073)

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 2022 and 2021.

(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.

(Continued)

The cost of the pension contributions to the Bureau of Labor Insurance or related pension management institutions for the years ended December 31, 2022 and 2021 amounted to $36,786 thousand and $33,574 thousand, respectively.

(r) Income taxes

Income tax returns of the Group are filed individually by each entity and not on a combined basis. The Company and its subsidiaries incorporated in the R.O.C. are subject to R.O.C income tax at a rate of 20% for fiscal years 2022 and 2021. Foreign subsidiaries are subject to income tax in accordance with their respective local tax law and regulations.

(i) Income tax expenses

The components of income tax of the Group in the years 2022 and 2021 were as follows:

	2022	2021
Current tax expense		
Current period	$ 1,159,854	747,224
Adjustment for prior periods	(1,671)	(8,454)
Deferred tax benefit		
Origination and reversal of temporary differences	167,871	(3,938)
Income tax expense	**$ 1,326,054**	**734,832**

There was no income tax expense recognized in equity for the years ended December 31, 2022 and 2021.

The amount of income tax expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	$ 6,671	3,478
Items that will be reclassified to profit or loss:		
Exchange differences on translation	37,353	(3,635)
	$ 44,024	**(157)**

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

Reconciliation of the Group's income tax expense and net income before tax for 2022 and 2021 was as follows:

	2022	2021
Net income before tax	$ 5,427,899	3,555,314
Income tax using the Company's domestic tax rate	$ 1,085,580	711,063
Effect of tax rates in foreign jurisdiction	66,271	13,705
Temporary differences	(36,550)	12,067
Tax- exempt income	(4,528)	(2,455)
Permanent differences	46,899	(2,265)
Deferred tax	167,871	(3,938)
5% income surtax on undistributed earnings	2,182	15,109
Income tax adjustments for prior periods	(1,671)	(8,454)
Total	$ 1,326,054	734,832

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2022	December 31, 2021
The court adjudged to pay the payment and related interest expenses	$ 35,798	34,556
Impairment loss	4,321	2,638
	$ 40,119	37,194

Tax losses are applied to Income Tax Act that can be carried forward for ten years, after assessed by tax authority, to offset taxable income before applying to tax rate. Deferred income tax assets have not been recognized in respect of these items because the subsidiaries, Hanxuan Energy Co., Ltd. and Hunter Energy Co., Ltd. is not probable that the future taxable profit will be available, against which, the Group can utilize the benefits therefore.

(Continued)

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

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax liabilities:

	Foreign investment profit	Cumulative translation adjustment	Total
Balance on January 1, 2022	$ 108,287	-	108,287
Recognized in profit or loss	131,321	-	131,321
Recognized in other comprehensive income	-	19,399	19,399
Balance on December 31, 2022	**$ 239,608**	**19,399**	**259,007**
Balance on January 1, 2021	$ 95,643	-	95,643
Recognized in profit or loss	12,644	-	12,644
Balance on December 31, 2021	**$ 108,287**	**-**	**108,287**

Deferred Tax Assets:

	Defined benefit plans	Unrealized warranty	Loss allowance exceeded the limit	Allowance for inventory valuation	Foreign investment loss	Others	Total
Balance on January 1, 2022	$ 33,424	4,837	12,914	8,804	48,547	73,179	181,705
Recognized in profit or loss	-	1,623	(12,914)	(689)	-	(24,570)	(36,550)
Recognized in other comprehensive income	(6,671)	-	-	-	-	(17,954)	(24,625)
Effects of changes in exchange rate	-	-	-	-	-	738	738
Balance on December 31, 2022	**$ 26,753**	**6,460**	**-**	**8,115**	**48,547**	**31,393**	**121,268**
Balance on January 1, 2021	$ 36,902	6,356	4,778	7,893	44,032	65,118	165,079
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)
Balance on December 31, 2021	**$ 33,424**	**4,837**	**12,914**	**8,804**	**48,547**	**73,179**	**181,705**

(iii) Assessment of tax

The Company's tax returns for the years through 2020 were assessed by the tax authorities.

(s) Capital and other equity

(i) Common Stock

As of December 31, 2022 and 2021, 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, 2022 and 2021.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
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	28,597	27,705
	$ 378,352	**377,460**

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.

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.

(Continued)

2) Earnings distribution

Earnings distribution for 2021 and 2020 was decided by the resolution adopted, at the general meeting of shareholders held on May 26, 2022 and August 17, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021	2020
Dividends for ordinary shareholder:		
Cash	$ 13	17

(iv) Treasury stock

In 2022, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 3,000 shares as treasury stock for an aggregate amount of $573,943 thousand, in order to retain talent. As of December 31, 2022, the treasury stock have yet to transfer to employees.

In accordance with the requirements of Securities and Exchange Act, the treasury stock held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(v) 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 on January 1, 2022	$ (121,002)	1,017,924	896,922
Exchange differences on foreign operations	149,408	-	149,408
Exchange differences on translation financial statements of the associates accounted for using equity method	9,643	-	9,643
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(395,226)	(395,226)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive of the associates accounted for using equity method	-	51,320	51,320
Balance on December 31, 2022	$ 38,049	674,018	712,067
Balance on January 1, 2021	$ (102,652)	950,506	847,854
Exchange differences on foreign operations	(14,540)	-	(14,540)
Exchange differences on translation financial statements of the associates accounted for using equity method	(3,810)	-	(3,810)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	67,418	67,418
Balance on December 31, 2021	$ (121,002)	1,017,924	896,922

(Continued)

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

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2022 and 2021 were as follows:

(i) Basic earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company	$ **3,999,485**	**2,769,475**
Weighted average number of ordinary shares	**188,233**	**190,587**
Basic earnings per share (in NT dollars)	$ **21.25**	**14.53**

ii) Diluted earnings per share

	2022	2021
Net income attributable to ordinary shareholders of the Company (diluted)	$ **3,999,485**	**2,769,475**
Weighted average number of ordinary shares (basic)	188,233	190,587
Effect of potentially dilutive ordinary shares:		
Effect of employee bonuses	3,253	2,247
Weighted average number of ordinary shares (diluted)	**191,486**	**192,834**
Diluted earnings per share (in NT dollars)	$ **20.89**	**14.36**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
Primary geographic markets:		
Taiwan	$ 25,645,459	22,457,138
Mainland China	3,050,061	2,848,002
Singapore	7,499	(1,193)
USA	19,497,291	302,194
	$ **48,200,310**	**25,606,141**
Major products/services lines:		
Integrated engineering service	$ 47,964,996	25,401,497
Service and design	93,914	88,262
Sales	141,400	116,382
	$ **48,200,310**	**25,606,141**
Type of contract:		
Fixed price contract	$ 48,058,910	25,489,759
Material-based contract	141,400	116,382
	$ **48,200,310**	**25,606,141**

(Continued)

(ii) Contract balances

		December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$	8,574,362	3,145,420	7,402,904
Less: allowance for impairment		179,744	248,569	265,225
Total	$	**8,394,618**	**2,896,851**	**7,137,679**
Contract assets-Construction in Progress	$	**3,818,977**	**3,389,495**	**2,246,005**
Contract liabilities-Construction in Progress	$	13,682,291	7,190,568	7,263,159
Contract liabilities-Merchandise inventory		614	1,272	2,884
Total	$	**13,682,905**	**7,191,840**	**7,266,043**

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

The revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liabilities balance of sale the merchandise at the beginning of the period were $138 thousand and $103 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:

		2022		2021	
		Contract assets	**Contract liabilities**	**Contract assets**	**Contract liabilities**
Stage of completion measurement	$	**-**	**-**	**-**	**-**
Contract modification	$	**553,009**	**653,310**	**903,659**	**600,658**

(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, 2022 and 2021, the Company estimated its employee remuneration amounting to $566,000 thousand and $378,000 thousand, and directors' remuneration amounting to $47,000 thousand and $32,400 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 2022 and 2021. Related information would be available at the Market Observation Post System website. The amounts, as stated in 2021 consolidated financial statements, are identical to those of the actual distributions in 2022 shareholders' meeting.

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:

	2022	2021
Interest income from bank deposits	**$ 163,398**	**96,436**

(ii) Other income

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

	2022	2021
Rental income	$ 37,424	18,116
Dividend income	22,642	22,642
Other income－other		
Revenue from sale of scraps	3,565	6,162
Other	37,764	29,006
Other income－other subtotal	41,329	35,168
Total	**$ 101,395**	**75,926**

iii) Other gains and losses

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

	2022	2021
Gains (losses) on disposal of property, plant and equipment	$ (224)	15
Gain on disposal of investments	21,411	31,382
Foreign exchange gains (losses)	21,798	(29,824)
Gains (losses) on financial assets at fair value through profit or loss	(377,036)	194,990
Gains on reversal of impairment loss of property, plant and equipment	1,402	-
Other gains and losses	(16,001)	(2,100)
Total	**$ (348,650)**	**194,463**

iv) Interest expense

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

	2022	2021
Interest expense of－Dentsu Engineering	$ 6,212	6,299
Others	20,027	5,523
Total	**$ 26,239**	**11,822**

(Continued)

(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, 2022 and 2021, the amounts of the maximum exposure to credit risk were $22,585,481 thousand and $13,327,674 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, 2022 and 2021, notes and accounts receivable concentrated on few counter-parties were as follows:

	December 31, 2022		
Name of client	**Carrying amount**	**the maximum exposure to credit risk**	**%**
Taiwan Semiconductor Manufacturing Co., Ltd.	$ 2,265,473	2,265,473	26.99
Micron Memory Taiwan Co., Ltd.	1,278,952	1,278,952	15.24
TSMC Arizona Corporation	3,981,048	3,981,048	47.13
Total	**$ 7,525,473**	**7,525,473**	**89.36**

	December 31, 2021		
Name of client	**Carrying amount**	**the maximum exposure to credit risk**	**%**
Taiwan Semiconductor Manufacturing Co., Ltd.	$ 1,641,189	1,641,189	56.63
Micron Memory Taiwan Co., Ltd.	252,537	252,537	8.72
Total	**$ 1,893,726**	**1,893,726**	**65.35**

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
December 31, 2022								
Non-derivative financial liabilities								
Notes payable	$	19,541	19,541	19,541	-	-	-	-
Accounts payable		6,250,244	6,250,244	3,951,864	129,496	238,675	1,794,651	135,558
Accrued expenses (Note)		896,160	896,160	896,160	-	-	-	-
Lease liabilities		375,217	426,287	48,455	49,804	71,796	124,632	131,600
Guarantee deposits received		23,625	23,625	1,711	-	4,463	17,451	-
	$	**7,564,787**	**7,615,857**	**4,917,731**	**179,300**	**314,934**	**1,936,734**	**267,158**
December 31, 2021								
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	-
	$	**5,794,466**	**5,829,432**	**3,552,753**	**95,395**	**254,579**	**1,673,760**	**252,945**

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, 2022			December 31, 2021		
		Foreign currency	**Exchange rate (dollars)**	**TWD**	**Foreign currency**	**Exchange rate (dollars)**	**TWD**
Financial assets							
Monetary items							
USD	$	186,706	30.71	5,733,733	11,492	27.68	318,107
CNY		451,648	4.41	1,990,866	413,157	4.34	1,794,756
Non-monetary items							
Financial assets measured at fair value through other comprehensive income		369,989	4.41	1,630,910	466,422	4.34	2,026,136
Finance liabilities							
Monetary items							
USD		8,347	30.71	256,330	8,651	27.68	239,450

Note: Each balance listed is greater than 5% of total Monetary items.

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, CNY and others foreign currency, the Group's net income before tax would have increased (decreased) by \$59,708 thousand and \$14,939 thousand, and other comprehensive income would have increased (decreased) by \$13,047 thousand and \$16,209 thousand, for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$21,798 thousand and \$(29,824) 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 or decreased by 0.25%, the Group's net income would have increased or decreased by \$28,286 thousand and \$20,783 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant.

(v) Fair value of financial instruments

1) Fair value hierarchy

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

a) Level 1

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

i) The items traded within the market are homogeneous.

ii) Willing buyers and sellers can normally be found at any time.

iii) Prices are available to the public.

b) Level 2

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e. derived from prices).

c) Level 3

Level 3 inputs are valuation parameters which are not based on the information available in the market or the quoted price from the counter party. For example, historical volatility used in option pricing models is an unobservable input since it cannot represent the expected value of future volatility of the entire market participants.

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

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 328,176	281,130	47,046	-	328,176
Financial assets at fair value through other comprehensive income					
Unquoted equity instrument measured at fair value	1,630,910	-	-	1,630,910	1,630,910
Total	**$ 1,959,086**	**281,130**	**47,046**	**1,630,910**	**1,959,086**

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
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
Total	**$ 2,740,626**	**596,339**	**114,622**	**2,029,665**	**2,740,626**

(Continued)

2) Transfer between Level 1 and Level 2

There were no transfers from Level 1 to Level 2 for the years ended December 31, 2022 and 2021.

3) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	
	Designated at fair value through profit or loss	**Unquoted equity instruments**	**Total**
Balance on January 1, 2022	$ 3,529	2,026,136	2,029,665
Total gains and losses			
In profit or loss	(1,226)	-	(1,226)
In other comprehensive income	-	(395,226)	(395,226)
Distribution of residual property	(2,303)	-	(2,303)
Balance on December 31, 2022	$ -	1,630,910	1,630,910
Balance on 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 on December 31, 2021	$ 3,529	2,026,136	2,029,665

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.

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss－equity investments without an active market	Market approach－comparable company	· P/B Ratio (Note) · Discount for lack of marketability (Note)	· The higher the P/B ratio, the higher the fair value. · The higher the discount for lack marketability, the lower the fair value.
Financial assets at fair value through profit or loss－equity investments without an active market	Net asset value method	· Discount for lack of marketability (Note) · Control discount (Note)	· The higher the discount for lack marketability, the lower the fair value. · The higher the control discount, the lower the fair value.
Financial assets at fair value through other comprehensive income－equity investments without an active market	Market approach－comparable company	· P/B Ratio (December 31, 2022 and December 31, 2021 were 0.69 and 0.83) · Discount for lack of marketability (December 31, 2022 and December 31, 2021 were 30.73% and 19.66%)	· The higher the P/B ratio, the higher the fair value. · The higher the discount for lack marketability, the lower the fair value.

Note: As of December 31, 2022 and 2021, 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.

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

The following tables shows the valuation impacts changes in input parameters on Level 3 financial instruments:

	Input	Assumptions	Fair Value through Profit and Loss		Fair value through other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2022						
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	Control discount	10%	(Note)	(Note)	-	-
Equity investments without an active market	P/B 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%	-	-	72,351	(72,351)
Equity investments without an active market	P/B Ratio	10%	-	-	163,091	(163,091)
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	Control discount	10%	(Note)	(Note)	-	-
Equity investments without an active market	P/B 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	P/B Ratio	10%	-	-	202,614	(202,614)

Note: As of December 31, 2022 and 2021 , the investees had been dissolved or 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.

(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 abovementioned 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, 2022 and 2021, no other guarantees were outstanding.

(iv) Liquidity risk

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

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, 2022 and 2021, the Group's unused credit line were amounted to $19,642,940 thousand and $21,039,440 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 to optimize 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.

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

	December 31, 2022	December 31, 2021
Total liabilities	$ 22,862,199	13,983,194
Less: cash and cash equivalents	11,223,268	6,922,880
Net debt	**$ 11,638,931**	**7,060,314**
Total equity	**$ 10,610,348**	**9,766,308**
Debt-to-capital ratio	**109.69 %**	**72.29 %**

(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:

	2022	2021
Increase in property, plant and equipment	$ 98,588	463,340
Cash payments	**$ 98,588**	**463,340**

(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.

Name of related party	Relationship with the Group
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	Related party
Open Sky Technology Corporation	Related party
AIRREX Co., Ltd. (Note)	Related party
FU-KUO ENGINEERING Co., Ltd.	Related party
Huayuan Engineering Ltd.	Related party
Dentsu Engineering Ltd.	Related party
Yun Hao Motor Technician Office	Related party

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

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

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

(b) Significant transactions with related parties

(i) Operating revenue

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

	2022	2021
Key management personnel	$ -	16
Other related parties	85	3
	$ 85	**19**

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:

	2022	2021
Associates	$ 160,955	201,893
Other related parties	4,124	129,898
	$ 165,079	**331,791**

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:

Account	Type of related parties	December 31, 2022	December 31, 2021
Accounts receivable	Associates	$ -	107
Other receivables	Other related parties	125,969	-
		$ 125,969	**107**

(iv) Payables to Related Parties

The payables to related parties were as follows:

Account	Type of related parties	December 31, 2022	December 31, 2021
Accounts payable	Associates	$ 26,366	56,421
Accounts payable	Other related parties	11,336	11,336
Other payables	Other related parties－Dentsu Engineering	178,992	172,780
		$ 216,694	240,537

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

(v) Leases

Name of related party	Object	Lease term	Rental income 2022	Rental income 2021
Associates	1F., No.1、3, Ln. 7, Baogao Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	2020.01.01~2024.05.31	$ 4,958	4,464
Associates	Parking Space	2020.01.01~2024.05.31	90	72
			$ 5,048	4,536

(vi) Finance costs

	2022	2021
Other related parties－Dentsu Engineering	$ 6,212	6,299

(vii) Prepayments

The prepayments to related parties were as follows:

	December 31, 2022	December 31, 2021
Associates	$ -	2,309

(viii) Property transactions

1) Purchases of property, plant and equipment

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

	2022	2021
Associates	160	-
Key management personnel	-	16,100
	$ 160	16,100

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).

2) Disposals of financial assets

		2022				2021			
Relationship	Account	Number of shares	Purpose	Disposal price	Gain (loss) on disposal	Number of shares	Purpose	Disposal price	Gain (loss) on disposal
Other related parties	Investments accounted for using equity method	6,629,959	Eco Energy Corporation	$ 125,969	13,175	-		-	-

(c) Key management personnel compensation

	2022	2021
Short-term employee benefits	$ 215,500	140,079
Post-employment benefits	1,232	1,387
	$ 216,732	141,466

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Restricted assets (other non-current assets)	Engineering performance bond	$ -	850
Restricted assets (other non-current assets)	Migrant worker payroll account	-	31,488
Restricted assets (other current assets)	Banker's letter of guarantee	110,641	-
		$ 110,641	32,338

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

(9) Commitments and contingencies

(a) As of December 31, 2022 and 2021, except for the disclosures of Note 7, the Group's commitments and contingencies were as follows:

(i) As of December 31, 2022 and 2021, guaranteed notes received from construction contractors for performance guarantees or maintenance guarantees amounted to $17,079,490 thousand and $14,460,128 thousand, respectively.

(ii) As of December 31, 2022 and 2021, guaranteed notes issued to construction contractors for performance guarantees or maintenance guarantees amounted to $11,628 thousand and $15,102 thousand, respectively.

(iii) As of December 31, 2022 and 2021, guaranteed notes issued for bank loans and letters of credits both amounted to $3,000,000 thousand.

(iv) As of December 31, 2022 and 2021, guaranteed letters offered by banks for contract performance guarantees amounted to $1,777,517 thousand and $416,629 thousand, respectively.

(v) As of December 31, 2022 and 2021, the total contract price of contracted construction projects amounted to $206,321,260 thousand and $162,035,317 thousand, respectively, and the contract payments received by the Group amounted to $125,990,390 thousand and $89,303,778 thousand, respectively.

(vi) As of December 31, 2022 and 2021, the total subcontract price of subcontracted construction projects amounted to $50,062,266 thousand and $17,229,580 thousand, respectively, and the contract payment paid by the Group amounted to $24,945,945 thousand and $13,303,110 thousand, respectively.

(vii) As of December 31, 2022 and 2021, the outstanding letters of credits issued by the Group for purchasing equipment amounted to $291,668 thousand and $214,223 thousand, respectively.

(viii) As of December 31, 2022 and 2021, guaranteed notes received from lessees for rental of buildings amounted to $885 thousand and $744 thousand, respectively.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

(12) Other

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

By function / By nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	927,339	885,322	1,812,661	739,766	646,429	1,386,195
Labor and health insurance	36,471	42,668	79,139	38,971	37,599	76,570
Pension	17,191	21,939	39,130	18,494	17,938	36,432
Remuneration of directors	-	52,317	52,317	-	38,328	38,328
Others	92,254	46,132	138,386	45,664	25,030	70,694
Depreciation	66,294	36,959	103,253	31,920	37,632	69,552
Amortization	2,201	4,512	6,713	625	1,005	1,630

(b) Some of the Company' s directors are involved in the adjudication process for violating the Securities and Exchange Act regulations and the impact on the Company's operation; please refer to the following information:

(i) Criminal Procedure

Former chairmen, Mr. Chen and Mr. Wang, and other involved parties were prosecuted for violating the Securities and Exchange Act by the Taipei District Prosecutors Office on June 5, 2013. During the period, the former chairman Mr. Wang passed away and was declared dismissed by the Taiwan High Court (2015 Jin Shang Zhong Su No.40), while the Taipei District Court, the Taiwan High Court (the High Court), and the first and second trials all found that there was no breach of trust, non-arm's length transaction, and criminal conversion on the part of all the parties involved, and the verdict was not guilty (2013 Jin Zhong Su No.17, 2015 Jin Shang Zhong Su No.40, 2018 Jin Shang Zhong 1 No.8 and 2020 Jin Shang Zhong 2 No.13). The two other parties did not appeal after being granted probation by the High Court, while the former chairman, Mr. Chen, continued to appeal and was remanded twice by the Supreme Court, and on May 25, 2022, the original judgment on the guilty portion was vacated three times and remanded to the High Court(2021 Tai Shang No.4945). The case is currently on trial by the High Court (2022 Jin Shang Zhong 3 No.6).

(Continued)

(ii) Civil Procedure

1) On December 5, 2013, SFIPC filed a petition for dismissal of the three directors of the Company in connection with the criminal case in accordance with the aforementioned indictment, and due to the death of the former Chairman Mr. Wang, SFIPC withdrew the part of the lawsuit against him. The SFIPC lost both the first and second trials, however, on April 28, 2020, the High Court handed down the judgment of dismissal of the director in the first trial, in which Director Lee resigned on June 2, 2020, and withdrew the appeal on June 3, 2020, and the part of the main text of the High Court's ruling on the two other parties was confirmed on June 3, 2020.

2) On January 27, 2014, SFIPC filed a class action lawsuit on behalf of the investors on the grounds that the Company's financial statements from the third quarter of 2009 to 2011 were inaccurate, requesting the Company, its directors, former supervisors to jointly compensate the investors for damages in excess of $243 million.

SFIPC filed an appeal with the Taipei District Court on September 16, 2022, which is currently on trial by the High Court (2023 Jin Shang No.1).

(iii) Impact on operation

The Company runs smoothly and has experienced continued growth in revenues. The business and financial structure are sound. The litigations do not have significant impact on the Company’s operation.

(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, 2022 amounted to $53,028 thousand (please refer to note 7).

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

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, 2022:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

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	83,310,608	13,142,381	12,528,403	-	-	120.31 %	104,038,260	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):

Units: In thousands of NTD/shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Stock－Nanya Technology Corporation	-	Current financial assets at fair value through profit or loss	63,449	3,249	- %	3,249	-	
The Company	Stock－Taichung Commercial Bank Co., Ltd.	-	Current financial assets at fair value through profit or loss	125,627	1,608	- %	1,608	-	
The Company	Stock－Acer	-	Current financial assets at fair value through profit or loss	1,400,000	32,970	0.05 %	32,970	0.05	
The Company	Stock－Powerchip Semiconductor Manufacturing Corporation	-	Current financial assets at fair value through profit or loss	7,639,033	243,303	0.19 %	243,303	0.19	
The Company	Stock－Powerchip Technology Corporation	-	Current financial assets at fair value through profit or loss	4,552,858	47,046	0.33 %	47,046	0.33	
	Totals				**328,176**				
The Company	Stock－Taiwan Electronic Data Processing Corp.	-	Non-current financial assets at fair value through profit or loss	374,260	-	9.65 %	-	9.65	
The Company	Stock－Aetas Technology Inc.	-	Non-current financial assets at fair value through profit or loss	91,156	-	0.30 %	-	0.30	
The Company	Stock－Glandtex Corporation	-	Non-current financial assets at fair value through profit or loss	1,186	-	0.01 %	-	0.01	
The Company	Stock－Promos Technologies Inc.	-	Non-current financial assets at fair value through profit or loss	1,899	-	- %	-	-	
	Totals				-				
The Company	Stock－Jiangxi Construction	-	Non-current financial assets at fair value through other comprehensive income	Note 1	1,630,910	19.80 %	1,630,910	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: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

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	Wholetech System Hitech Limited	Investee accounted for using equity method	Purchase	129,796	0.31 %	Cash check	-	-	(16,201)	(0.26) %	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

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	Open Sky Technology Corporation	Other related parties	125,969	-	-		125,969	-

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

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

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 Han He Tang Medical Instrument Ltd.	1	Accounts Receivable - Related Parties	271	There is no different from general transaction.	- %
1	Beijing Han He Tang Medical Instrument Ltd.	United Integrated Services Co., Ltd.	2	Accounts Payable - Related Parties	271	There is no different from general transaction.	- %
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.	1.05 %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Prepayments - Related Parties	351,600	There is no different from general transaction.	1.05 %
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.	0.15 %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Prepayments - Related Parties	50,000	There is no different from general transaction.	0.15 %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Other Receivables - Related Parties	4	There is no different from general transaction.	- %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Other Payables - Related Parties	4	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Other Receivables - Related Parties	4	There is no different from general transaction.	- %
3	Hunter Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Other Payables- Related Parties	4	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	United Integrated Services (BVI) Ltd.	1	Accounts Payable - Related Parties	26,971	There is no different from general transaction.	0.08 %
6	United Integrated Services (BVI) Ltd.	United Integrated Services Co., Ltd.	2	Accounts Receivable - Related Parties	26,971	There is no different from general transaction.	0.08 %
0	United Integrated Services Co., Ltd.	Su Yuan Trading (Shanghai) Ltd.	1	Construction Revenue	8,930	There is no different from general transaction.	0.02 %
4	Su Yuan Trading (Shanghai) Ltd.	United Integrated Services Co., Ltd.	2	Construction Cost	8,930	There is no different from general transaction.	0.02 %

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.	United Integrated Services Pte Ltd.	1	Construction Revenue	8,208	There is no different from general transaction.	0.02 %
7	United Integrated Services Pte Ltd.	United Integrated Services Co., Ltd.	2	Construction Cost	8,208	There is no different from general transaction.	0.02 %
0	United Integrated Services Co., Ltd.	Beijing Han He Tang Medical Instrument Ltd.	1	Sales Revenue	299	There is no different from general transaction.	- %
1	Beijing Han He Tang Medical Instrument Ltd.	United Integrated Services Co., Ltd.	2	Sales Cost	299	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Su Yuan Trading (Shanghai) Ltd.	1	Operating cost and Expense	1,443	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Ltd.	United Integrated Services Co., Ltd.	2	Sales Revenue	1,443	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Rental Income	17	There is no different from general transaction.	- %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Rental Expense	17	There is no different from general transaction.	- %
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.	- %
4	Su Yuan Trading (Shanghai) Ltd.	Jiangxi United Integrated Services Ltd.	3	Construction Revenue	15,828	There is no different from general transaction.	0.03 %
5	Jiangxi United Integrated Services Ltd.	Su Yuan Trading (Shanghai) Ltd.	3	Construction Cost	15,828	There is no different from general transaction.	0.03 %
8	Suzhou Han Tai System Integration Ltd.	Jiangxi United Integrated Services Ltd.	3	Rental Income	4,435	There is no different from general transaction.	0.01 %
5	Jiangxi United Integrated Services Ltd.	Suzhou Han Tai System Integration Ltd.	3	Rental Expense	4,435	There is no different from general transaction.	0.01 %
8	Suzhou Han Tai System Integration Ltd.	Su Yuan Trading (Shanghai) Ltd.	3	Rental Income	491	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Ltd.	Suzhou Han Tai System Integration Ltd.	3	Rental Expense	491	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Jiangxi United Integrated Services Ltd.	1	Construction Revenue	38,653	There is no different from general transaction.	0.08 %
5	Jiangxi United Integrated Services Ltd.	United Integrated Services Co., Ltd.	2	Construction Cost	38,653	There is no different from general transaction.	0.08 %
0	United Integrated Services Co., Ltd.	Jiangxi United Integrated Services Ltd.	1	Interest Income	2,210	There is no different from general transaction.	- %
5	Jiangxi United Integrated Services Ltd.	United Integrated Services Co., Ltd.	2	Interest Expense	2,210	There is no different from general transaction.	- %

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, 2022 (excluding information on investees in Mainland China):

Units: In thousands of NTD/shares

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, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value				
The Company	ABLEREX ELECTRONICS CO., LTD.	Taiwan	Sale and purchase of UPS	179,996	189,852	14,208,502	31.57 %	549,988	33.30 %	120,118	38,640	
The Company	WHOLETECH SYSTEM HITECH LIMITED	Taiwan	Gas pipeline engineering	61,367	61,367	9,946,080	13.61 %	245,387	13.61 %	385,707	52,517	
The Company	JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Taiwan	Machinery and Equipment Manufacturing	39,542	47,544	2,880,989	12.78 %	43,905	16.90 %	27,842	3,996	
The Company	Eco Energy Corporation	Taiwan	Integration and Solutions of Battery Energy Storage Systems, Purchase and Sale of Related Materials and Equipment	-	99,449	-	- %	-	16.57 %	76,242	12,478	
The Company	United Integrated Services (BVI) Ltd.	BVI	Investment activities	567,643	567,643	17,697,630	100.00 %	847,894	100.00 %	76,800	76,800	Note 2
The Company	Hanxuan Energy Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy	500,000	500,000	50,000,000	100.00 %	445,116	100.00 %	(8,391)	(8,391)	Note 2
The Company	Hunter Energy Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy	90,000	90,000	9,000,000	100.00 %	73,719	100.00 %	(24)	(24)	Note 2
The Company	UNITED INTEGRATED SERVICES (USA) CORP.	USA	Clean room system construction	1,392,503	1,392,503	50,000,000	100.00 %	1,987,954	100.00 %	462,455	462,455	Note 2
The Company	United Integrated Services Pte Ltd.	Singapore	Clean room system construction	34,040	34,040	-	100.00 %	(18,317)	100.00 %	13,673	13,673	Note 2
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH (BVI) LIMITED	BVI	Investment activities	170,884	170,884	5,400,000	100.00 %	284,616	100.00 %	61,860	61,860	
WHOLETECH SYSTEMHITECH (BVI) LIMITED	WHOLETECH SYSTEM HITECH (SHANHAI) LIMITED	China	Electromechanical, Circuit, and Pipeline Engineering Businesses	169,127	169,127	-	100.00 %	284,593	100.00 %	61,858	61,858	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH INC.	Mauritius	Investment activities	110,559	110,559	3,500,000	100.00 %	281,544	100.00 %	52,949	52,949	
WHOLETECH SYSTEM HITECH INC.	WHOLETECH GROUP INTERNATIONAL TRADING LIMITED	Mauritius	Investment activities	110,559	110,559	3,500,000	100.00 %	281,544	100.00 %	52,949	52,949	
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 %	281,544	100.00 %	52,949	52,949	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH (S) PTE. LTD.	Singapore	Construction of water, gas pipelines and sewage systems, gas production, distribution of fuel gas main systems, etc.	30,865	30,865	200,000	100.00 %	77,362	100.00 %	25,506	25,506	
WHOLETECH SYSTEM HITECH (S) PTE. LTD.	WHOLETECH SYSTEM HITECH (M) SDN. BHD.	Malaysia	Construction of water, gas pipelines and sewage systems, gas production, distribution of fuel gas main systems, etc.	855	855	100,000	100.00 %	70	100.00 %	(244)	(244)	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-Samoa	Samoa	Holding company	217,445	217,445	6,635,000	100.00 %	467,999	100.00 %	8,179	10,590	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-USA	USA	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	8,303	8,303	250,000	100.00 %	74,961	100.00 %	7,762	7,762	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-HK	Hong Kong	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	43	43	10,000	100.00 %	32,999	100.00 %	101	101	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-SG	Singapore	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	48,008	48,008	2,140,763	100.00 %	115,298	100.00 %	6,343	4,323	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-UK	UK	Holding company	4,674	4,674	100,000	100.00 %	14,529	100.00 %	(179)	(683)	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-JP	Japan	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	9,159	9,159	2,970	99.00 %	5,198	99.00 %	(361)	(461)	
Ablerex-Samoa	Ablerex -Overseas	Hong Kong	Holding company	217,445	217,445	6,635,000	100.00 %	471,637	100.00 %	8,213	-	
Ablerex-UK	Ablerex-IT	Italy	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	4,674	4,674	100,000	100.00 %	14,529	100.00 %	(179)	-	
Ablerex-SG	Ablerex-TH	Thailand	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	1,687	256	18,800	94.00 %	7,003	94.00 %	1,713	-	
Ablerex-USA	Ablerex-LATAM	USA	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	15,358	15,358	3,650	86.00 %	2,052	86.00 %	(7,211)	-	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	ASIA INTELLIGENCE INVESTMENTS LIMITED	BVI	Investment activities	30,280	30,280	-	100.00 %	37,923	100.00 %	(4,226)	(4,226)	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Taiwan Sustainable Environmental Energy Co., Ltd.	Taiwan	Sales of pollution control equipment and manufacturing	100	100	10,000	14.29 %	73	14.29 %	(72)	(32)	

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, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value				
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Hua Zhi system Engineering Co., Ltd.	Taiwan	Sales of pollution control equipment and manufacturing	2,205	2,205	220,500	21.00 %	5,236	21.00 %	(651)	(137)	
ASIA INTELLIGENCE INVESTMENTS LIMITED	JG ENVIRONMENTAL TECHNOLOGY (SHANGHAI) LTD.	China	Sales of pollution control equipment and manufacturing	30,280	30,280	-	100.00 %	38,056	100.00 %	(4,226)	(4,226)	

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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value as of December 31, 2022	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	61,672	100.00 %	100.00%	NT$ 61,672	NT$ 383,517	-
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	409,440	75.00 %	75.00%	NT$ 307,080	NT$ 589,566	NT$ 1,706,112 RMB 366,374
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	15,699	100.00 %	100.00%	NT$ 15,699	NT$ 353,335	-
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$ 1,630,910	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	(901)	100.00 %	100.00%	NT$ (901)	NT$ 12,762	-

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, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,798,283 (USD59,165)	1,825,134 (USD59,165)	6,248,295

(iii) Significant transactions with investees in Mainland China:

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

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

(d) Major shareholders:

Units: In shares

Shareholding / Shareholder's Name	Shares	Percentage
Mrs. Lee	11,023,896	5.78 %

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

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

(14) Segment information

(a) General information

The Group's reportable segments are as follows:

(i) Engineering and Integration department：It is engaged in various equipment engineering, control of instrument engineering, clean room system construction and other services.

(ii) Maintenance and Design department： It provides various computerized automatic monitoring system, engineering design, maintenance contracting services and other businesses.

(iii) Other: Department of photoelectric, renewable energy and others.

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

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

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

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

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

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

	2022				
	Engineering and Integration department	**Maintenance and Design department**	**Other**	**Reconciliation and elimination**	**Total**
Revenue:					
Revenue from external customers	$ 47,964,996	93,914	141,400	-	48,200,310
Intersegment revenues	71,619	-	1,742	(73,361)	-
Interest income	165,608	-	-	(2,210)	163,398
Total revenue	**$ 48,202,223**	**93,914**	**143,142**	**(75,571)**	**48,363,708**
Interest expenses	**$ 28,449**	**-**	**-**	**(2,210)**	**26,239**
Depreciation and amortization	**$ 37,965**	**979**	**71,022**	**-**	**109,966**
Reportable segment profit or loss	**$ 5,557,208**	**48,302**	**673,982**	**(851,593)**	**5,427,899**

	2021				
	Engineering and Integration department	**Maintenance and Design department**	**Other**	**Reconciliation and elimination**	**Total**
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	**$ 25,889,245**	**88,506**	**116,382**	**(391,556)**	**25,702,577**
Interest expenses	**$ 14,076**	**-**	**-**	**(2,254)**	**11,822**
Depreciation and amortization	**$ 30,004**	**984**	**40,111**	**-**	**71,099**
Reportable segment profit or loss	**$ 3,183,988**	**43,175**	**471,508**	**(143,357)**	**3,555,314**

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	**2022**	**2021**
Construction revenue	$ 47,964,996	25,401,497
Service and design revenue	93,914	88,262
Sales revenue	141,400	116,382
Total	**$ 48,200,310**	**25,606,141**

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

(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	2022	2021
Revenue:		
Taiwan	$ 25,645,459	22,457,138
Mainland China	3,050,061	2,848,002
Singapore	7,499	(1,193)
United States	19,497,291	302,194
Total	$ 48,200,310	25,606,141

Geographical information	December 31, 2022	December 31, 2021
Non-current assets:		
Taiwan	$ 1,297,912	1,286,470
Mainland China	225,452	233,709
United States	310,886	118,999
Singapore	-	291
Total	$ 1,834,250	1,639,469

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, 2022 and 2021, the sales to customers exceeded 10% of the total revenue were as follows:

	2022		2021	
Name of customer	Amount	%	Amount	%
A customer	$ 19,494,958	40.45	302,194	1.18
B customer	18,370,552	38.11	14,652,850	57.22
C customer	6,320,885	13.11	7,153,847	27.94
Total	$ 44,186,395	91.67	22,108,891	86.34