

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

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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

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## **Representation Letter**

The entities that are required to be included in the combined financial statements of United Integrated Services Co., Ltd. as of and for the year ended December 31, 2023 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, "Consolidated Financial Statements. " endorsed by the Financial Supervisory Commission of the Republic of China. 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 14, 2024



安侯建業聯合會計師事務所  
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## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of United Integrated Services Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 1.74% and 2.51% of the consolidated total assets, as of December 31, 2023 and 2022, respectively. For the years then ended, the recognized shares of profit of associates accounted for using the equity method of these investee companies constituted 1.39% and 1.98% 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, 2023 and 2022, 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 (v) "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, the dispatch lists as well as the estimated contract cost to assess whether the revenue was recognized at the appropriate timing. ; (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 (y) "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 Chen, Fu-Jen and Lee, Jung-Lin.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2024

#### **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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022						December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%			Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 9,385,681	20	11,223,268	34	2102		Bank loans (notes (n) and (y))		\$ 3,230,043	7	-	-
1110	Current financial assets measured at fair value through profit or loss (notes 6(b) and (y))	349,808	1	328,176	1	2130		Current contract liabilities (note 6(v))		\$ 19,402,155	42	13,682,905	40
1140	Current contract assets (note 6(v))	14,334,373	31	3,818,977	11	2150		Notes payable (note 6(y))		9,069	-	19,541	-
1150	Notes receivable, net (note 6(c))	155,514	-	319	-	2170		Accounts payable (note 6(y))		8,312,201	18	6,212,542	19
1170	Accounts receivable, net (notes 6(c), (v) and 12)	7,055,698	15	8,394,618	25	2180		Accounts payable—related parties (notes 6(y) and 7)		15,725	-	37,702	-
1220	Current tax assets	-	-	24	-	2220		Other payables—related parties (notes 7 and 12)		185,135	-	178,992	1
130X	Inventories (note 6(d))	24,372	-	52,136	-	2230		Current tax liabilities		667,891	1	673,039	2
1410	Prepayments (notes 6(e) and 7)	1,298,285	3	1,945,858	6	2250		Current provisions (note 6(o))		8,177	-	19,926	-
1470	Other current assets (notes 6(m), 7 and 8)	9,809,272	21	3,252,852	10	2280		Current lease liabilities (notes 6(k), (q) and (y))		63,536	-	75,776	-
	<b>Total current assets</b>	42,413,003	91	29,016,228	87	2300		Other current liabilities (notes 6(p), (r) and (y))		1,178,125	3	998,243	3
								<b>Total current liabilities</b>		33,072,057	71	21,898,666	65
Non-current assets:								<b>Non-Current liabilities:</b>					
1517	Non-current financial assets measured at fair value through other comprehensive income (notes 6(g) and (y))	1,559,028	3	1,630,910	5	2550		Non-current provisions (note 6(r))		125,169	-	126,483	-
1550	Investments accounted for using equity method (note 6(h))	806,234	3	839,280	3	2570		Deferred tax liabilities (note 6(s))		465,894	1	259,007	1
1600	Property, plant and equipment (notes 6(j) and 7)	1,368,849	3	1,405,613	4	2580		Non-current lease liabilities (notes 6(k), (q) and (y))		94,400	-	299,441	1
1755	Right-of-use assets (note 6(k))	174,185	-	376,598	1	2600		Other non-current liabilities (notes (p) and (y))		278,208	1	278,602	1
1780	Intangible assets (note 6(l))	13,777	-	19,138	-			<b>Total non-current liabilities</b>		963,671	2	963,533	3
1840	Deferred tax assets (note 6(s))	91,892	-	121,268	-			<b>Total liabilities</b>		34,035,728	73	22,862,199	68
1900	Other non-current assets (notes 6(m) and 8)	37,460	-	63,512	-	31XX		<b>Equity attributable to owners of parent (note (t)):</b>					
	<b>Total non-current assets</b>	4,051,425	9	4,456,319	13	3100		Common stock		1,905,867	4	1,905,867	6
						3200		Capital surplus		378,709	1	378,352	1
								Retained earnings:					
						3310		Legal reserve		3,097,300	7	2,694,580	8
						3350		Unappropriated earnings		6,737,416	14	5,296,903	16
										9,834,716	21	7,991,483	24
						3400		Other equity		583,824	1	712,067	2
						3500		Treasury stock		(573,943)	(1)	(573,943)	(2)
								<b>Total equity attributable to owners of parent</b>		12,129,173	26	10,413,826	31
						36XX		Non-controlling interests		299,527	1	196,522	1
								<b>Total equity</b>		12,428,700	27	10,610,348	32
<b>Total assets</b>		<b>\$ 46,464,428</b>	<b>100</b>	<b>33,472,547</b>	<b>100</b>			<b>Total liabilities and equity</b>		<b>\$ 46,464,428</b>	<b>100</b>	<b>33,472,547</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollar, Except Earnings Per Share)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating Revenues (notes 6(v) and 7):</b>				
4520	Construction revenue	\$ 68,718,426	100	47,964,996	100
4600	Service and design revenue etc.	<u>171,254</u>	<u>-</u>	<u>235,314</u>	<u>-</u>
	<b>Operating revenues, net</b>	<u>68,889,680</u>	<u>100</u>	<u>48,200,310</u>	<u>100</u>
5000	<b>Operating costs (notes 6(d), (l), (q), (r), 7 and 12):</b>				
5520	Construction cost	61,287,033	89	41,389,192	86
5600	Service and design cost etc.	<u>71,456</u>	<u>-</u>	<u>92,394</u>	<u>-</u>
	<b>Total operating costs</b>	<u>61,358,489</u>	<u>89</u>	<u>41,481,586</u>	<u>86</u>
	<b>Gross profit from operations</b>	<u>7,531,191</u>	<u>11</u>	<u>6,718,724</u>	<u>14</u>
	<b>Operating expenses (notes 6(c), (l), (q), (r), (w), 7 and 12):</b>				
6100	Selling expenses	42,237	-	39,507	-
6200	Administrative expenses	1,404,617	2	1,222,505	3
6300	Research and development expenses	25,425	-	27,165	-
6450	Reversal of expected credit losses	<u>(2,597)</u>	<u>-</u>	<u>(817)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>1,469,682</u>	<u>2</u>	<u>1,288,360</u>	<u>3</u>
	<b>Net operating income</b>	<u>6,061,509</u>	<u>9</u>	<u>5,430,364</u>	<u>11</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income (notes 6(b), (x) and 7)	95,970	-	101,395	-
7020	Other gains and losses (note 6(x))	33,115	-	(348,650)	-
7100	Interest income (note 6(x))	386,723	-	163,398	-
7510	Interest expense (notes 6(q), (x) and 7)	(188,079)	-	(26,239)	-
7370	Share of profit of associations and joint ventures accounted for using equity method (note 6(h))	<u>90,186</u>	<u>-</u>	<u>107,631</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>417,915</u>	<u>-</u>	<u>(2,465)</u>	<u>-</u>
7900	<b>Net income from continuing operations before tax</b>	6,479,424	9	5,427,899	11
7950	Less: Income tax expenses (note 6(s))	<u>1,631,926</u>	<u>2</u>	<u>1,326,054</u>	<u>3</u>
8200	<b>Net income</b>	<u>4,847,498</u>	<u>7</u>	<u>4,101,845</u>	<u>8</u>
8300	<b>Other comprehensive income (notes 6(g), (s) and (t)):</b>				
8310	<b>Items that will not be reclassified to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	1,916	-	33,355	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(71,882)	-	(395,226)	-
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	(14,584)	-	52,351	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>383</u>	<u>-</u>	<u>6,671</u>	<u>-</u>
	<b>Items that will not be reclassified to profit or loss</b>	<u>(84,933)</u>	<u>-</u>	<u>(316,191)</u>	<u>-</u>
8360	<b>Items that will be reclassified to profit or loss:</b>				
8361	Exchange differences on translation of foreign operation	(55,637)	-	189,079	-
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	(2,937)	-	9,643	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(9,638)</u>	<u>-</u>	<u>37,353</u>	<u>-</u>
	<b>Items that will be reclassified to profit or loss</b>	<u>(48,936)</u>	<u>-</u>	<u>161,369</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>(133,869)</u>	<u>-</u>	<u>(154,822)</u>	<u>-</u>
8500	<b>Comprehensive income</b>	<u>\$ 4,713,629</u>	<u>7</u>	<u>3,947,023</u>	<u>8</u>
	<b>Profit attributable to:</b>				
8610	Shareholders of the Company	\$ 4,655,215	7	3,999,485	8
8620	Non-controlling interests	<u>192,283</u>	<u>-</u>	<u>102,360</u>	<u>-</u>
		<u>\$ 4,847,498</u>	<u>7</u>	<u>4,101,845</u>	<u>8</u>
	<b>Comprehensive income attributable to:</b>				
8710	Shareholders of the Company	\$ 4,528,791	7	3,842,345	8
8720	Non-controlling interests	<u>184,838</u>	<u>-</u>	<u>104,678</u>	<u>-</u>
		<u>\$ 4,713,629</u>	<u>7</u>	<u>3,947,023</u>	<u>8</u>
9750	<b>Basic earnings per share (in dollars) (note 6(u))</b>	<u>\$ 24.82</u>		<u>21.25</u>	
9850	<b>Diluted earnings per share (in dollars) (note 6(u))</b>	<u>\$ 24.48</u>		<u>20.89</u>	

See accompanying notes to consolidated financial statements.

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

**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent										
						Other equity					Total equity
	Share capital		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	
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings						
<b>Balance on January 1, 2021</b>	\$ 1,905,867	377,460	2,416,160	4,010,254	6,426,414	(121,002)	1,017,924	896,922	-	9,606,663	9,766,308
Net income	-	-	-	3,999,485	3,999,485	-	-	-	-	3,999,485	4,101,845
Other comprehensive income	-	-	-	27,715	27,715	159,051	(343,906)	(184,855)	-	(157,140)	(154,822)
Total comprehensive income	-	-	-	4,027,200	4,027,200	159,051	(343,906)	(184,855)	-	3,842,345	3,947,023
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	278,420	(278,420)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(2,462,131)	(2,462,131)	-	-	-	-	(2,462,131)	(2,462,131)
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 share	-	-	-	-	-	-	-	-	(573,943)	(573,943)	(573,943)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(67,801)
<b>Balance on December 31, 2022</b>	<u>1,905,867</u>	<u>378,352</u>	<u>2,694,580</u>	<u>5,296,903</u>	<u>7,991,483</u>	<u>38,049</u>	<u>674,018</u>	<u>712,067</u>	<u>(573,943)</u>	<u>10,413,826</u>	<u>10,610,348</u>
Net income	-	-	-	4,655,215	4,655,215	-	-	-	-	4,655,215	4,847,498
Other comprehensive income	-	-	-	1,819	1,819	(41,491)	(86,752)	(128,243)	-	(126,424)	(133,869)
Total comprehensive income	-	-	-	4,657,034	4,657,034	(41,491)	(86,752)	(128,243)	-	4,528,791	4,713,629
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	402,720	(402,720)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(2,813,801)	(2,813,801)	-	-	-	-	(2,813,801)	(2,813,801)
Changes in equity of associates and joint ventures accounted for using equity method	-	82	-	-	-	-	-	-	-	82	82
Overdue unclaimed dividend transferred in	-	275	-	-	-	-	-	-	-	275	275
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(81,833)
<b>Balance on December 31, 2023</b>	<u>\$ 1,905,867</u>	<u>378,709</u>	<u>3,097,300</u>	<u>6,737,416</u>	<u>9,834,716</u>	<u>(3,442)</u>	<u>587,266</u>	<u>583,824</u>	<u>(573,943)</u>	<u>12,129,173</u>	<u>12,428,700</u>

See accompanying notes to consolidated financial statements.

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

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

## Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Income before income tax	\$ 6,479,424	5,427,899
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	126,329	103,253
Amortization expense	12,169	6,713
Reversal of expected credit losses	(2,597)	(817)
Net (profit) loss on financial assets measured at fair value through profit or loss	(33,881)	377,036
Interest expense	188,079	26,239
Interest income	(386,723)	(163,398)
Dividend income	(9,118)	(22,642)
Share of profit of associates and joint ventures accounted for using equity method	(90,186)	(107,631)
Loss on disposal of property, plant and equipment	471	224
Gain on disposal of investments	(29,372)	(21,411)
Gain on reversal of impairment loss of property, plant and equipment	-	(1,402)
Other income	(31)	(66)
Total adjustments to reconcile loss	(224,860)	196,098
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Increase in current contract assets	(10,515,396)	(429,482)
(Increase) decrease in notes receivable	(155,195)	697
Decrease (increase) in accounts receivable	1,350,507	(5,499,451)
Decrease in accounts receivable — related parties	-	107
Decrease in other receivable due from related parties	125,969	-
Decrease in inventories	27,764	6,297
Decrease (increase) in prepayments	671,782	(593,157)
Increase in other current assets	(101,854)	(115,990)
Subtotal of changes in operating assets	(8,596,423)	(6,630,979)
Changes in operating liabilities:		
Increase in current contract liabilities	5,719,250	6,491,065
Decrease in notes payable	(10,472)	(44,553)
Increase in accounts payable	2,099,659	1,623,826
Decrease in accounts payable — related parties	(21,977)	(30,055)
(Decrease) increase in current provisions	(11,749)	8,114
Increase in other current liabilities	155,382	136,710
Increase (decrease) in net defined benefit liability	602	(16,907)
Increase in other non-current liabilities	-	3,702
Subtotal of changes in operating liabilities	7,930,695	8,171,902
Total changes in operating assets and liabilities	(665,728)	1,540,923
Total adjustments	(890,588)	1,737,021
Cash inflow generated from operations	5,588,836	7,164,920
Interest received	348,082	147,731
Interest paid	(157,436)	(20,027)
Income taxes paid	(1,388,761)	(675,146)
Net cash flows from operating activities	4,390,721	6,617,478
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	2,303
Proceeds from disposal of financial assets at fair value through profit or loss	2,991	3,854
Proceeds from disposal of investments accounted for using equity method	50,912	176,570
Acquisition of property, plant and equipment	(4,596)	(98,588)
Proceeds from disposal of property, plant and equipment	42	14
Decrease (increase) in guarantee deposits paid	9,982	(10,077)
Acquisition of intangible assets	(3,057)	(3,152)
(Increase) decrease in other financial assets	(6,561,168)	549,728
Increase in other non-current assets	(302)	(27,346)
Dividends received	81,584	76,334
Net cash flows from (used in) investing activities	(6,423,612)	669,640
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	3,230,043	-
Increase (decrease) in guarantee deposits received	4,291	(7,650)
Payment of lease liabilities	(82,950)	(56,841)
Cash dividends paid	(2,813,801)	(2,462,131)
Payments to acquire treasury shares	-	(573,943)
Overdue unclaimed dividends transferred to capital surplus	275	374
Changes in non-controlling interests	(81,833)	(67,801)
Net cash flows from (used in) financing activities	256,025	(3,167,992)
Effect of exchange rate changes on cash and cash equivalents	(60,721)	181,262
Net increase (decrease) in cash and cash equivalents	(1,837,587)	4,300,388
Cash and cash equivalents at beginning of period	11,223,268	6,922,880
Cash and cash equivalents at end of period	\$ 9,385,681	11,223,268

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, 2023 and 2022**

**(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) 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, 2023 and 2022, 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 14, 2024.

#### **(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, 2023:

- 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

- (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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

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

- (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 IAS21 “Lack of Exchangeability”

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

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

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

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

- (ii) Functional and presentation currency

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

(Continued)

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

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

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

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

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

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2023	December 31, 2022	
The Company	United Integrated Services BVI	Investment Business	100 %	100 %	Subsidiary of the Company
The Company	Jiangxi United Integrated Services Ltd.	Electromechanical business and pipeline engineering business	75 %	75 %	Subsidiary of the Company
The Company	United Integrated Services Pte Ltd.	Clean room construction	100 %	100 %	Subsidiary of the Company
The Company	Hanxuan Energy Co., Ltd. (note)	Self-usage power generation equipment utilizing renewable energy and energy technical services	- %	100 %	Subsidiary of the Company
The Company	Hunter Energy Co., Ltd. (note)	Self-usage power generation equipment utilizing renewable energy and energy technical services	- %	100 %	Subsidiary of the Company
The Company	UNITED INTEGRATED SERVICES (USA) CORP.	Clean room construction	100 %	100 %	Subsidiary of the Company
United Integrated Services BVI	Su Yuan (Shanghai) Trading Ltd.	Selling semiconductors, clean rooms and electromechanical equipment	100 %	100 %	Subsidiary of United Integrated Services BVI
United Integrated Services BVI	Suzhou Han Tai System Integrated Ltd.	Construction hardware materials production and sales	100 %	100 %	Subsidiary of United Integrated Services BVI
United Integrated Services BVI	Beijing Han He Tang Medical Instrument Ltd.	Distribution agency for medical equipment, import and export of goods, after-sales service	100 %	100 %	Subsidiary of United Integrated Services BVI

Note: The subsidiaries were sold in May 2023.

All subsidiaries are included in the consolidated financial statements.

(Continued)



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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

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

(Continued)

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

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

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

An entity shall classify a liability as current when:

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

The Group is mainly engaged in the planning, 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.

(Continued)

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

(g) Financial instruments

(i) Financial assets

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) 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 (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) 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.

(Continued)

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

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

4) Business model assessment

The 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 receivables, guarantee deposit paid and other financial assets), 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.

(Continued)

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

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.

(Continued)

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

(ii) Financial liabilities

1) Financial liabilities

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(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.

(Continued)

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

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.

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

(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.

(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.

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

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.

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

(ii) As a lessor

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

(l) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

Computer software	2~10 years
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Amortization methods, useful lives and residual values are reviewed at each 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.

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

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.

(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.

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

(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.

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.

(Continued)

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

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.

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

(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.

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.

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.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date 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 at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (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 reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

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

(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**

In preparing these consolidated financial statements, management has made 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 following 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:

(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).

(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 (v).

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

(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 (y).

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

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand and petty cash	\$ 5,637	5,234
Demand deposits	4,298,887	6,148,441
Check deposits	476,514	1,043,595
Time deposits	4,604,643	4,025,998
Cash and cash equivalents in the consolidated statement of cash flow	<b>\$ 9,385,681</b>	<b>11,223,268</b>

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets measured at fair value through profit or loss:		
Domestic listed stocks	\$ 237,024	249,273
Domestic unlisted stocks	68,687	68,687
Valuation adjustment	44,097	10,216
Total	<b>\$ 349,808</b>	<b>328,176</b>

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

For the years ended December 31, 2023 and 2022, the Group recognized dividend income from the above financial assets measured at fair value through profit or loss of \$9,118 thousand and \$22,642 thousand, respectively.

(c) Notes and accounts receivable, net

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable — unrelated parties	\$ 155,514	319
Accounts receivable — unrelated parties	7,103,189	8,574,362
Less: Loss allowance	<u>47,491</u>	<u>179,744</u>
Total	<u><u>\$ 7,211,212</u></u>	<u><u>8,394,937</u></u>

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

<b>December 31, 2023</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 7,086,334		-
1 to 60 days past due	8,848	1%	88
61 to 120 days past due	65,307	1%	653
121 to 365 days past due	51,984	1%	520
More than one year past due	<u>46,230</u>	100%	<u>46,230</u>
	<u><u>\$ 7,258,703</u></u>		<u><u>47,491</u></u>

  

<b>December 31, 2022</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
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	<u>178,788</u>	100%	<u>178,788</u>
	<u><u>\$ 8,574,681</u></u>		<u><u>179,744</u></u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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The changes in the allowance for notes and accounts receivable were as follows:

	<b>2023</b>	<b>2022</b>
Balance at beginning of the period	\$ 179,744	248,569
Gain on reversal of impairment loss recognized	(10,623)	(817)
Amounts written off	(120,666)	(70,402)
Foreign exchange (gains) / losses	(964)	2,394
Balance at end of the period	<u><u>\$ 47,491</u></u>	<u><u>179,744</u></u>

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

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

(d) Inventories

<b>December 31, 2023</b>			
	<b>Cost</b>	<b>Allowance for Impairment</b>	<b>Carrying Amount</b>
Raw materials	\$ 23,402	(5,770)	17,632
Work in progress	20,305	(19,335)	970
Finished goods	15,092	(9,778)	5,314
Merchandise	7,226	(6,770)	456
Total	<u><u>\$ 66,025</u></u>	<u><u>(41,653)</u></u>	<u><u>24,372</u></u>

  

<b>December 31, 2022</b>			
	<b>Cost</b>	<b>Allowance for Impairment</b>	<b>Carrying Amount</b>
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	<u><u>\$ 92,712</u></u>	<u><u>(40,576)</u></u>	<u><u>52,136</u></u>

The (write-down of inventories) reversal of write-downs to net realizable value amounted to \$(1,077) thousand and \$3,443 thousand, respectively, for the years ended December 31, 2023 and 2022.

The Group did not provide any inventories as collaterals.

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

(e) Prepayments

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Domestic purchase of materials	\$ 327,950	486,530
Foreign purchase of materials	778,842	1,241,573
Prepaid project subcontractor cost	43,531	46,380
Prepaid insurance expense	66,755	85,595
Others	81,207	85,780
Total	<b><u>\$ 1,298,285</u></b>	<b><u>1,945,858</u></b>

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets measured at fair value through profit or loss:		
Unlisted stocks	\$ 25,639	25,639
Valuation adjustments	<u>(25,639)</u>	<u>(25,639)</u>
Total	<b><u>\$ -</u></b>	<b><u>-</u></b>

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equity instruments measured at fair value through other comprehensive income		
Unlisted stocks (overseas)	\$ 1,008,212	1,008,212
Valuation adjustment	<u>550,816</u>	<u>622,698</u>
Total	<b><u>\$ 1,559,028</u></b>	<b><u>1,630,910</u></b>

(i) The equity instrument investment of the Group is a long-term strategic investment and is not held for trading, which has been designated as measured at fair value through other comprehensive income.

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

	<b>2023</b>	<b>2022</b>
Balance on January 1	\$ 622,698	1,017,924
Add: Changes for the period	<u>(71,882)</u>	<u>(395,226)</u>
Balance on December 31	<b><u>\$ 550,816</u></b>	<b><u>622,698</u></b>

(Continued)

**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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(h) Investments accounted for using equity method

(i) Associates which were material to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2023	December 31, 2022
Ablerex Electronics Co., Ltd.	Selling and Manufacturing of UPS	Taiwan	30.21 %	31.57 %

The fair values of material associates listed on the Stock Exchange (over the counter) were as follows:

	December 31, 2023	December 31, 2022
Ablerex Electronics Co., Ltd.	<u>\$ 590,088</u>	<u>605,282</u>

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

Ablerex Electronics Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	\$ 2,235,641	2,540,220
Non-current assets	1,109,001	1,174,296
Current liabilities	(1,519,912)	(1,841,299)
Non-current liabilities	(125,015)	(124,820)
Net assets	<u>\$ 1,699,715</u>	<u>1,748,397</u>
Net assets attributable to non-controlling interests	<u>\$ 14,500</u>	<u>12,194</u>
Net assets attributable to investee	<u>\$ 1,685,215</u>	<u>1,736,203</u>
	<b>2023</b>	<b>2022</b>
Operating revenue	<u>\$ 2,925,183</u>	<u>3,057,767</u>
Net income from continuing operations	\$ 90,591	115,658
Other comprehensive income	(49,187)	187,820
Total comprehensive income	<u>\$ 41,404</u>	<u>303,478</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 2,656</u>	<u>(1,684)</u>
Total comprehensive income attributable to investee	<u>\$ 38,748</u>	<u>305,162</u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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	<b>2023</b>	<b>2022</b>
Share of net assets of associates attributable to the Group as of January 1	\$ 549,872	498,930
Total comprehensive income attributable to the Group	10,767	99,259
Changes in capital surplus of associates accounted for using equity method	82	486
Disposal of investments	(21,936)	(30,916)
Dividends from associates	<u>(27,931)</u>	<u>(17,887)</u>
Share of net assets of associates attributable to the Group as of December 31	510,854	549,872
Add: Goodwill	<u>116</u>	<u>116</u>
Ending balance of net assets of associates attributable to the Group	<u><u>\$ 510,970</u></u>	<u><u>549,988</u></u>

(ii) Insignificant associates

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Carrying amount of individually insignificant associates' equity	<u><u>\$ 295,264</u></u>	<u><u>289,292</u></u>
	<b>2023</b>	<b>2022</b>
Attributable to the Group:		
Net income from continuing operations	\$ 62,967	68,991
Other comprehensive income	<u>(1,069)</u>	<u>1,368</u>
Total comprehensive income	<u><u>\$ 61,898</u></u>	<u><u>70,359</u></u>

In 2023 and 2022, 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, 2023 and 2022, the share of profit of associations accounted for using equity method amounted to \$90,186 thousand and \$107,631 thousand, respectively.

(iii) Guarantee

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

(i) Loss control of subsidiaries

The Group had sold all of its shares in Hanxuan Energy Co., Ltd. and Hunter Energy Co., Ltd. to a third party with a consideration of \$22,226 thousand on May 31, 2023, wherein the Group derecognized both companies as its subsidiaries (together with their assets, liabilities and the related equity components) from the date of disposal, resulting in a gain on disposal of \$21,045 thousand to be recognized as gains on disposal of investment as follows:

(Continued)

**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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Cash and cash equivalents	\$ 156,860
Other receivables	779
Right-of-use assets	122,543
Lease liabilities	(143,588)
Other liabilities	(135,413)
Carrying value of net assets of the former subsidiaries	<u><u>\$ 1,181</u></u>

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Plant equipment</u>	<u>Transportation Equipment</u>	<u>Office equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
Cost or deemed cost:								
Balance on January 1, 2023	\$ 783,572	598,675	69,084	184,570	21,060	89,747	27,438	1,774,146
Additions	-	620	-	463	1,643	1,870	-	4,596
Disposal	-	-	(598)	(4,970)	(1,607)	(9,091)	-	(16,266)
Reclassification	-	-	-	(22,198)	-	22,198	-	-
Effect of movements in exchange rates	(1)	(5,620)	(464)	317	(65)	(591)	(4)	(6,428)
Balance on December 31, 2023	<u>\$ 783,571</u>	<u>593,675</u>	<u>68,022</u>	<u>158,182</u>	<u>21,031</u>	<u>104,133</u>	<u>27,434</u>	<u>1,756,048</u>
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
Disposals	-	-	(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	<u>\$ 783,572</u>	<u>598,675</u>	<u>69,084</u>	<u>184,570</u>	<u>21,060</u>	<u>89,747</u>	<u>27,438</u>	<u>1,774,146</u>
Accumulated depreciation and impairment loss:								
Balance on January 1, 2023	\$ -	168,285	65,559	58,258	10,590	62,827	3,014	368,533
Depreciation	-	20,668	675	4,733	2,779	7,197	1,608	37,660
Disposal	-	-	(598)	(4,641)	(1,607)	(8,907)	-	(15,753)
Reclassification	-	-	-	(3,405)	-	3,405	-	-
Effect of movements in exchange rates	-	(2,425)	(446)	36	(57)	(326)	(23)	(3,241)
Balance on December 31, 2023	<u>\$ -</u>	<u>186,528</u>	<u>65,190</u>	<u>54,981</u>	<u>11,705</u>	<u>64,196</u>	<u>4,599</u>	<u>387,199</u>
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	<u>\$ -</u>	<u>168,285</u>	<u>65,559</u>	<u>58,258</u>	<u>10,590</u>	<u>62,827</u>	<u>3,014</u>	<u>368,533</u>
Carrying amounts:								
Balance on December 31, 2023	<u>\$ 783,571</u>	<u>407,147</u>	<u>2,832</u>	<u>103,201</u>	<u>9,326</u>	<u>39,937</u>	<u>22,835</u>	<u>1,368,849</u>
Balance on January 1, 2022	<u>\$ 781,577</u>	<u>413,788</u>	<u>4,299</u>	<u>110,935</u>	<u>6,236</u>	<u>11,382</u>	<u>-</u>	<u>1,328,217</u>
Balance on December 31, 2022	<u>\$ 783,572</u>	<u>430,390</u>	<u>3,525</u>	<u>126,312</u>	<u>10,470</u>	<u>26,920</u>	<u>24,424</u>	<u>1,405,613</u>

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

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

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

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2023	\$ 172,647	319,709	793	493,149
Additions	-	10,045	84	10,129
Write-off	-	(20,116)	-	(20,116)
Disposal of subsidiaries	(139,830)	-	-	(139,830)
Effect of movements in exchange rates	(600)	(431)	(11)	(1,042)
Balance on December 31, 2023	<u>\$ 32,217</u>	<u>309,207</u>	<u>866</u>	<u>342,290</u>
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	<u>\$ 172,647</u>	<u>319,709</u>	<u>793</u>	<u>493,149</u>
Accumulated depreciation:				
Balance on January 1, 2023	\$ 18,153	97,954	444	116,551
Depreciation	3,200	85,164	304	88,668
Write-off	-	(18,519)	-	(18,519)
Disposal of subsidiaries	(17,287)	-	-	(17,287)
Effect of movements in exchange rates	(72)	(1,226)	(10)	(1,308)
Balance on December 31, 2023	<u>\$ 3,994</u>	<u>163,373</u>	<u>738</u>	<u>168,105</u>
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	<u>\$ 18,153</u>	<u>97,954</u>	<u>444</u>	<u>116,551</u>
Carrying amount:				
Balance on December 31, 2023	<u>\$ 28,223</u>	<u>145,834</u>	<u>128</u>	<u>174,185</u>
Balance on January 1, 2022	<u>\$ 162,513</u>	<u>122,464</u>	<u>122</u>	<u>285,099</u>
Balance on December 31, 2022	<u>\$ 154,494</u>	<u>221,755</u>	<u>349</u>	<u>376,598</u>

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).

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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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 thousand. 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. Since the Group disposed its entire shares in Hanxuan Energy Co., Ltd. and Hunter Energy Co., Ltd. on May 31, 2023, the lease contract had been derecognized.

(1) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2023 and 2022 were as follows:

	<b>Computer software</b>
Costs:	
Balance on January 1, 2023	\$ 27,518
Additions	3,057
Disposals	(2,421)
Effect of movements in exchange rates	(36)
Balance on December 31, 2023	<b>\$ 28,118</b>
Balance on January 1, 2022	\$ 31,574
Additions	3,152
Disposals	(7,321)
Effect of movements in exchange rates	113
Balance on December 31, 2022	<b>\$ 27,518</b>
Accumulated amortization:	
Balance on January 1, 2023	\$ 8,380
Amortization	8,415
Disposals	(2,421)
Effect of movements in exchange rates	(33)
Balance on December 31, 2023	<b>\$ 14,341</b>
Balance on January 1, 2022	\$ 9,478
Amortization	6,185
Disposals	(7,321)
Effect of movements in exchange rates	38
Balance on December 31, 2022	<b>\$ 8,380</b>

(Continued)

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

	<u>Computer software</u>
Carrying value:	
Balance on December 31, 2023	\$ <u>13,777</u>
Balance on January 1, 2022	\$ <u>22,096</u>
Balance on December 31, 2022	\$ <u>19,138</u>

For the years ended December 31, 2023 and 2022, the amortization expense amounted to \$8,415 thousand and \$6,185 thousand, respectively. These expenses were included in operating costs and operating expenses in the consolidated statements of comprehensive income.

(m) Other current assets and non-current assets

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other financial assets	\$ 9,485,287	2,925,204
Construction guarantee deposits paid	1,298	11,461
Temporary payment	2,031	987
Others	328,566	315,200
Less: loss allowance	<u>(7,910)</u>	<u>-</u>
Total	<u>\$ 9,809,272</u>	<u>3,252,852</u>

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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other financial assets	\$ 1,085	-
Guarantee deposits paid	30,792	30,611
Prepayments of equipment for construction project	69	24,216
Others	<u>5,514</u>	<u>8,685</u>
Total	<u>\$ 37,460</u>	<u>63,512</u>

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

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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(n) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ <u>3,230,043</u>	<u>-</u>
Range of interest rates (%)	<u>6.85~7.09</u>	<u>-</u>
Unused short-term credit lines (thousands of NTD)	\$ <u>5,991,218</u>	<u>7,044,251</u>
Unused short-term credit lines (thousands of CNY)	\$ <u>389,320</u>	<u>210,728</u>
Unused short-term credit lines (thousands of USD)	\$ <u>234,804</u>	<u>380,000</u>

(o) Current provisions

	<b>Warranty</b>
Balance on January 1, 2023	\$ 19,926
Provisions made during the year	9,619
Provisions used during the year	<u>(21,368)</u>
Balance on December 31, 2023	\$ <u>8,177</u>
Balance on January 1, 2022	\$ 11,812
Provisions made during the year	12,505
Provisions used during the year	<u>(4,391)</u>
Balance on December 31, 2022	\$ <u>19,926</u>

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.

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

The other current liabilities of the Group were as follows:

	December 31, 2023	December 31, 2022
Receipts under custody	\$ 5,302	1,870
Other payables	106,976	59,226
Accrued expenses	1,058,768	931,644
Other current liabilities	<u>7,079</u>	<u>5,503</u>
Total	\$ <u>1,178,125</u>	<u>998,243</u>

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

	December 31, 2023	December 31, 2022
Guarantee deposit received	\$ 27,916	23,625
Dividends payable	<u>250,292</u>	<u>254,977</u>
Total	\$ <u>278,208</u>	<u>278,602</u>

(Continued)

**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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(q) Lease liabilities

The Group's lease liabilities were as follow:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	<b>\$ 63,536</b>	<b>75,776</b>
Non-current	<b>\$ 94,400</b>	<b>299,441</b>

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

The amounts recognized in profit or loss were as follows:

	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	<b>\$ 12,378</b>	<b>11,000</b>
Expenses relating to short-term leases	<b>\$ 160,267</b>	<b>51,281</b>

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

	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<b>\$ 255,595</b>	<b>119,122</b>

(i) Real estate leases

The Group leases land and buildings for its office space and plant. The leases of office space and plant typically run for a period of 1 to 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.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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(r) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of the defined benefit obligations	\$ (368,385)	(372,749)
Fair value of plan assets	<u>243,216</u>	<u>246,266</u>
Net defined benefit liabilities	<u><u>\$ (125,169)</u></u>	<u><u>(126,483)</u></u>

The Group's employee benefit liabilities were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Short-term compensated absence liabilities (Other current liabilities)	<u><u>\$ 28,067</u></u>	<u><u>25,932</u></u>

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 \$243,216 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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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, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Defined benefit obligations at January 1	\$ 372,749	420,853
Current service costs and interest cost	5,870	3,496
Remeasurements of the net defined benefit liabilities		
— Actuarial (gain) loss arising from changes in financial assumptions	3,296	(22,780)
— Actuarial (gain) loss arising from experience adjustments	(3,181)	5,408
Benefits paid	(10,349)	(34,228)
Defined benefit obligations at December 31	<u><u>\$ 368,385</u></u>	<u><u>372,749</u></u>

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, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Fair value of plan assets at January 1	\$ 246,266	244,108
Interest income	3,269	1,152
Remeasurements of the net defined benefit liabilities		
— Return on plan assets excluding interest income	2,031	15,983
Contributions	1,999	2,282
Benefits paid	(10,349)	(17,259)
Fair value of plan assets at December 31	<u><u>\$ 243,216</u></u>	<u><u>246,266</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group for the years ended December 31, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Current service costs	\$ 945	1,522
Net interest of net liabilities for defined benefit obligations	1,656	822
	<u><u>\$ 2,601</u></u>	<u><u>2,344</u></u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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	<b>2023</b>	<b>2022</b>
Operating costs	\$ 2,230	2,009
Operating expenses	371	335
	<b>\$ 2,601</b>	<b>2,344</b>

- 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:

	<b>2023</b>	<b>2022</b>
Accumulated amount at January 1	\$ 90,805	124,160
Recognized during the period	(1,916)	(33,355)
Accumulated amount at December 31	<b>\$ 88,889</b>	<b>90,805</b>

- 6) Actuarial assumptions

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	1.18 %	1.32 %
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 \$2,040 thousand.

The weighted average lifetime of the defined benefit plans is 6.47 years.

- 7) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations shall be as follows:

	<b>The impact of defined benefit obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2023		
Discount rate (0.50%)	\$ (11,378)	11,992
Future salary increase rate (0.25%)	5,773	(5,652)
December 31, 2022		
Discount rate (0.50%)	(12,643)	13,355
Future salary increase rate (0.25%)	6,434	(6,292)

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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 2023 and 2022.

(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.

The cost of the pension contributions to the Bureau of Labor Insurance or related pension management institutions for the years ended December 31, 2023 and 2022 amounted to \$38,682 thousand and \$36,786 thousand, respectively.

(s) Income taxes

(i) Income tax expenses

The components of income tax of the Group in the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 1,382,746	1,159,854
Adjustment for prior periods	<u>3,662</u>	<u>(1,671)</u>
Deferred tax benefit		
Origination and reversal of temporary differences	<u>245,518</u>	<u>167,871</u>
Income tax expense	<u><u>\$ 1,631,926</u></u>	<u><u>1,326,054</u></u>

There was no income tax expense recognized in equity for the years ended December 31, 2023 and 2022.

The amount of income tax expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	\$ <u>383</u>	<u>6,671</u>
Items that will be reclassified to profit or loss:		
Exchange differences on translation	<u>(9,638)</u>	<u>37,353</u>
	<u><u>\$ (9,255)</u></u>	<u><u>44,024</u></u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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Reconciliation of the Group's income tax expense and net income before tax for 2023 and 2022 was as follows:

	<b>2023</b>	<b>2022</b>
Net income before tax	<b>\$ 6,479,424</b>	<b>5,427,899</b>
Income tax using the Company's domestic tax rate	\$ 1,295,885	1,085,580
Effects of tax rates in foreign jurisdiction	99,938	66,271
Temporary differences	(21,996)	(36,550)
Tax- exempt income	(3,489)	(4,528)
Permanent differences	(28,126)	46,899
Deferred tax	245,518	167,871
5% income surtax on undistributed earnings	40,534	2,182
Income tax adjustments for prior periods	3,662	(1,671)
Total	<b>\$ 1,631,926</b>	<b>1,326,054</b>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The court adjudged to pay the payment and related interest expenses	\$ 37,027	35,798
Tax losses	-	4,321
	<b>\$ 37,027</b>	<b>40,119</b>

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.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	<b>Foreign investment profit</b>	<b>Cumulative translation adjustment</b>	<b>Total</b>
<b>Balance on January 1, 2023</b>	\$ 239,608	19,399	259,007
Recognized in profit or loss	216,525	-	216,525
Recognized in other comprehensive income	-	(9,638)	(9,638)
<b>Balance on December 31, 2023</b>	<b>\$ 456,133</b>	<b>9,761</b>	<b>465,894</b>
<b>Balance on January 1, 2022</b>	\$ 108,287	-	108,287
Recognized in profit or loss	131,321	-	131,321
Recognized in other comprehensive income	-	19,399	19,399
<b>Balance on December 31, 2022</b>	<b>\$ 239,608</b>	<b>19,399</b>	<b>259,007</b>

Deferred Tax Assets:

	<b>Defined benefit plans</b>	<b>Unrealized warranty</b>	<b>Loss allowance exceeded the limit</b>	<b>Allowance for inventory valuation</b>	<b>Foreign investment loss</b>	<b>Others</b>	<b>Total</b>
<b>Balance on January 1, 2023</b>	\$ 26,753	6,460	-	8,115	48,547	31,393	121,268
Recognized in profit or loss	-	(2,308)	-	215	(6,997)	(19,903)	(28,993)
Recognized in other comprehensive income	(383)	-	-	-	-	-	(383)
<b>Balance on December 31, 2023</b>	<b>\$ 26,370</b>	<b>4,152</b>	<b>-</b>	<b>8,330</b>	<b>41,550</b>	<b>11,490</b>	<b>91,892</b>
<b>Balance on January 1, 2022</b>	\$ 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)
Effect of movements in exchange rates	-	-	-	-	-	738	738
<b>Balance on December 31, 2022</b>	<b>\$ 26,753</b>	<b>6,460</b>	<b>-</b>	<b>8,115</b>	<b>48,547</b>	<b>31,393</b>	<b>121,268</b>

(iii) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the tax authorities.

(t) Capital and other equity

(i) Common Stock

As of December 31, 2023 and 2022, 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, 2023 and 2022.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Capital surplus - premium from merger	\$ 6,938	6,938
Share premium	49,987	49,987
Convertible bond premium	215,672	215,672
Treasury share transactions	77,158	77,158
Others	28,954	28,597
	<b><u>\$ 378,709</u></b>	<b><u>378,352</u></b>

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

(iii) Retained earnings

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

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

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.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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2) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on May 30, 2023 and May 26, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	Units: In NT dollars	
	<u>2022</u>	<u>2021</u>
Dividends for ordinary shareholder:		
Cash	\$ <u>15</u>	<u>13</u>

(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, 2023, 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, 2023	\$ 38,049	674,018	712,067
Exchange differences on foreign operations	(38,554)	-	(38,554)
Exchange differences on translation financial statements of the associates accounted for using equity method	(2,937)	-	(2,937)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(71,882)	(71,882)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive of the associates accounted for using equity method	-	(14,870)	(14,870)
Balance on December 31, 2023	<u>\$ (3,442)</u>	<u>587,266</u>	<u>583,824</u>
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 income, subsidiaries accounted for using equity method	-	51,320	51,320
Balance on December 31, 2022	<u>\$ 38,049</u>	<u>674,018</u>	<u>712,067</u>

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

(u) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022 were as follows:

(i) Basic earnings per share

	<u>2023</u>	<u>2022</u>
Net income attributable to ordinary shareholders of the company	\$ <u>4,655,215</u>	<u>3,999,485</u>
Weighted average number of ordinary shares	\$ <u>187,587</u>	<u>188,233</u>
Basic earnings per share (in NT dollars)	\$ <u>24.82</u>	<u>21.25</u>

ii) Diluted earnings per share

	<u>2023</u>	<u>2022</u>
Net income attributable to ordinary shareholders of the Company (diluted)	\$ <u>4,655,215</u>	<u>3,999,485</u>
Weighted average number of ordinary shares (basic)	187,587	188,233
Effect of potentially dilutive ordinary shares:		
Effect of employee bonuses	<u>2,553</u>	<u>3,253</u>
Weighted average number of ordinary shares (diluted)	\$ <u>190,140</u>	<u>191,486</u>
Diluted earnings per share (in NT dollars)	\$ <u>24.48</u>	<u>20.89</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographic markets:		
Taiwan	\$ 20,292,293	25,645,459
Mainland China	4,995,255	3,050,061
Singapore	6,183	7,499
USA	42,599,027	19,497,291
Japan	<u>996,922</u>	<u>-</u>
	\$ <u>68,889,680</u>	<u>48,200,310</u>
Major products/services lines:		
Integrated engineering service	\$ 68,718,426	47,964,996
Service and design	57,824	93,914
Sales	<u>113,430</u>	<u>141,400</u>
	\$ <u>68,889,680</u>	<u>48,200,310</u>
Type of contract:		
Fixed price contract	\$ 68,776,250	48,058,910
Material-based contract	<u>113,430</u>	<u>141,400</u>
	\$ <u>68,889,680</u>	<u>48,200,310</u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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(ii) Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes receivable	\$ 155,514	319	1,016
Accounts receivable	7,103,189	8,574,362	3,145,420
Less: loss allowance	(47,491)	(179,744)	(248,569)
Total	<u><u>\$ 7,211,212</u></u>	<u><u>8,394,937</u></u>	<u><u>2,897,867</u></u>
Contract assets-Construction in Progress	<u><u>\$ 14,334,373</u></u>	<u><u>3,818,977</u></u>	<u><u>3,389,495</u></u>
Contract liabilities-Construction in Progress	\$ 19,401,543	13,682,291	7,190,568
Contract liabilities-Merchandise inventory	612	614	1,272
Total	<u><u>\$ 19,402,155</u></u>	<u><u>13,682,905</u></u>	<u><u>7,191,840</u></u>

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

The revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liabilities balance of sale the merchandise at the beginning of the period were \$110 thousand and \$138 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:

	<b>2023</b>		<b>2022</b>	
	<b>Contract assets</b>	<b>Contract liabilities</b>	<b>Contract assets</b>	<b>Contract liabilities</b>
Stage of completion measurement	\$ -	-	-	-
Contract modification	<u><u>\$ (812,879)</u></u>	<u><u>2,065,938</u></u>	<u><u>553,009</u></u>	<u><u>653,310</u></u>

(w) 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.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$640,000 thousand and \$566,000 thousand, and directors' remuneration amounting to \$48,600 thousand and \$47,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in 2022 consolidated financial statements, are identical to those of the actual distributions in 2023 shareholders' meeting.

(x) Non-operating income and expenses

(i) Interest income

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

	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ <u><u>386,723</u></u>	<u><u>163,398</u></u>

(ii) Other income

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

	<b>2023</b>	<b>2022</b>
Rental income	\$ <u>38,746</u>	<u>37,424</u>
Dividend income	<u>9,118</u>	<u>22,642</u>
Other income — other		
Revenue from sale of scraps	15,330	3,565
Other	<u>32,776</u>	<u>37,764</u>
Other income — other subtotal	<u>48,106</u>	<u>41,329</u>
Total	\$ <u><u>95,970</u></u>	<u><u>101,395</u></u>

iii) Other gains and losses

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

	<b>2023</b>	<b>2022</b>
Gains (losses) on disposal of property, plant and equipment	\$ <u>(471)</u>	<u>(224)</u>
Gain on disposal of investments	29,372	21,411
Foreign exchange gains (losses)	(26,106)	21,798
Gains (losses) on financial assets at fair value through profit or loss	33,881	(377,036)
Gains on reversal of impairment loss of property, plant and equipment	-	1,402
Other gains and (losses)	<u>(3,561)</u>	<u>(16,001)</u>
Total	\$ <u><u>33,115</u></u>	<u><u>(348,650)</u></u>

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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iv) Interest expense

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

	<u>2023</u>	<u>2022</u>
Interest expense of— Dentsu Engineering	\$ 6,143	6,212
Interest expenses of bank loan	169,558	9,027
Others	<u>12,378</u>	<u>11,000</u>
Total	<u>\$ 188,079</u>	<u>26,239</u>

(y) 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, 2023 and 2022, the amounts of the maximum exposure to credit risk were \$26,115,355 thousand and \$22,585,481 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, 2023 and 2022, notes and accounts receivable concentrated on few counter-parties were as follows:

Name of client	<u>December 31, 2023</u>		
	Carrying amount	the maximum exposure to credit risk	%
Taiwan Semiconductor Manufacturing Co., Ltd.	\$ 857,470	857,470	11.89
Micron Memory Taiwan Co., Ltd.	3,019,963	3,019,963	41.88
TSMC Arizona Corporation	<u>2,263,053</u>	<u>2,263,053</u>	<u>31.38</u>
Total	<u>\$ 6,140,486</u>	<u>6,140,486</u>	<u>85.15</u>

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Name of client	December 31, 2022		
	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	<u>\$ 7,525,473</u>	<u>7,525,473</u>	<u>89.36</u>

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Bank loan	\$ 3,230,043	3,311,481	1,545,280	1,766,201	-	-	-
Notes payable	9,069	9,069	9,069	-	-	-	-
Accounts payable	8,327,926	8,327,926	3,876,220	97,932	2,180,138	2,098,062	75,574
Other payables and accrued expenses (Note1)	1,137,677	1,137,677	1,137,677	-	-	-	-
Dividends payable (Note2)	250,292	250,292	-	-	-	-	250,292
Other payables—related parties	185,135	185,135	-	-	-	-	185,135
Lease liabilities	157,936	172,127	43,178	27,035	36,737	65,177	-
Guarantee deposits received	27,916	27,916	7,021	-	1,285	19,610	-
	<u>\$ 13,325,994</u>	<u>13,421,623</u>	<u>6,618,445</u>	<u>1,891,168</u>	<u>2,218,160</u>	<u>2,182,849</u>	<u>511,001</u>
<b>December 31, 2022</b>							
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
Other payables and accrued expenses (Note1)	964,939	964,939	964,939	-	-	-	-
Dividends payable (Note2)	254,977	254,977	-	-	-	-	254,977
Other payables—related parties	178,992	178,992	-	-	-	-	178,992
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	-
	<u>\$ 8,067,535</u>	<u>8,118,605</u>	<u>4,986,510</u>	<u>179,300</u>	<u>314,934</u>	<u>1,936,734</u>	<u>701,127</u>

Note1: Recognized in other current liabilities.

Note2: Dividends payable over 5 years were the controversial dividends payable from Jiangxi United Integrated Services Ltd.

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

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate (dollars)	TWD	Foreign currency	Exchange rate (dollars)	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 260,046	30.71	7,984,702	186,706	30.71	5,733,733
CNY	460,301	4.33	1,991,724	451,648	4.41	1,990,866
<u>Non-monetary items</u>						
Financial assets measured at fair value through other comprehensive income	360,302	4.33	1,559,028	369,989	4.41	1,630,910
<u>Finance liabilities</u>						
<u>Monetary items</u>						
USD	4,286	30.71	131,601	8,347	30.71	256,330
JPY	43,831	0.22	9,511	416	0.23	97

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 would have increased (decreased) by \$78,661 thousand and \$59,708 thousand, and other comprehensive income would have increased (decreased) by \$12,472 thousand and \$13,047 thousand, for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(26,106) thousand and \$21,798 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.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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If the interest rate of the financial assets had increased or decreased by 0.25%, the Group's net income would have increased or decreased by \$37,733 thousand and \$28,286 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant.

If the interest rate of the financial liabilities had increased or decreased by 0.25%, the Group's net income would have increased or decreased by \$6,460 thousand and \$0 thousand for the years ended December 31, 2023 and 2022, 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.

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

<b>December 31, 2023</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 349,809	304,278	45,530	-	349,808
Financial assets at fair value through other comprehensive income					
Unquoted equity instrument measured at fair value	1,559,028	-	-	1,559,028	1,559,028
<b>Total</b>	<b><u>\$ 1,908,837</u></b>	<b><u>304,278</u></b>	<b><u>45,530</u></b>	<b><u>1,559,028</u></b>	<b><u>1,908,836</u></b>
<b>December 31, 2022</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 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
<b>Total</b>	<b><u>\$ 1,959,086</u></b>	<b><u>281,130</u></b>	<b><u>47,046</u></b>	<b><u>1,630,910</u></b>	<b><u>1,959,086</u></b>

2) Transfer between Level 1 and Level 2

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

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

3) Reconciliation of Level 3 fair values

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	
	<b>Designated at fair value through profit or loss</b>	<b>Unquoted equity instruments</b>	<b>Total</b>
Balance on January 1, 2023	\$ -	1,630,910	1,630,910
Total gains and losses			
In other comprehensive income	-	(71,882)	(71,882)
Balance on December 31, 2023	<u>\$ -</u>	<u>1,559,028</u>	<u>1,559,028</u>
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	<u>\$ -</u>	<u>1,630,910</u>	<u>1,630,910</u>

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

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

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

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

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through profit or loss—equity investments without an active market	Market approach—comparable company	<ul style="list-style-type: none"> <li>· P/B Ratio (Note)</li> <li>· Discount for lack of marketability (Note)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the P/B ratio, the higher the fair value.</li> <li>· The higher the discount for lack marketability, the lower the fair value.</li> </ul>
Financial assets at fair value through other comprehensive income—equity investments without an active market	Market approach—comparable company	<ul style="list-style-type: none"> <li>· P/B Ratio (December 31, 2023 and 2022 were 0.66 and 0.69, respectively)</li> <li>· Discount for lack of marketability (December 31, 2023 and 2022 were both 30.73%)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the P/B ratio, the higher the fair value.</li> <li>· The higher the discount for lack marketability, the lower the fair value.</li> </ul>

Note: As of December 31, 2023 and 2022, the investee had been dissolved. Therefore, the fair value, without the application of parameters, was based on the liquidation value.

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

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

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**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:

			Fair Value through Profit and Loss		Fair value through other comprehensive income	
	Input	Assumptions	Favourable	Unfavourable	Favourable	Unfavourable
December 31, 2023						
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	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%	-	-	69,163	(69,163)
Equity investments without an active market	P/B Ratio	10%	-	-	155,903	(155,903)
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	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)

Note: As of December 31, 2023 and 2022, the investee had been dissolved. Therefore, the fair value, without the application of parameters, was based on the liquidation value.

6) Financial instruments not measured at fair value

a) Fair value information

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

b) Valuation techniques

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

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

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

(z) 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, 2023 and 2022, no other guarantees were outstanding.

(iv) Liquidity risk

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

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

As of December 31, 2023 and 2022, the Group's unused credit line were amounted to \$14,885,462 thousand and \$19,642,940 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 CNY. 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.

(aa) Capital management

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 34,035,728	22,862,199
Less: cash and cash equivalents	<u>9,385,681</u>	<u>11,223,268</u>
Net debt	<u><b>\$ 24,650,047</b></u>	<u><b>11,638,931</b></u>
Total equity	<u><b>\$ 12,428,700</b></u>	<u><b>10,610,348</b></u>
Debt-to-capital ratio	<u><b>198.33 %</b></u>	<u><b>109.69 %</b></u>

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

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

	<b>2023</b>	<b>2022</b>
Increase in property, plant and equipment	\$ <u>4,596</u>	<u>98,588</u>
Cash payments	<u><b>\$ 4,596</b></u>	<u><b>98,588</b></u>

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

<u><b>Name of related party</b></u>	<u><b>Relationship with the Group</b></u>
Wholetech System Hitech Limited	Investee accounted for using equity method
Ablrex Electronics Co., Ltd.	Investee accounted for using equity method
JG Environmental Technology Co., Ltd.	Investee accounted for using equity method
ECO Energy Corporation (Note1)	Related party in substance
Open Sky Technology Corporation (Note1)	Related party in substance
FU-KUO ENGINEERING Co., Ltd.	Related party in substance
Huayuan Engineering Ltd.	Related party in substance
Dentsu Engineering Ltd.	Related party in substance
Yun Hao Motor Technician Office	Related party in substance

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Sheng Yang Integration Co., Ltd. (Note2)	Related party in substance
All directors, supervisors, general managers and deputy general managers	Key management personnel
Wholetech System Hitech(s) Pte, Ltd.	An associate

Note1: Not related parties in substance from January 2023.

Note2: Not related parties in substance from October 2023.

(b) Significant transactions with related parties

(i) Operating revenue

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

	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u><u>191</u></u>	<u><u>85</u></u>

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

(ii) Construction cost

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

	<u>2023</u>	<u>2022</u>
Associates	\$ 50,307	160,955
Other related parties	<u>10,048</u>	<u>4,124</u>
	\$ <u><u>60,355</u></u>	<u><u>165,079</u></u>

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

(iii) Receivable from related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Other receivables	Other related parties	\$ <u><u>-</u></u>	<u><u>125,969</u></u>

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

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Associates	\$ 4,389	26,366
Accounts payable	Other related parties	11,336	11,336
Other payables	Other related parties — Dentsu Engineering	185,135	178,992
		<u>\$ 200,860</u>	<u>216,694</u>

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

(v) Leases

<u>Name of related party</u>	<u>Object</u>	<u>Lease term</u>	<u>Rental income</u>	
			<u>2023</u>	<u>2022</u>
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	\$ 5,311	4,958
Associates	Parking Space	2020.01.01~ 2024.05.31	162	90
			<u>\$ 5,473</u>	<u>5,048</u>

(vi) Finance costs

	<u>2023</u>	<u>2022</u>
Other related parties — Dentsu Engineering	<u>\$ 6,143</u>	<u>6,212</u>

(vii) Property transactions

1) Purchases of property, plant and equipment

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

	<u>2023</u>	<u>2022</u>
Associates	<u>\$ -</u>	<u>160</u>

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

2) Disposals of financial assets

Relationship	Account	2023			Gain (loss) on disposal	2022			Gain (loss) on disposal
		Number of shares	Purpose	Disposal price		Number of shares	Purpose	Disposal price	
Other related parties	Investments accounted for using equity method	-		\$ -	-	6,629,959	Eco Energy Corporation	125,969	13,175

(c) Key management personnel compensation

	2023	2022
Short-term employee benefits	\$ 190,207	215,500
Post-employment benefits	1,146	1,232
	<b>\$ 191,353</b>	<b>216,732</b>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Restricted assets (other non-current assets)	Migrant worker payroll account	\$ 1,085	-
Restricted assets (other current assets)	Banker's letter of guarantee	108,608	110,641
		<b>\$ 109,693</b>	<b>110,641</b>

(9) Commitments and contingencies

(a) As of December 31, 2023 and 2022, except for the disclosures of Note 7, the Group's commitments and contingencies were as follows:

- (i) As of December 31, 2023 and 2022, guaranteed notes received from construction contractors for performance guarantees or maintenance guarantees amounted to \$17,588,446 thousand and \$17,079,490 thousand, respectively.
- (ii) As of December 31, 2023 and 2022, guaranteed notes issued to construction contractors for performance guarantees or maintenance guarantees amounted to \$58,738 thousand and \$11,628 thousand, respectively.
- (iii) As of December 31, 2023 and 2022, guaranteed notes issued for bank loans and letters of credits both amounted to \$3,000,000 thousand.

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**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
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- (iv) As of December 31, 2023 and 2022, guaranteed letters offered by banks for contract performance guarantees amounted to \$2,021,866 thousand and \$1,777,517 thousand, respectively.
- (v) As of December 31, 2023 and 2022, the total contract price of contracted construction projects amounted to \$229,097,032 thousand and \$206,321,260 thousand, respectively, and the contract payments received by the Group amounted to \$173,104,016 thousand and \$125,990,390 thousand, respectively.
- (vi) As of December 31, 2023 and 2022, the total subcontract price of subcontracted construction projects amounted to \$78,454,311 thousand and \$50,062,266 thousand, respectively, and the contract payment paid by the Group amounted to \$61,681,823 thousand and \$24,945,945 thousand, respectively.
- (vii) As of December 31, 2023 and 2022, the outstanding letters of credits issued by the Group for purchasing equipment amounted to \$366,772 thousand and \$291,668 thousand, respectively.
- (viii) As of December 31, 2023 and 2022, guaranteed notes received from lessees for rental of buildings amounted to \$885 thousand, respectively.

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

**(11) Subsequent Events: None.**

**(12) Other**

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

By function By nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,170,713	1,042,464	2,213,177	927,339	885,322	1,812,661
Labor and health insurance	31,069	42,118	73,187	36,471	42,668	79,139
Pension	17,637	23,646	41,283	17,191	21,939	39,130
Remuneration of directors	-	55,580	55,580	-	52,317	52,317
Others	142,869	41,563	184,432	92,254	46,132	138,386
Depreciation	86,674	39,655	126,329	66,294	36,959	103,253
Amortization	6,378	5,791	12,169	2,201	4,512	6,713

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

- (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 for three times by the Supreme Court. On May 9, 2023, Mr. Chen was sentenced to two-year imprisonment and given five years' probation by the High Court, with the remaining judgment being the same as the previous ruling (syllabus from 2022 Jin Shang Zhong 3 No.6). On June 9, 2023, Mr. Chen appealed against the judgment, which was overruled by the Supreme Court on February 27, 2024, with the final decision having been confirmed.

(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. Mr. Chen was not elected as a new board member on shareholders' meeting held on August 17, 2021, and therefore Mr. Chen's appeal was overruled by the Supreme Court on February 24, 2022, with the final decision having been confirmed.
- 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).

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

(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, 2023 amounted to \$59,171 thousand (please refer to note 7).

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

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

### 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, 2023:

##### (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	97,033,384	13,228,052	12,526,364	-	-	103.27 %	121,291,730	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	24,449	1,907	- %	1,907	-	
The Company	Stock — Taichung Commercial Bank Co., Ltd.	-	Current financial assets at fair value through profit or loss	130,903	2,081	- %	2,081	-	
The Company	Stock — Acer	-	Current financial assets at fair value through profit or loss	1,400,000	75,320	0.05 %	75,320	0.05	
The Company	Stock — Powerchip Semiconductor Manufacturing Corporation	-	Current financial assets at fair value through profit or loss	7,639,033	224,970	0.19 %	224,970	0.19	
The Company	Stock — Powerchip Technology Corporation	-	Current financial assets at fair value through profit or loss	4,552,858	45,530	0.33 %	45,530	0.33	
	Totals				<u>349,808</u>				
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				<u>-</u>				
The Company	Stock — Jiangxi Construction	-	Non-current financial assets at fair value through other comprehensive income	Note 1	1,559,028	19.80 %	1,559,028	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.

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## 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)	
Su Yuan Trading (Shanghai) Ltd.	Jiangxi United Integrated Services Ltd.	Subsidiary	Sale	548,585	99.97 %	O/A 30 days	-	-	-	- %	Note
Jiangxi United Integrated Services Ltd.	Su Yuan Trading (Shanghai) Ltd.	Subsidiary	Purchase	548,585	14.06 %	O/A 30 days	-	-	-	- %	Note

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

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None

- (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	233	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	233	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	United Integrated Services (BVI) Ltd.	1	Accounts Payable - Related Parties	27,168	There is no different from general transaction.	0.06 %
6	United Integrated Services (BVI) Ltd.	United Integrated Services Co., Ltd.	2	Accounts Receivable - Related Parties	27,168	There is no different from general transaction.	0.06 %
0	United Integrated Services Co., Ltd.	UNITED INTEGRATED SERVICES (USA) CORP.	1	Accounts Payable - Related Parties	53,249	There is no different from general transaction.	0.11 %
9	UNITED INTEGRATED SERVICES (USA) CORP.	United Integrated Services Co., Ltd.	2	Accounts Receivable - Related Parties	53,249	There is no different from general transaction.	0.11 %
0	United Integrated Services Co., Ltd.	Jiangxi United Integrated Services Ltd.	1	Construction Revenue	1,949	There is no different from general transaction.	- %
5	Jiangxi United Integrated Services Ltd.	United Integrated Services Co., Ltd.	2	Construction Cost	1,949	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	United Integrated Services Pte Ltd.	1	Construction Revenue	(14,430)	There is no different from general transaction.	(0.02)%
7	United Integrated Services Pte Ltd.	United Integrated Services Co., Ltd.	2	Construction Cost	(14,430)	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	785	There is no different from general transaction.	- %
1	Beijing Han He Tang Medical Instrument Ltd.	United Integrated Services Co., Ltd.	2	Cost of goods sold	785	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hanxuan Energy Co., Ltd	1	Rental Income	10	There is no different from general transaction.	- %
2	Hanxuan Energy Co., Ltd	United Integrated Services Co., Ltd.	2	Rental Expense	10	There is no different from general transaction.	- %
0	United Integrated Services Co., Ltd.	Hunter Energy Co., Ltd	1	Rental Income	10	There is no different from general transaction.	- %

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

### Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
3	Hunter Energy Co., Ltd.	United Integrated Services Co., Ltd.	2	Rental Expense	10	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Ltd.	Jiangxi United Integrated Services Ltd.	3	Construction Revenue	548,585	There is no different from general transaction.	0.80 %
5	Jiangxi United Integrated Services Ltd.	Su Yuan Trading (Shanghai) Ltd.	3	Construction Cost	548,585	There is no different from general transaction.	0.80 %
8	Suzhou Han Tai System Integration Ltd.	Jiangxi United Integrated Services Ltd.	3	Rental Income	4,404	There is no different from general transaction.	0.01 %
5	Jiangxi United Integrated Services Ltd.	Suzhou Han Tai System Integration Ltd.	3	Rental Expense	4,404	There is no different from general transaction.	0.01 %
8	Suzhou Han Tai System Integration Ltd.	Su Yuan Trading (Shanghai) Ltd.	3	Rental Income	487	There is no different from general transaction.	- %
4	Su Yuan Trading (Shanghai) Ltd.	Suzhou Han Tai System Integration Ltd.	3	Rental Expense	487	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.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Highest Percentage of ownership	Net income (losses) of investee	Share of profits /losses of investee (Note 1)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
The Company	ABLEREX ELECTRONICS CO., LTD.	Taiwan	Sale and purchase of UPS	172,243	179,996	13,596,502	30.21 %	510,970	31.57 %	87,686	27,219	
The Company	WHOLETECH SYSTEM HITECH LIMITED	Taiwan	Gas pipeline engineering	61,367	61,367	9,946,080	13.61 %	256,877	13.61 %	399,033	54,332	
The Company	JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Taiwan	Machinery and Equipment Manufacturing	30,442	39,542	2,217,989	9.84 %	38,387	12.78 %	72,047	8,635	
The Company	United Integrated Services (BVI) Ltd.	BVI	Investment activities	567,643	567,643	17,697,630	100.00 %	964,330	100.00 %	132,247	132,247	Note 2
The Company	Hanxuan Energy Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy	-	500,000	-	- %	-	100.00 %	(6,899)	(6,899)	Note 2
The Company	United Integrated Services Pte Ltd.	Singapore	Clean room system construction	34,040	34,040	-	100.00 %	2,013	100.00 %	20,581	20,581	Note 2
The Company	Hunter Energy Co., Ltd.	Taiwan	Self-usage power generation equipment utilizing renewable energy	-	90,000	-	- %	-	100.00 %	(3,916)	(3,916)	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 %	2,633,617	100.00 %	655,454	655,454	Note 2
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH (BVI) LIMITED	BVI	Investment activities	170,884	170,884	5,400,000	100.00 %	316,045	100.00 %	66,305	66,305	
WHOLETECH SYSTEM HITECH (BVI) LIMITED	WHOLETECH SYSTEM HITECH (SHANHAI) LIMITED	China	Electromechanical, Circuit, and Pipeline Engineering Businesses	169,127	169,127	-	100.00 %	316,023	100.00 %	66,305	66,305	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH INC.	Mauritius	Investment activities	110,559	110,559	3,500,000	100.00 %	258,027	100.00 %	37,391	37,391	
WHOLETECH SYSTEM HITECH INC.	WHOLETECH GROUP INTERNATIONAL TRADING LIMITED	Mauritius	Investment activities	110,559	110,559	3,500,000	100.00 %	258,027	100.00 %	37,391	37,391	
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 %	258,027	100.00 %	37,391	37,391	
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	1,000,000	100.00 %	116,148	100.00 %	37,732	37,732	
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	-	- %	-	- %	-	-	

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Highest Percentage of ownership	Net income (losses) of investee	Share of profits /losses of investee (Note 1)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH HOLDINGS, LLC	USA	Assets management business	36,849	-	-	100.00 %	36,888	100.00 %	46	46	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH JAPAN, INC.	Japan	Sales and installation of equipment	13,539	-	6,000	100.00 %	12,930	100.00 %	(102)	(102)	
WHOLETECH SYSTEM HITECH LIMITED	WHOLETECH SYSTEM HITECH USA, INC.	USA	Sales and installation of equipment	15,354	-	1,000	100.00 %	12,815	100.00 %	(2,597)	(2,597)	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-Samoa	Samoa	Holding company	217,445	217,445	6,635,000	100.00 %	475,913	100.00 %	16,233	16,691	
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 %	90,973	100.00 %	16,243	16,243	
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 %	33,388	100.00 %	395	395	
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 %	116,674	100.00 %	1,905	1,214	
ABLEREX ELECTRONICS CO., LTD.	Ablerex-UK	UK	Holding company	4,674	4,674	100,000	100.00 %	14,092	100.00 %	1,239	(1,136)	
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 %	16,194	99.00 %	11,741	11,606	
Ablerex-Samoa	Ablerex -Overseas	Hong Kong	Holding company	217,445	217,445	6,635,000	100.00 %	479,136	100.00 %	16,276	-	
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 %	14,092	100.00 %	1,239	-	
Ablerex-SG	Ablerex-TH	Thailand	Sales of uninterruptible power equipment and systems, solar equipment and related systems, etc.	1,795	1,687	20,000	100.00 %	306	100.00 %	(7,200)	-	
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 %	10,612	86.00 %	10,098	-	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	ASIA INTELLIGENCE INVESTMENTS LIMITED	BVI	Investment activities	30,280	30,280	-	100.00 %	39,100	100.00 %	1,856	1,856	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	Taiwan Sustainable Environmental and Energy Co., Ltd.	Taiwan	Sales of pollution control equipment and manufacturing	100	100	10,000	14.29 %	61	- %	(72)	(13)	
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 %	5,060	- %	(836)	(176)	
JG ENVIRONMENTAL TECHNOLOGY CO., LTD	JG ENVIRONMENTAL TECHNOLOGY (JP), LTD	Japan	Sales of pollution control equipment and manufacturing	2,219	-	999	100.00 %	1,750	- %	(429)	(429)	
ASIA INTELLIGENCE INVESTMENTS LIMITED	JG ENVIRONMENTAL TECHNOLOGY (SHANGHAI) LTD.	China	Sales of pollution control equipment and manufacturing	30,280	30,280	-	100.00 %	39,233	- %	1,856	1,856	

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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value as of December 31, 2023	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Su Yuan (Shanghai) Trading Ltd.	Semiconductor, clean room and electromechanical	NTS USD 34,495 1,000	(2)	NTS USD 34,495 1,000	-	-	NTS USD 34,495 1,000	114,522	100.00 %	100.00%	NTS 114,522	NTS 489,214	-
Jiangxi United Integrated Services Ltd.	Electromechanical business and pipeline engineering business	NTS RMB 453,360 100,000	(1)	NTS RMB 338,573 75,000	-	-	NTS RMB 338,573 75,000	769,134	75.00 %	75.00%	NTS 576,850	NTS 898,580	NTS 1,951,610 423,707
Suzhou Han Tai System Integrated Ltd.	Construction hardware, materials production and sales	NTS USD 381,660 12,000	(2)	NTS USD 381,660 12,000	-	-	NTS USD 381,660 12,000	15,147	100.00 %	100.00%	NTS 15,147	NTS 361,783	-
Jiangxi Construction Engineering (Group) Co., Ltd.	Various types of building construction	NTS RMB 5,113,150 1,043,500	(1)	NTS RMB 1,008,212 206,600	-	-	NTS RMB 1,008,212 206,600	-	19.80 %	19.80%	NTS -	NTS 1,559,028	NTS 1,560,313 334,616
Beijing Han he Tang Medical Instrument Ltd.	Distribution agency for medical equipment, import and export of goods, after-sales service	NTS USD 30,187 1,000	(2)	NTS USD 30,187 1,000	-	-	NTS USD 30,187 1,000	1,133	100.00 %	100.00%	NTS 1,133	NTS 13,645	-

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.

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

(ii) Limitation on investment in Mainland China:

<b>Accumulated investment in Mainland China as of December 31, 2023</b>	<b>Investment Amounts Authorized by Investment Commission, MOEA</b>	<b>Upper Limit on Investment</b>
1,798,283 (USD59,165)	1,825,134 (USD59,165)	7,277,503

(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".

(d) Major shareholders:

Units: In shares			
<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Capital Tip Customized Taiwan Select High Dividend Exchange Traded Fund		11,166,000	5.85 %
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.

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

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

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

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

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

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

	2023				
	Engineering and Integration department	Maintenance and Design department	Other	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 68,718,426	57,824	113,430	-	68,889,680
Intersegment revenues	536,104	-	785	(536,889)	-
Interest income	386,723	-	-	-	386,723
Total revenue	<u>\$ 69,641,253</u>	<u>57,824</u>	<u>114,215</u>	<u>(536,889)</u>	<u>69,276,403</u>
Interest expenses	<u>\$ 188,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,079</u>
Depreciation and amortization	<u>\$ 136,634</u>	<u>651</u>	<u>1,213</u>	<u>-</u>	<u>138,498</u>
Reportable segment profit or loss	<u>\$ 5,976,922</u>	<u>27,891</u>	<u>1,848,928</u>	<u>(1,374,317)</u>	<u>6,479,424</u>
	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	<u>\$ 48,202,223</u>	<u>93,914</u>	<u>143,142</u>	<u>(75,571)</u>	<u>48,363,708</u>
Interest expenses	<u>\$ 28,449</u>	<u>-</u>	<u>-</u>	<u>(2,210)</u>	<u>26,239</u>
Depreciation and amortization	<u>\$ 107,616</u>	<u>979</u>	<u>1,371</u>	<u>-</u>	<u>109,966</u>
Reportable segment profit or loss	<u>\$ 5,557,208</u>	<u>48,302</u>	<u>673,982</u>	<u>(851,593)</u>	<u>5,427,899</u>

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

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

(c) Product and service information

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

<b>Products and services</b>	<b>2023</b>	<b>2022</b>
Construction revenue	\$ 68,718,426	47,964,996
Service and design revenue	57,824	93,914
Sales revenue	113,430	141,400
Total	<u><u>\$ 68,889,680</u></u>	<u><u>48,200,310</u></u>

(d) Geographic information

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

<b>Geographical information</b>	<b>2023</b>	<b>2022</b>
Revenue:		
Taiwan	\$ 20,292,293	25,645,459
Mainland China	4,995,255	3,050,061
Singapore	6,183	7,499
United States	42,599,027	19,497,291
Japan	996,922	-
Total	<u><u>\$ 68,889,680</u></u>	<u><u>48,200,310</u></u>

<b>Geographical information</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Non-current assets:		
Taiwan	\$ 1,137,533	1,297,912
Mainland China	206,689	225,452
United States	218,172	310,886
Total	<u><u>\$ 1,562,394</u></u>	<u><u>1,834,250</u></u>

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

(e) Major customers

For the years ended December 31, 2023 and 2022, the sales to customers exceeded 10% of the total revenue were as follows:

<b>Name of customer</b>	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
A customer	\$ 42,599,027	61.84	19,494,958	40.45
B customer	9,898,521	14.37	6,320,885	13.11
C customer	9,441,299	13.70	18,370,552	38.11
Total	<u><u>\$ 61,938,847</u></u>	<u><u>89.91</u></u>	<u><u>44,186,395</u></u>	<u><u>91.67</u></u>