GSD Technologies Co., Ltd. and Subsidiaries

Consolidated Financial Statements

With Report Of Independent Accountants

For The Three-Months Periods Ended

March 31, 2023 And 2022

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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Review Report of Independent Accountants

To GSD Technologies Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of GSD Technologies Co., Ltd. (the "Company") and its subsidiaries as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 6., the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to $139,920 thousand and $125,238 thousand as of March 31, 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to ($6,942) thousand and $5,554 thousand for the three-month periods ended March 31, 2023 and 2022, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information disclosed in Note 13 been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at March 31, 2023 and 2022, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Other Matter

The Consolidated Financial Statements for the three-month periods ended March 31, 2022 of the Company and its subsidiaries were reviewed by other independent accountants, and issued qualified conclusion on May 10,2022.

Chen, Cheng-Chu

Hsieh, Sheng-An

Ernst & Young, Taiwan

May 10, 2023

Notice to Readers:
The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with 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.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
GSD TECHNOLOGIES CO., LTD.AND SUBSIDIARIES
CONSOLIDATED BANLANCE SHEETS
March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are unaudited)
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%
Current assets							
Cash and cash equivalents	4, 6(1)	$858,490	35	$942,073	38	$1,127,454	45
Contract assets, current	6(16)B	3,758	0	-	-	-	-
Notes receivables, net	4, 6(2)	70,039	3	36,992	1	24,944	1
Notes receivables-related parties, net	4, 6(2), 7	121	0	4	0	118,189	5
Trade receivables, net	4, 6(3)	310,097	13	378,002	15	320,167	13
Trade receivables-related parties, net	4, 6(3), 7	3,992	0	5,830	0	4,503	0
Other receivables	4, 6(4)	2,214	0	2,236	0	3,924	0
Other receivables from related parties	4, 6(4), 7	547	0	506	0	367	0
Current tax assets		121	0	133	0	15	0
Inventories, net	4, 6(5)	160,592	7	153,083	6	153,515	6
Prepayment		77,571	3	43,720	2	48,473	2
Other current assets	4, 6(5), 8	31,594	1	49,505	2	14,074	0
Total current asset		1,519,136	62	1,612,084	64	1,815,625	72
Non-current assets							
Investments accounted for using the equity method	4, 6(6)	139,920	6	146,568	6	125,238	5
Property, plant and equipment	4, 6(7), 8	564,581	23	532,017	21	351,812	14
Right-of-use assets	4, 6(18)	111,218	5	113,738	5	122,543	5
Investment property, net	4, 6(8)	16,096	1	16,951	1	15,684	1
Intangible assets	4, 6(9)	54,838	2	54,967	2	57,332	2
Deferred tax assets	4, 6(22)	27,671	1	26,426	1	22,039	1
Refundable deposits		7,507	0	7,417	0	6,412	0
Total non-current assets		921,831	38	898,084	36	701,060	28
Total Assets		$2,440,967	100	$2,510,168	100	$2,516,685	100

LIABILITIES AND EQUITY	Notes	March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%
Current liabilities							
Short-term borrowings		$26,549	1	$-	-	$-	-
Contract liabilities, current	6(16)B	65,523	3	61,180	3	111,103	4
Notes payable		70,389	3	93,417	4	80,042	3
Accounts payable		227,537	9	267,636	11	243,615	10
Accounts payable to related parties	7	25,078	1	26,454	1	17,957	1
Other payables	6(12)	105,580	4	136,080	5	113,218	5
Current tax liabilities	4, 6(22)	12,823	1	33,365	1	19,894	1
Lease liabilities, current	4, 6(18)	8,849	0	9,190	0	9,123	0
Total current liabilities		542,328	22	627,322	25	594,952	24
Non-current liabilities							
Financial liabilities at fair value through profit or loss, non-current		15,960	1	5,790	0	29,400	1
Bonds payable	4, 6(13)	292,311	12	291,704	12	289,890	11
Deferred tax liabilities	4, 6(22)	36,933	2	32,630	1	20,550	1
Lease liabilities, non-current	4, 6(18)	7,725	0	9,101	1	14,340	1
Guarantee deposits	7	242	0	242	0	247	0
Total non-current liabilities		353,171	15	339,467	14	354,427	14
Total liabilities		895,499	37	966,789	39	949,379	38
Equity attributable to owners of parent	6(15)						
Capital							
Common stock		370,000	15	370,000	15	370,000	15
Capital surplus		655,803	27	655,509	26	651,213	26
Retained earnings							
Legal reserve		87,735	4	87,735	3	66,393	2
Special reserve		104,433	4	104,433	4	94,425	4
Undistributed earnings		419,773	17	424,113	17	472,340	19
Total retained earnings		611,941	25	616,281	24	633,158	25
Other equity		(77,577)	(3)	(84,417)	(4)	(54,207)	(2)
Treasury shares		(32,858)	(1)	(32,858)	(1)	(32,858)	(2)
Equity attributable to owner of parent		1,527,309	63	1,524,515	60	1,567,306	62
Non-controlling interests		18,159	0	18,864	1	-	-
Total equity		1,545,468	63	1,543,379	61	1,567,306	62
Total liabilities and equity		$2,440,967	100	$2,510,168	100	$2,516,685	100

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GSD TECHNOLOGIES CO., LTD.AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting	Notes	For the three-month periods ended March 31			
		2023		2022	
		Amount	%	Amount	%
Operating revenues	4, 6(16)	$352,805	100	$391,236	100
Operating costs	4, 6(5), 6(19)	(230,180)	(65)	(263,369)	(67)
Gross profit		122,625	35	127,867	33
Operating expenses	4, 6(17), (18), (19)				
Sales and marketing expenses		(74,113)	(21)	(68,805)	(17)
General and administrative expenses		(38,566)	(11)	(34,311)	(9)
Research and development expenses		(20,072)	(6)	(15,260)	(4)
Expected credit gains		2,453	1	4,168	1
Total operating expenses		(130,298)	(37)	(114,208)	(29)
Operating income (loss)		(7,673)	(2)	13,659	4
Non-operating income and expenses	6(20)				
Interest income		3,848	1	4,671	1
Other income	7	19,791	6	3,019	0
Other gains and losses		(8,537)	(1)	6,712	3
Finance costs		(891)	(0)	(880)	(0)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(6,942)	(2)	5,554	1
Total non-operating income and expenses		7,269	4	19,076	5
Income (loss) before income tax		(404)	0	32,735	9
Income tax expense	6(22)	(4,695)	(1)	2,282	(1)
Net income (loss)		(5,099)	(1)	35,017	8
Other comprehensive income (loss)	6(21)				
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations		6,894	2	50,226	13
Other comprehensive income (loss), net of tax		6,894	2	50,226	13
Total comprehensive income		$1,795	1	$85,243	21
Net income (loss) attributable to:					
Owners of the parent		($4,340)	(1)	$35,017	8
Non-controlling interests		(759)	(0)	-	-
		($5,099)	(1)	$35,017	8
Comprehensive income (loss) attributable to:					
Owners of the parent		$2,500	1	$85,243	21
Non-controlling interests		(705)	(0)	-	-
		$1,795	1	$85,243	21
Earnings per share (NTD)	6(23)				
Earnings per share - basic		($0.12)		$0.96	
Earnings per share - diluted		($0.12)		$0.87	

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GSD TECHNOLOGIES CO., LTD.AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity attributable to owners of parent								Non-controlling interests	Total equity
			Retained earnings			Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from translating the financial statements of foreign operations	Treasury shares	Total		
Balance as of January 1, 2022	$370,000	$651,213	$66,393	$94,425	$437,323	($104,433)	($32,858)	$1,482,063	$-	$1,482,063
Net income for the three-month period ended March 31, 2022	-	-	-	-	35,017	-	-	35,017	-	35,017
Other comprehensive income for the three-month period ended March 31, 2022	-	-	-	-	-	$50,226	-	50,226	-	50,226
Total comprehensive income	-	-	-	-	35,017	50,226	-	85,243	-	85,243
Balance as of March 31, 2022	$370,000	$651,213	$66,393	$94,425	$472,340	($54,207)	($32,858)	$1,567,306	$-	$1,567,306
Balance as of January 1, 2023	$370,000	$655,509	$87,735	$104,433	$424,113	($84,417)	($32,858)	$1,524,515	$18,864	$1,543,379
Changes in associates and joint ventures accounted for using the equity method	-	294	-	-	-	-	-	294	-	294
Net (loss) for the three-month period ended March 31, 2023	-	-	-	-	(4,340)	-	-	(4,340)	(759)	(5,099)
Other comprehensive income for the three-month period ended March 31, 2023	-	-	-	-	-	6,840	-	6,840	54	6,894
Total comprehensive (loss)	-	-	-	-	(4,340)	6,840	-	2,500	(705)	1,795
Balance as of March 31, 2023	$370,000	$655,803	$87,735	$104,433	$419,773	($77,577)	($32,858)	$1,527,309	$18,159	$1,545,468

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GSD TECHNOLOGIES CO., LTD.AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the three month periods ended March 31		Accounting	For the three month periods ended March 31	
	2023	2022		2023	2022
Cash flows from operating activities:			**Cash flows from investing activities**		
Net income before tax	($404)	$32,735	Acquisition of property, plant and equipment	(39,621)	(66,696)
Adjustments for:			Proceeds from disposal of property, plant and equipment	430	8
The profit or loss items which did not affect cash flows:			Increase in refundable deposit	(2,452)	(1,670)
Depreciation	13,241	8,439	Acquisition of intangible assets	(83)	-
Amortization	518	577	Interest received	3,740	6,691
Expected credit loss recognize (reversal)	(2,453)	(4,168)	Net cash (used in) investing activities	(37,986)	(61,667)
Net gain of financial assets and liabilities at fair value through profit or loss	10,163	(1,711)			
Finance costs	891	880			
Interest income	(3,848)	(4,671)			
Share of loss (profit) of associated and joint ventures accounted for using equity method	6,942	(5,554)	**Cash flows from financing activities:**		
Loss (Gain) on disposal and abandonment of property, plant and equipment	11	(4)	Proceeds from short-term loans	26,549	-
Other items	(364)	47	Repayments of short-term loans	-	(5,000)
Changes in operating assets and liabilities:			Repayments of the principle portion of lease liabilities	(1,770)	(2,506)
Contract assets	(3,758)	-	Interest paid	(249)	(279)
Notes receivable	(32,984)	8,150	Net cash provided by (used in) by financing activities	24,530	(7,785)
Receivable-related parties	(117)	(66,262)			
Trade receivables	70,271	62,985			
Trade receivables-related parties	1,838	6,684			
Other receivables	29	(389)			
Other receivables-related parties	(41)	114			
Inventories	(7,271)	(19,437)			
Prepayments	(33,793)	24,944			
Other current assets	17,911	(5,896)			
Contract liabilities	4,343	19,333			
Notes payable	(23,028)	34,520			
Accounts payable	(40,099)	(55,955)			
Accounts payable-related parties	(1,376)	(5,624)			
Other payable	(30,570)	(47,364)	Effects of exchange rate changes on the balance of cash held in foreign currencies	6,299	36,299
Cash generated from operations	(53,948)	(17,627)	Net (decrease) in cash and cash equivalents	(83,583)	(75,094)
Income tax paid	(22,478)	(24,314)	Cash and cash equivalents at beginning of period	942,073	1,202,548
Net cash (used in) operating activities	(76,426)	(41,941)	Cash and cash equivalents at end of period	$858,490	$1,127,454

The accompanying notes are an integral part of the consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History And Organization

GSD Technologies Co., Ltd. ("the Company") was founded in the British Cayman Islands on October 3, 2013. The Compnay transferred cash and shares to acquire 100% of the shares of Chuan Yuan Hydraulic Engineering Co., Ltd., GSD (China) Co., Ltd. and Shanghai GSD Industrial Co., Ltd. on March 31, 2014 based on acquisition method. The Compnay and its subsidiaries ("the Group") engages mainly in the manufacturing, and selling of environmental protection equipment and its consumables, and provides installation, repair, and technical support services.

The Company's shares have been listed on the Taiwan Stock Exchange ("TWSE") since September 21, 2018.

The functional currency of the Company is the China Yuan (CNY). For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company's shares are listed on the TWSE.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the three-month periods ended March 31, 2023 and 2022 were authorized for issue by the Board of Directors on May 10, 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group is assessing the new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies information

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 "Interim Financial Reporting" as endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed 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.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
(f) recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)			
Investor	Subsidiary	Main businesses	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022	Note
The Company	Chuan Yuan Hydraulic Engineering Co., Ltd.	Investment activities	100%	100%	100%	1
The Company	GSD Enviro Tech (Taiwan) Co., Ltd.	Investment and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	100%	100%	100%	2
Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD (China) Co., Ltd.	Manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	100%	100%	100%	3

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of ownership (%) 31 Mar. 2023	31 Dec. 2022	31 Mar. 2022	Note
Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	100%	100%	100%	4
GSD Enviro Tech (Taiwan) Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	Selling of aquaculture and environmental protection equipment and its consumables, and providing installation, repair, and technical support services	85%	85%	-	5
GSD (China) Co., Ltd.	Shanghai GSD Industrial Co., Ltd.	Manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	100%	100%	100%	6
GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	Manufacturing and selling of electronic and mechanical equipment and its components, also providing technical development, transfer, consulting and service in the domain of environmental protection technology	60%	60%	100%	7
GSD (China) Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	Selling of sludge drying and energy management equipment and providing installation, repair, and technical support services	60%	60%	-	8

(Note1) Chuan Yuan Hydraulic Engineering Co., Ltd, a wholly owned subsidiary of the Group, was founded in 1993 in the British Virgin Islands.

(Note2) GSD Enviro Tech. (Taiwan) Co., Ltd., a wholly owned subsidiary of the Group, was founded on February 1, 2021, mainly for investment and selling of environmental protection equipment, and providing installation, repair, and technical support services.

(Note3) GSD (China) Co., Ltd., a wholly owned subsidiary of the Group, was founded 2010, mainly for manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services.

(Note4) GSD Enviro Tech. (Yangzhou) Co., Ltd., a wholly owned subsidiary of the Group, was founded on December 29, 2020, mainly for manufacturing and selling of environmental protection equipment, and providing installation, repair, and technical support services.

(Note5) GSD Enviro Tech Vietnam Company Limited, a 85% owned subsidiary of the Group, was founded on March 29, 2022, mainly for selling of aquaculture and environmental protection equipment, and providing installation, repair, and technical support services.

(Note6) Shanghai GSD Industrial Co., Ltd., a wholly owned subsidiary of the Group, was founded in 1995, mainly for manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services. Shanghai GSD Industrial Co., Ltd. became wholly subsidiary of GSD (China) Co., Ltd. in 2011.

(Note7) GSD Environmental Technology Co., Ltd., a 60% owned subsidiary of the Group, was founded in 2019, mainly for manufacturing and selling of electronic and mechanical equipment and its components also providing technical development, transfer, consulting, and service in the domain of environmental protection technology. In November 2021, the board of directors resolved to purchase 40% of the shares from a minority shareholder at CNY2,000 thousand and become a 100%-owned subsidiary. Then on February 25, 2022, the board of directors resolved to transfer 30% of the equity to Pinghu Jiayuan Environmental Technology Limited Partnership (Limited Partnership), with CNY1,500 thousand, and transfer 10% of the equity to the managers of GSD Environmental Technology Co., Ltd., with CNY500 thousand. The equity transaction was completed on April 1, 2022.

(Note8) CNCN (Beijing) Enviro Tech Co., Ltd., a 60% owned subsidiary of the Group, was founded on May 10, 2022, mainly for selling of sludge drying and energy management equipment and providing installation, repair, and technical support services.

(4) Foreign currency transactions

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) 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 the issue of equity instruments do not affect its classification.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Group's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 “Financial Instruments”.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 "Financial Instruments" are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – Purchase cost on a first in, first out basis
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture 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 or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures". If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets". In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 "Impairment of Assets".

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property", plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Class of assets	Useful lives
Buildings	
Main buildings	20 years
Electricity distribution facilities	20 years
Hydrostatic test pump	10 years
Leased improvements	3～6 years
Machinery and equipment	10 years
Transportation equipment	4～6 years
Office equipment	2～5 years
Other equipment	3 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", investment properties are measured using the cost model in accordance with the requirements of IAS 16 "Property, plant and equipment" for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Class of assets	Useful lives
Buildings	20 years
Right-of-use assets	50 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

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

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

<u>Group as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

<u>Group as a lessor</u>

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Group’s intangible assets is as follows:

	Trademark	Computer software
Useful lives	Indefinite	Finite(2～20 years)
Amortization method used	Unamortized	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

<u>Provision for warranties</u>

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(18) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(19) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is machinery and revenue is recognized based on the consideration stated in the contract.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group’s sale of goods is from 0 to 135 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Project contract revenue

The Group provides services for contracting of environmental project, customers control the project contracts while the project contracts are in progress; thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the project contracts and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(22) Post-employment benefits

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

(23) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements, estimates and assumptions that have significant impacts on the amounts recognized in the consolidated financial statements due to the Covid-19 pandemic

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. <u>Contents of significant accounts</u>

(1) Cash and cash equivalents

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Cash on hand	$158	$275	$185
demand deposits	253,252	319,224	391,800
Time deposits	605,080	622,574	735,469
Total	$858,490	$942,073	$1,127,454

(2) Notes receivables and Notes receivables-related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Notes receivables arising from operating activities	$70,099	$37,115	$24,958
Less: loss allowance	(60)	(123)	(14)
Subtotal	70,039	36,992	24,944
Notes receivables from related parties	121	4	118,189
Less: loss allowance	(-)	(-)	(-)
Subtotal	121	4	118,189
Total	$70,160	$36,996	$143,113

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.17 for more details on loss allowance and Note 12 for details on credit risk.

(3) Trade receivables and Trade receivables-related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Trade receivables	$331,965	$403,562	$341,141
Less: loss allowance	(21,868)	(25,560)	(20,974)
Subtotal	310,097	378,002	320,167
Trade receivables from related parties	3,992	5,830	4,503
Less: loss allowance	(-)	(-)	(-)
Subtotal	3,992	5,830	4,503
Total	$314,089	$383,832	$324,670

Trade receivables were not pledged.

Trade receivables are generally on 0 to 135 day terms. The total carrying amount as of March 31, 2023, December 31, 2022 and March 31, 2022 were $335,957 thousand, $409,392 thousand and $345,644 thousand, respectively. Please refer to Note 6.17 for more details on loss allowance of trade receivables for the three-month periods ended March 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Other receivables and Other receivables-related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Other receivables	$3,221	$3,134	$4,825
Less: loss allowance	(1,007)	(898)	(901)
Subtotal	2,214	2,236	3,924
Other receivables from related parties	547	506	367
Less: loss allowance	(-)	(-)	(-)
Subtotal	547	506	367
Total	$2,761	$2,742	$4,291

(5) Inventories

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Raw materials	$105,521	$99,079	$99,437
Finished goods	43,488	36,344	51,187
Merchandise	11,583	17,660	2,891
Total	$160,592	$153,083	$153,515

The cost of inventories recognized in expenses amounts:

	3-month period ended 31 Mar.	
	2023	2022
Cost of inventory sold	$229,446	$263,322
Loss on inventory write-downs (reversal of inventory loss)	(364)	47
Unallocated manufacturing expenses (Note)	1,098	-
Total	$230,180	$263,369

Note：Unallocated manufacturing expenses were the expenses of actual production capacity lower than normal production capacity due to building factory.

No inventories were pledged.

(6) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	31 Mar. 2023		31 Dec. 2022		31 Mar. 2022	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Yuh Shan Environmental Engineering Co., Ltd.	$139,920	23.53%	$146,568	23.53%	$125,238	23.53%

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On March 19, 2021, the board of directors of the Company resolved to acquire part of the equity of Yuh Shan Environmental Engineering Co., Ltd. through GSD Enviro Tech (Taiwan) Co., Ltd., GSD Enviro Tech (Taiwan) Co., Ltd. had subscribed 6,000 thousand shares, with a shareholding ratio of 23.53%, amount $108,000 thousand, on June 30, 2021. Included in the cost of investment in associated is goodwill of $11,042 thousand recognized from the acquisition of the Company.

The Group's investments in Yuh Shan Environmental Engineering Co., Ltd. is not individually material. The aggregate carrying amount of the Group's interests in Yuh Shan Environmental Engineering Co., Ltd. is $139,920 thousand, $146,568 thousand, and $125,238 thousand, as at March 31, 2023, December 31, 2022, and March 31, 2022, respectively. The aggregate financial information of the Group's investments in Yuh Shan Environmental Engineering Co., Ltd. is as follows:

	3-month period ended 31 Mar.	
	2023	2022
Profit or loss from continuing operations	($6,942)	$5,554
Other comprehensive income (post-tax)	-	-
Total comprehensive income	($,6942)	$5,554

The Group had no contingent liabilities, capital commitments or guarantees for the above-mentioned associates as at March 31, 2023, December 31, 2022, and March 31, 2022.

(7) Property, plant and equipment

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Owner occupied property, plant and equipment	$564,581	$532,017	$351,812

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at 1 Jan. 2023	$464,362	$30,153	$20,719	$39,858	$1,456	$169,536	$726,084
Additions	-	140	1,071	1,429	4	36,977	39,621
Disposals	-	(46)	(1,452)	(91)	-	-	(1,589)
Other changes	174,657	18,443	212	6,934	149	(199,477)	918
Exchange differences	2,008	115	80	164	-	1,241	3,608
As at 31 Mar. 2023	641,027	$48,805	$20,630	$48,294	$1,609	$8,277	$768,642
As at 1 Jan. 2022	$242,901	$31,490	$18,639	$37,912	$-	$142,296	$473,238
Additions	-	-	-	1,110	-	65,586	66,696
Disposals	(-)	(18)	(444)	(85)	(-)	(-)	(547)
Exchange differences	8,942	1,174	674	1,271	-	6,796	18,857
As at 31 Mar. 2022	$251,843	32,646	$18,869	$40,208	$-	$214,678	$558,244

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:							
As at 1 Jan. 2023	$141,008	$10,043	$14,348	$28,587	$81	$-	$194,067
Depreciation	6,708	727	608	1,564	126	-	9,733
Disposals	-	(40)	(1,017)	(91)	-	-	(1,148)
Other changes	465	-	-	(20)	-	-	445
Exchange differences	710	51	73	130	-	-	964
As at 31 Mar. 2023	$148,891	$10,781	$14,012	$30,170	$207	$-	$204,061
As at 1 Jan. 2022	$130,654	$23,837	$11,790	$28,290	$-	$-	$194,571
Depreciation	2,836	384	686	1,290	-	-	5,196
Disposals	-	(16)	(444)	(83)	-	-	(543)
Exchange differences	4,885	898	434	991	-	-	7,208
As at 31 Mar. 2022	$138,375	$25,103	$12,466	$30,488	$-	$-	$206,432
Net carrying amount as at:							
31 Mar. 2023	$492,136	$38,024	$6,618	$18,124	$1,402	$8,277	$564,581
31 Dec. 2022	$323,354	$20,110	$6,371	$11,271	$1,375	$169,536	$532,017
31 Mar. 2022	$113,468	$7,543	$6,403	$9,720	$-	$214,678	$351,812

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(8) Investment property

	Buildings	Right-of-use assets	Total
Cost：			
As at 1 Jan. 2023	$26,314	$4,190	$30,504
Other changes	(961)	(177)	(1,138)
Exchange differences	139	22	161
As at 31 Mar. 2023	$25,492	$4,035	$29,527
As at 1 Jan. 2022	$22,329	$3,464	$25,793
Exchange differences	833	129	962
As at 31 Mar. 2022	$23,162	$3,593	$26,755
Depreciation and impairment：			
As at 1 Jan. 2023	$12,532	$1,021	$13,553
Depreciation	294	-	294
Amortization	-	21	21
Other changes	(465)	(44)	(509)
Exchange differences	67	5	72
As at 31 Mar. 2023	$12,428	$1,003	$13,431

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings	Right-of-use assets	Total
Depreciation and impairment:			
As at 1 Jan. 2022	$9,629	$775	$10,404
Depreciation	255	-	255
Amortization	-	18	18
Exchange differences	365	29	394
As at 31 Mar. 2022	$10,249	$822	$11,071
Net carrying amount as at:			
31 Mar. 2023	$13,064	$3,032	$16,096
31 Dec. 2022	$13,782	$3,169	$16,951
31 Mar. 2022	$12,913	$2,771	$15,684

Please refer to Note 8 for more details on investment property under pledge.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties was $33,444 thousand, and $28,275 thousand, as at December 31, 2022, and 2021, respectively. As assessed by the management of the Company, there was no significant change in the fair value of investment properties at March 31, 2023 and 2022 compared to December 31, 2022 and 2021.

(9) Intangible assets

	Trademark	Computer software	Total
Cost:			
As at 1 Jan. 2023	$45,798	$22,415	$68,213
Addition-acquired separately	-	83	83
Exchange differences	239	110	349
As at 31 Mar. 2023	$46,037	$22,608	$68,645
As at 1 Jan. 2022	$45,133	$22,442	$67,575
Addition-acquired separately	-	-	-
Exchange differences	1,683	765	2,448
As at 31 Mar. 2022	$46,816	$23,207	$70,023
Amortization and impairment:			
As at 1 Jan. 2023	$-	$13,246	$13,246
Amortization	-	497	497
Exchange differences	-	64	64
As at 31 Mar. 2023	$-	$13,807	$13,807
As at 1 Jan. 2022	$-	$11,725	$11,725
Amortization	-	559	559
Exchange differences	-	407	407
As at 31 Mar. 2022	$-	$12,691	$12,691

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Trademark	Computer software	Total
Net carrying amount as at:			
31 Mar. 2023	$46,037	$8,801	$54,838
31 Dec. 2022	$45,798	$9,169	$54,967
31 Mar. 2022	$46,816	$10,516	$57,332

Amortization expense of intangible assets under the statement of comprehensive income:

	3-month period ended	
	31 Mar. 2023	31 Mar. 2022
Operating expenses	$497	$559

(10) Short-term borrowings

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Unsecured bank loans	$26,549	$-	$-

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Interest Rates (%)	1.90%~2.14%	-	-
Maturity date	2023.5.16	-	-

The following table lists the Group’s unused short-term lines of credits amount:

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Unused short-term lines of credits amount	$594,514	$-	$-

(11) Financial liabilities at fair value through profit or loss

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Held for trading:			
Derivatives not designated as hedging instruments			
Conversion right	$15,960	$5,790	$29,400

(12) Other payables

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Payables for salaries or bonuses	$33,976	$67,241	$30,391
Payables for social insurance and housing fund	2,983	2,844	24,784
Payables for tax	9,715	22,252	20,848
Payables for employee benefits	5,827	5,796	8,712
Other	53,079	37,947	28,483
Total	$105,580	$136,080	$113,218

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Bonds payable

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Domestic unsecured bonds	$292,311	$291,704	$289,890
Less: current portion	(-)	(-)	(-)
Net	$292,311	$291,704	$289,890

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Liability component:			
Principal amount	$300,000	$300,000	$300,000
Premiums (discounts) on bonds payable	(7,689)	(8,296)	(10,110)
Subtotal	292,311	291,704	289,890
Less: current portion	(-)	(-)	(-)
Net	$292,311	$291,704	$289,890
Embedded derivative	$15,960	$5,790	$29,400
Equity component	$-	$-	$-

The Company issued zero coupon unsecured convertible bonds on May 17, 2021. The terms of the convertible bonds included a liability component and embedded derivatives (a call option, a put option, and an option for conversion into issuer’s ordinary shares). The terms of the bonds are as follows:

Issue amount: $300,000 thousand

Period: May 17,2021～May 17, 2026

Important redemption clauses:

a. The Company may redeem the bonds at par in full during the period starting from the next day after 3 months of issuance (August 18, 2021) and until 40 days before expiration of the issuance (April 7, 2026), if the closing price of the Company’s ordinary shares for a period of 30 consecutive trading days exceed 30% (included) of the conversion price.

b. The Company may redeem the bonds at par in full, if the outstanding bond balance is lower than 10% in original total issue amount.

c. All or any portion of the bonds will be redeemable at put price at the option of bondholders on May 17, 2024 at 100.75% of the principal amount.

Terms of Conversion:

a. Underlying Securities: Common shares of the Company

b. Conversion Period: The bonds are convertible at any time on or after August 18, 2021 and prior to May 17, 2026 into common shares of the Company.

c. Conversion Price and Adjustment: The conversion price was originally $76.00 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. The conversion price as of March 31, 2023, December 31, 2022, and March 31, 2022 was $64.9, $64.9, and $70.0, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding by par.

The bonds have not yet been converted, as at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

(14) Post-employment benefits

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. Under the Labor Standards Act, the Company and its domestic subsidiaries shall contribute not less than an amount equivalent to 6% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

The employees of the Group's subsidiaries in China and Vietnam are members of a state-managed retirement benefit plan operated by the government of China and Vietnam. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Expenses under the defined benefits plan for the three-month periods ended March 31, 2023 and 2022 were $10,878 thousand and $9,377 thousand, respectively.

(15) Equities

(a) Common stock

The Company's authorized capital as of March 31, 2023, December 31, 2022, and March 31, 2022 was $1,500,000 thousand, divided into 150,000,000 shares, each at a par value of $10. The Company's issued capital as of March 31, 2023, December 31, 2022, and March 31, 2022 was $370,000 thousand, divided into 37,000,000 shares. Each share has one voting right and a right to receive dividends.

(b) Capital surplus

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Additional paid-in capital (1)	$411,863	$411,863	$411,863
Share capital and capital surplus (2)	250,373	250,373	250,373
Difference between consideration and carrying amount of interests in subsidiaries acquired or disposed	3,608	3,608	-
Share of changes in net assets of associates and joint ventures accounted for using the equity method (3)	982	688	-
Adjustment of functional currency (4)	(11,023)	(11,023)	(11,023)
Total	$655,803	$655,509	$651,213

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(1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and to once a year).
(2) The use of such capital surplus arose from the effect of foreign currency exchange is the same as (1).
(3) Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method will be reclassified to profit or loss at the time of disposing of the associate, this type of capital surplus only be used to offset a deficit.
(4) Since January 1, 2016, the Company had changed the functional currency from U.S. dollars to Chinese Yuan, the Company postponed the adjustments of capital surplus and exchange differences on translating the financial statements of foreign operations.

(c) Treasury stock

For the 3-month period ended March 31, 2023

Purpose of Buy-back	Number of shares at beginning of period	Increase in treasury stock	Decrease in treasury stock	Number of shares at end of period
Shares Transferred to Employees	500,000 shares	-	-	500,000 shares

For the Year Ended December 31, 2022

Purpose of Buy-back	Number of shares at beginning of period	Increase in treasury stock	Decrease in treasury stock	Number of shares at end of period
Shares Transferred to Employees	500,000 shares	-	-	500,000 shares

For the 3-month period ended March 31, 2022

Purpose of Buy-back	Number of shares at beginning of period	Increase in treasury stock	Decrease in treasury stock	Number of shares at end of period
Shares Transferred to Employees	500,000 shares	-	-	500,000 shares

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders’ rights on these shares, such as the rights to dividends and to vote.

(d) Retained earnings and dividend policies

As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and/or stock dividends/bonuses. The Company shall take into consideration the Company’s capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wish to distribute.

During the shares listing period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than three percent (3%) and not more than five percent (5%) of the profits for such year to the

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Employees as the Employees' compensation in the form of shares and/or in cash and may distribute not more than three percent (3%) hereof to the Directors as the Directors' compensation, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. A report of such distribution of Employee and Directors' compensation shall be submitted to the general meeting of the Company. Except otherwise set forth by the Applicable Listing Rules, any Directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall mean the annual profits for such year before tax without deducting the amount of compensation distributed to the Employees and Directors as prescribed in this Paragraph (2) of this Article.

During the share listing period, subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total issued capital), and setting aside the Special Reserve (if any), the Company may distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve), plus undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the Members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members.

During the period of listing of the Company, unless otherwise resolved by the general meeting of the Company, the dividends, bonuses or other forms of distributions payable to the Members shall be declared in NTD.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on February 24, 2023 and June 8, 2022 respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$18,239	$21,342	$-	$-
Special reserve	($20,016)	$10,008	$-	$-
Common stock - cash dividend	$127,750	$164,250	$3.5	$4.5

The appropriation of earnings for 2022 has not yet been approved by the shareholders' meeting as of the reporting date. Information relevant to the Board of Directors' meeting resolutions and shareholders' meeting approval can be obtained from the "Market Observation Post System" on the website of the TWSE.

Please refer to Note 6.19 for details on employees' compensation and remuneration to directors.

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(e) Non-controlling interests

	3-month period ended 31 Mar.	
	2023	2022
Beginning balance	$18,864	$-
Profit (loss) attributable to non-controlling interests	(759)	-
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	54	-
Ending balance	$18,159	$-

(16) Operating revenue

	3-month period ended 31 Mar.	
Revenue from contracts with customers	2023	2022
Sale of goods	$348,992	$391,236
Project contract revenue	3,813	-
Total	$352,805	$391,236

Analysis of revenue from contracts with customers during the three-month periods ended March 31, 2023 and 2022 are as follows:

(1) Disaggregation of revenue

For the three-month period ended March 31, 2023:

	Selling of environmental protection equipment Dept	Contracting of Environmental project Dept	Total
Sale of goods	$348,992	$-	$348,992
Project contract revenue	-	3,813	3,813
Total	$348,992	$3,813	$352,805
Timing of revenue recognition:			
At a point in time	$348,992	$-	$348,992
Over time	-	3,813	3,813
Total	$348,992	$3,813	$352,805

For the three-month period ended March 31, 2022:

	Selling of environmental protection equipment Dept
Sale of goods	$391,236
Timing of revenue recognition:	
At a point in time	$391,236

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(2) Contract balances

A. Contract assets - current

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022	1 Jan. 2022
Contracting of environmental project	$3,758	$-	$-	$-

B. Contract liabilities - current

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022	1 Jan. 2022
Sales of goods	$65,523	$61,125	$111,103	$91,770
Contracting of environmental project	-	55	-	-
Total	$65,523	$61,180	$111,103	$91,770

(3) Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to $255,558 thousand as at March 31, 2023. The Company recognizes revenue in accordance with the stage of completion of the contracts. Those contracts are expected to be completed within the next 1 to 2 years.

(17) Expected credit losses/ (gains)

	3-month period ended 31 Mar.	
	2023	2022
Operating expenses – Expected credit losses/(gains)		
Notes receivables	($63)	($58)
Trade receivables	(2,494)	(4,107)
Other receivables	104	(3)
Total	($2,453)	($4,168)

Please refer to Note 12 for more details on credit risk.

The historical experience shows that contract assets, notes receivables-related parties, and trade receivales-related parties do not have uncollectible situation. Therefore, there was loss allowance recognized for contract assets, notes receivables-related parties, and trade receivales-related parties.

The Group measures the loss allowance of its receivables (including notes receivables, and trade receivables), net at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2023, December 31, 2022, and March 31, 2022 is as follows:

The historical credit loss experience for receivables shows that different customer segments do not have significantly different loss patterns. Therefore, the loss allowance of receivables is measured at an amount equal to lifetime expected credit losses and with no distinction between groups, details are as follow:

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As at March 31, 2023

	Aging				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Total carrying amount	$345,183	$39,387	$9,636	$7,857	$402,063
Expected credit loss rates					
Loss allowance	(4,232)	(5,020)	(4,818)	(7,857)	(21,927)
Total	$340,951	$34,367	$4,818	$-	$380,136

As at December 31, 2022

	Aging				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Total carrying amount	$360,589	$61,668	$10,906	$7,514	$440,677
Expected credit loss rates					
Loss allowance	(4,947)	(7,108)	(6,114)	(7,514)	(25,683)
Total	$355,642	$54,560	$4,792	$-	$414,994

As at March 31, 2022

	Aging				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Total carrying amount	$324,603	$25,617	$8,521	$7,358	$366,099
Expected credit loss rates					
Loss allowance	(5,827)	(2,832)	(4,971)	(7,358)	(20,988)
Total	$318,776	$22,785	$3,550	$-	$345,111

The expected credit loss rates (exclude 100% bad debt provision for unusual items) for above aging were 1.5%, 10%, 50% and 100%, respectively.

The movement of loss allowance in the note receivables, trade receivables and other receivables during the three-month periods ended March 31, 2023 and 2022 is as follows:

	Notes receivables	Trade receivables	Other receivables
Bal. as at 1 Jan. 2023	$123	$25,560	$898
Addition/(reversal) for the current period	(63)	(2,494)	104
Write off (Note)	-	(1,326)	-
Exchange differences	-	128	5
Bal. as at 31 Mar. 2023	$60	$21,868	$1,007
Bal. as at 1 Jan. 2022	$72	$24,290	$871
Addition/(reversal) for the current period	(58)	(4,107)	(3)
Exchange differences	-	791	33
Bal. as at 31 Mar. 2022	$14	$20,974	$901

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(18) Leases

Group as a lessee

The Group leases various properties, including land and buildings. The lease terms range from 1 to 5 years, except for lease terms of land that is 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Land use rights	$93,640	$93,564	$97,838
Buildings	17,578	20,174	24,705
Total	$111,218	$113,738	$122,543

During the three-month period ended March 31, 2023 and 2022, the Group's additions to right-of-use assets amounting to $114 thousand and $749 thousand, respectively.

b. Lease liabilities

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Lease liabilities	$16,574	$18,291	$23,463
Current	$8,849	$9,190	$9,123
Non-current	$7,725	$9,101	$14,340

Please refer to Note 6.20(d) for the interest on lease liabilities recognized during the three-month period ended March 31, 2023 and 2022 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss Depreciation charge for right-of-use assets

	3-month period ended 31 Mar.	
	2023	2022
Land use right	$547	$545
Buildings	2,667	2,443
Total	$3,214	$2,988

C. Income and costs relating to leasing activities

	3-month period ended 31 Mar.	
	2023	2022
The expenses relating to short-term leases	$2,203	$1,838
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	$190	$197

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D. Cash outflow relating to leasing activities

During the three-month periods ended March 31, 2023 and 2022, the Group's total cash outflows for leases amounting to $4,362 thousand and $4,815 thousand, respectively.

E. Other information relating to leasing activities

Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(19) Summary statement of employee benefits, depreciation and amortization expenses by function during the three-month periods ended March 31, 2023 and 2022:

	3-month period ended 31 Mar.							
	2023				2022			
	Operating costs	Operating expenses	Non-operating expense	Total amount	Operating costs	Operating expenses	Non-operating expense	Total amount
Employee benefits expense								
Salaries	$14,996	$50,552	$-	$65,548	$9,194	$48,655	$-	$57,849
Labor and health insurance, and social insurance and housing fund	$3,363	$10,464	$-	$13,827	$2,237	$9,510	$-	$11,747
Pension	$2,648	$8,230	$-	$10,878	$1,699	$7,678	$-	$9,377
Other employee benefits expense	$3,079	$15,999	$-	$19,078	$1,515	$17,212	$-	$18,727
Depreciation	$4,130	$8,817	$294	$13,241	$1,871	$6,313	$255	$8,439
Amortization	$-	$497	$21	$518	$-	$559	$18	$577

According to the Articles of Incorporation, 3% to 5% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

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Based on the losses of the three-month period ended March 31, 2023, the Company did not estimate the amounts of the employees' compensation and remuneration to directors for the three-month period ended March 31, 2023.

Based on the profit of the three-month period ended March 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors for the three-month period ended March 31, 2022 to be 3.12% of profit of the current three-month period and 2.43% of profit of the current three-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the three-month period ended March 31, 2022 amount to $1,217 thousand and $946 thousand, respectively.

A resolution was passed at a Board of Directors meeting held on February 24, 2023 to distribute $5,796 thousand and $3,703 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2021.

(20) Non-operating income and expenses

(a) Interest income

	3-month period ended 31 Mar.	
	2023	2022
Bank deposits	$3,848	$4,671

(b) Other income

	3-month period ended 31 Mar.	
	2023	2022
Rental income	$1,029	$712
Government grants	18,762	2,307
Total	$19,791	$3,019

(c) Other gains and losses

	3-month period ended 31 Mar.	
	2023	2022
Foreign exchange (losses) gains, net	($408)	$6,189
(Losses) gains on financial liabilities at fair value through profit or loss (Note)	(10,163)	1,711
Others	2,034	(1,188)
Total	($8,537)	$6,712

(Note) Profit (loss) arose from valuation adjustment for financial liabilities held for trading.

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(d) Finance costs

	3-month period ended 31 Mar.	
	2023	2022
Interest on borrowings from bank	$85	$3
Interest on bonds payable	607	603
Interest on lease liabilities	199	274
Total	$891	$880

(21) Components of other comprehensive income

3-month period ended March 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$6,894	$-	$6,894	$-	$6,894

3-month period ended March 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$50,226	$-	$50,226	$-	$50,226

(22) Income tax

The major components of income tax expense (income) for the three-months ended March 31, 2023 and 2022 are as follows:

Income tax expense (income) recognized in profit or loss

	3-month period ended 31 Mar.	
	2023	2022
Current income tax expense (income):		
Current income tax charge	$1,954	$20,214
Adjustments in respect of current income tax of prior periods	(237)	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	2,978	(22,496)
Total income tax expense (income)	($4,695)	($2,282)

The assessment of income tax returns

As of March 31, 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
GSD Technologies Co., Ltd.-Taiwan Branch	Assessed and approved up to 2021

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for the effect from the convertible bond) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	3-month period ended 31 Mar.	
	2023	2022
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	($4,340)	$35,017
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	36,500	36,500
Basic earnings per share (NT$)	($0.12)	$0.96

	3-month period ended 31 Mar.	
	2023	2022
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	($4,340)	$35,017
Less: Effect from convertible bonds (in thousand NT$)	-	603
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	($4,340)	$35,620
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	36,500	36,500
Effect of dilution:		
Employee compensation－stock (in thousands)	63	91
Convertible bonds (in thousands)	-	4,286
Weighted average number of ordinary shares outstanding after dilution (in thousands)	36,563	40,877
Diluted earnings per share (NT$)	($0.12)	$0.87

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(24) Changes in parent’s interest in subsidiaries

Disposed of the issued shares of subsidiaries

In April 2022, the Group disposed 40% of the shares of GSD Environmental Technology Co., Ltd., and decreased its continuing interest to 60%. A cash consideration of NT$9,020 thousands was received from the non-controlling interest shareholders. Following is a schedule of the equity of GSD Environmental Technology Co., Ltd. including decrease in non-controlling interests:

	GSD Environmental Technology Co., Ltd.
Cash consideration received from non-controlling shareholders	$9,020
(decrease) to non-controlling interests	(5,412)
Difference recognized in capital surplus or retained earning within equity	$3,608

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Pinghu Hey Wel Environmental Protection Equipment Co., Ltd. (Pinghu Hey Wel)	Substantive related party
Hey-Wel Mechanical Co., Ltd. (Hey-Wel Mechanical)	Substantive related party
Yuh Shan Environmental Engineering Co., Ltd. (Yuh Shan Environmental)	Associate

Significant transactions with the related parties

(a) Sales

	3-month period ended 31 Mar.	
	2023	2022
Pinghu Hey Wel	$339	$598
Hey-Wel Mechanical	4	95
Yuh Shan Environmental	29	95,342
Total	$372	$96,035

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection conditions for the related party are equivalent to the general non-related party transactions.

(b) Purchases

	3-month period ended 31 Mar.	
	2023	2022
Pinghu Hey Wel	$22,808	$21,567
Hey-Wel Mechanical	-	1,112
Total	$22,808	$22,679

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are equivalent to third party.

(c) Notes receivables-related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Hey-Wel Mechanical	$121	$4	$48
Yuh Shan Environmental	-	-	118,141
Total	$121	$4	$118,189

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Trade receivables-related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Pinghu Hey Wel	$3,850	$5,476	$4,425
Hey-Wel Mechanical	113	354	78
Yuh Shan Environmental	29	-	-
Total	$3,992	$5,830	$4,503

(e) Other receivables from related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Pinghu Hey Wel	$547	$506	$367

(f) Accounts payable to related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Pinghu Hey Wel	$23,993	$23,615	$16,807
Hey-Wel Mechanical	1,085	2,839	1,150
Total	$25,078	$26,454	$17,957

(g) Guarantee deposite

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Pinghu Hey Wel	$242	$242	$247

(h) Operating costs

	3-month period ended 31 Mar.	
	2023	2022
Pinghu Hey Wel	$193	$69

(i) Other operating costs

	3-month period ended 31 Mar.	
	2023	2022
Pinghu Hey Wel	$-	$27

(j) Rental income

	3-month period ended 31 Mar.	
	2023	2022
Pinghu Hey Wel	$1,029	$712

The Group leases out its offices to its associate - Pinghu Hey Wel under operating leases with lease terms of 5 years. The rent is based on the general lease market price and received on the tenth of each month. As of March 31, 2023, December 31, 2022, and March 31, 2021, the gross lease payments to be received during the remaining period of the lease are $16,837 thousand, $18,485 thousand, and $728 thousand, respectively.

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(k) Other income

	3-month period ended 31 Mar.	
	2023	2022
Pinghu Hey Wel	$567	$463

(l) Key management personnel compensation

	3-month period ended 31 Mar.	
	2023	2022
Short-term employee benefits	$2,508	$3,224
Post-employment benefits	67	74
Total	$2,575	$3,298

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount			
Items	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022	Secured liabilities
Property, plant and equipment - buildings	$61,917	$62,374	$69,732	Short-term borrowings
Right-of-use assets	36,770	36,689	38,780	Short-term borrowings
Investment properties	16,096	16,951	15,684	Short-term borrowings
Other current assets (restricted demand deposits)	11,542	33,148	7,736	Short-term borrowings
Total	$126,325	$149,162	$131,932	

9. Significant contingencies and unrecognized contractual commitments

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. Other

(1) Categories of financial instruments

Financial assets

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	$858,332	$941,798	$1,127,269
Notes receivables (including related parties)	70,160	36,996	143,133
Trade receivables (including related parties)	314,089	383,832	324,670
Other receivable (including related parties)	2,761	2,742	4,291
Other current assets (restricted demand deposits)	11,542	33,148	7,736
Refundable deposits	7,507	7,417	6,412
Total	$1,264,391	$1,405,933	$1,613,511

Financial liabilities

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Financial liabilities at amortized cost:			
Short-term borrowings	$26,549	$-	$-
Notes payable	70,389	93,417	80,042
Accounts payable (including related parties)	252,615	294,090	261,572
Other payables	105,580	136,080	113,218
Bonds payable	292,311	291,704	289,890
Lease liabilities	16,574	18,291	23,463
Guarantee deposits	242	242	247
Subtotal	764,260	833,824	768,432
Financial liabilities at fair value through profit or loss:			
Held for trading	15,960	5,790	29,400
Total	$780,220	$839,614	$797,832

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analysis is as follows:

When RMB appreciates/depreciates against foreign currency USD by 1%, the profit for the three-month periods ended 31 March 2023 and 2022 is increased/decreased by RMB$148 thousand (approximately equal to NT$654 thousand) and RMB$187 thousand (approximately equal to NT$845 thousand).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including deposites and borrowings with variable interest rates. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended 31 March 2023 and 2022 to increase/decrease by $163 thousand and $250 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of 31 March 2023, 31 December 2022, and 31 March 2022, trade receivables from top ten customers represent 17.57%, 12.13% and 28.85% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the financial Dep. in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are companies with good credit rating. Consequently, there is no significant credit risk for these counter parties.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents,and short-term borrowings. The table below summarizes the maturity profile of the Group's financial liabilities. The maturity is based on the earliest possible date on which repayment can be called and the payment is based on its undiscounted cash flow, and the stated amounts also include the agreed interest. The payment amount includes the contractual interest.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Mar. 2023					
Short-term borrowings	$26,605	$-	$-	$-	$26,605
Trade and other payables	$428,584	$-	$-	$-	$428,584
Lease liabilities	$9,438	$6,176	$2,134	$-	$17,748
Guarantee deposits	$-	$-	$-	$242	$242
Bonds payable	$-	$300,000	$-	$-	$300,000

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2022					
Trade and other payables	$523,587	$-	$-	$-	$523,587
Lease liabilities	$9,836	$7,051	$2,646	$-	$19,533
Guarantee deposits	$-	$-	$-	$242	$242
Bonds payable	$-	$300,000	$-	$-	$300,000
As at 31 Mar. 2022					
Trade and other payables	$454,832	$-	$-	$-	$454,832
Bonds payable	$-	$300,000	$-	$-	$300,000
Lease liabilities	$9,694	$7,344	$2,909	$5,819	$25,766
Guarantee deposits	$-	$-	$-	$247	$247

Information about the maturities of lease liabilities is provided in the table below:

	Maturities				
	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	Total
As at 31 Mar. 2023	$9,438	$8,310	$-	$-	$17,748
As at 31 Dec. 2022	$9,836	$9,697	$-	$-	$19,533
As at 31 Mar. 2022	$9,694	$10,253	$5,819	$-	$25,766

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended 31 March 2023:

	Short-term borrowings	Bonds payables	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2023	$-	$291,704	$18,291	$309,995
Cash flows	26,549	-	(1,969)	24,580
Non-cash changes				
Other changes	-	-	53	53
Interest expense	-	607	199	806
As at 31 Mar. 2023	$26,549	$292,311	$16,574	$335,434

Reconciliation of liabilities for the three-month period ended 31 March 2022:

	Bonds payables	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2022	$289,287	$24,169	$313,456
Cash flows	-	(2,780)	(2,506)
Non-cash changes			
Other changes	-	1,800	1,800
Interest expense	603	274	603
As at 31 Mar. 2022	$289,890	$23,463	$313,353

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, trade receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group’s financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as at			Fair value as at		
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities						
Bonds payable	$292,311	$291,704	$289,890	$283,770	$282,120	$281,190

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

Furthermore, the embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group’s assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group’s assets and liabilities measured at fair value on a recurring basis is as follows:

As at March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss	$-	$15,960	$-	$15,960

As at December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss	$-	$5,790	$-	$5,790

As at March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss	$-	$29,400	$-	$29,400

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the three-month periods ended March 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at March 31, 2023

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6.11)	$-	$-	$16,096	$16,096

As at December 31, 2022

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6.11)	$-	$-	$16,951	$16,951

As at March 31, 2022

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6.11)	$-	$-	$15,684	$15,684

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at March 31, 2023		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,451	6.8717 (USD : NTD)	$74,601
NTD	$28,035	0.2257 (NTD : RMB)	$28,035
Financial liabilities			
Monetary items:			
USD	$301	6.8717 (USD : NTD)	$9,172
NTD	$296,184	0.2257 (NTD : RMB)	$296,184
Foreign exchange gains or losses on monetary financial assets and financial liabilities (for three-month period ended March 31, 2023)			
USD and NTD			($408)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$3,713	6.9646 (USD : NTD)	$113,920
NTD	$63,932	0.2269 (NTD : RMB)	$63,932
Financial liabilities			
Monetary items:			
USD	$412	6.9646 (USD : NTD)	$12,657
NTD	$313,183	0.2269 (NTD : RMB)	$313,183
Foreign exchange gains or losses on monetary financial assets and financial liabilities (for the year ended December 31, 2022)			
USD and NTD			$10,301

	As at March 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$3,394	6.3482 (USD : NTD)	$97,165
NTD	$163,946	0.2219 (NTD : RMB)	$163,946
Financial liabilities			
Monetary items:			
USD	$444	6.3482 (USD : NTD)	$12,706
NTD	$357,357	0.2219 (NTD : RMB)	$357,357
Foreign exchange gains or losses on monetary financial assets and financial liabilities (for three-month period ended March 31, 2022)			
USD and NTD			$6,189

(11) Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

The following are information at significant transactions for the three months ended March 31, 2023:

A. Financing provided to others: Please refer to Attachment 1.
B. Endorsement/Guarantee provided to others: None.
C. Securities held: None.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20 percent of the capital stock: None.
E. Acquisition of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.
F. Disposal of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20 percent of the capital stock: None.
H. Receivables from related parties with amounts exceeding the lower of $100 million or 20 percent of the capital stock: None.
I. Financial instruments and derivative transactions: None
J. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 2.

(2) Information on investees

A. The investees have significant influence or controller directly or indirectly: Please refer to Attachment 3.
B. If the investees have direct or indirect control over the in Group, it must disclose the information of the invest engaged in the first to ninth transactions of the preceding paragraph:
The following are information at significant transactions of investees for the three months ended March 31, 2023:
    a. Financing provided to others None.
    b. Endorsement/Guarantee provided to others: None.
    c. Securities held: None.
    d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20 percent of the capital stock: None.

(3) Information on investments in mainland China

A. Information on any investee company in mainland China: Please refer to Attachment 4.
B. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.
    b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.
    c. The amount of property transactions and the amount of the resultant gains or losses: None.
    d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
    e. The highest balance, the end balance, the interest rate range, and total current period interest with respect to financing of funds: Please refer to Attachment 1.
    f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

(4) Information on major shareholders: Please refer to Attachment 5.

14. Segment information

(1) General information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. It focuses on management’s operating and management models. The following table presents the Group’s reportable segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on significant accounting policies information consistent with those in the consolidated financial statements. However, non-operating income and expenses (including interest income and expenses, other gain and losses), and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm’s length basis in a manner similar to transactions with third parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Segment revenue and results

For 3-month period ended 31 Mar. 2023

	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Shanghai GSD Industrial Co., Ltd	GSD Environmental Technology Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	Adjustment and elimination	Consolidated
Revenue											
External customer	$1,680	$16,374	$—	$5,286	$329,255	$2	$208	$—	$—	$—	$352,805
Inter-segment	—	—	—	—	2,538	34,952	21,465	6,293	—	($65,248)	—
Total revenue	$1,680	$16,374	$—	$5,286	$331,792	$34,954	$21,673	$6,293	$—	($65,248)	$352,805
Segment profit	($3,875)	($7,045)	$—	($777)	$11,272	($3,267)	($1,089)	$1,258	($3,058)	($1,092)	($7,673)

For 3-month period ended 31 Mar. 2022

	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Shanghai GSD Industrial Co., Ltd	GSD Environmental Technology Co., Ltd.	Adjustment and elimination	Consolidated
Revenue									
External customer	$98,442	$4,724	$—	$286,084	$—	$1,986	$—	$—	$391,236
Inter-segment	—	—	—	$1,592	—	50,189	172	(51,953)	—
Total revenue	$98,442	$4,724	$—	$287,676	$—	$52,175	$172	($51,953)	$391,236
Segment profit	$215	($6,382)	$—	$21,348	($196)	$1,349	($2,540)	($135)	$13,659

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following table presents segment assets and liabilities of the Group's operating segments as at March 31, 2023, December 31, 2022 and March 31, 2022:

Segment assets

	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Shanghai GSD Industrial Co., Ltd	GSD Environmental Technology Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	Adjustment and elimination	Consolidated
2023.3.31	$1,857,197	$233,935	$1,342,861	$33,481	$1,643,853	$309,935	$146,892	$11,955	$38,665	($3,177,806)	$2,440,968
2022.12.31	$1,869,053	$210,627	$1,309,536	$40,523	$1,633,080	$233,231	$208,311	$13,189	$41,493	($3,048,875)	$2,510,168
2022.3.31	$2,004,699	$191,938	$1,201,747	$−	$1,601,415	$215,223	$200,096	$13,931	$−	($2,912,364)	$2,516,685

Segment liabilities

	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Shanghai GSD Industrial Co., Ltd	GSD Environmental Technology Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	Adjustment and elimination	Consolidated
2023.3.31	$329,834	$64,054	$196,333	$8,239	$682,269	$107,315	$2,004	$13,452	$1,238	($509,239)	$895,499
2022.12.31	$344,486	$27,452	$32,460	$14,409	$546,452	$28,437	$48,589	$16,025	$1,307	($92,828)	$966,789
2022.3.31	$437,340	$8,938	$20,550	$−	$631,048	$−	$52,610	$413	$−	($201,520)	$949,379

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Other reconciliations of reportable segments

	3-month period ended 31 Mar.	
	2023	2022
Total profit or loss for reportable segments	($7,673)	$13,659
Non-operating income and expenses		
Interest income	3,848	4,671
Other income	19,791	3,019
Other gain and losses	(8,537)	6,712
Finance costs	(891)	(880)
Share of profit of associates and joint ventures accounted for using equity method	(6,942)	5,554
Profit (loss) before tax from continuing operations	($404)	$32,735

Attachment 1

Financing provided to others：

NO (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)
													Item	Value		
0	GSD Technologies Co., Ltd.	GSD (China) Co., Ltd..	Other Receivables	Yes	$44,310 (RMB 10,000 thousand)	$44,310 (RMB 10,000 thousand)	$-	-	Short-term financing	-	For counterparty to construct factory and purchase equipment	$-	None	-	$610,924	$610,924
0	GSD Technologies Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	Other Receivables	Yes	$30,450 (USD 1,000 thousand)	$30,450 (USD 1,000 thousand)	$-	Least 3%	Short-term financing	-	For operational turnaround	$-	None	-	$610,924	$610,924
0	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Other Receivables	Yes	$44,310 (RMB 10,000 thousand)	$44,310 (RMB 10,000 thousand)	$22,155	-	Short-term financing	-	For operational turnaround	$-	None	-	$610,924	$610,924
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Other Receivables	Yes	$88,620 (RMB 20,000 thousand)	$88,620 (RMB 20,000 thousand)	$35,448	3%	Short-term financing	-	For operational turnaround and purchase equipment	$-	None	-	$287,719	$383,625

Note 1: The company and its subsidiaries are coded as follows:

a. Arabic numeral 0 represents GSD Technologies Co., Ltd.

b. Investee company is numbered in sequence starting from the Arabic numeral 1.

Note 2: The balance for the period are calculated based on exchange rate on March 31, 2023.

Note 3: The limit for lending to each borrower is as follows:

The limits of financing amounts of the Company were as follows:

a. The amount available for lending to other parties or single borrower from the company shall not exceed forty percent (40%) of the net worth of the Company.
b. Where the Company loan funds to the subsidiary which the Company hold, directly or indirectly, 100% of voting shares, both the maximum amount permitted to a single borrower and the aggregate amount of loans shall not exceed 40% of the Company's net worth.
c. The restriction mentioned in preceding paragraph is not applicable to the fund loans between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares. However, the aggregate loan fund amount shall not exceed 60% of the net worth of the lender, and the amount loan to single borrower shall not exceed 30% of the net worth of the lender.
d. Where the subsidiary in Taiwan loan funds to others, and where foreign subsidiary loan funds to the Company or the subsidiary in Taiwan, the maximum amount permitted to a single borrower and the aggregate amount of loans shall not exceed 40% of the net worth of the lender.

The limits of financing amounts of the GSD (China) Co., Ltd. were as follows:

The amount of accumulated balance of loan provided to other parties shall not exceed 40% of net worth of the latest financial statements, and the amount available for lending to single borrower were as follows:

a. For companies that have business with GSD (China) Co., Ltd., the loan to individual borrower shall not exceed the total amount of business transactions between the two parties during the twelve-month period preceding the loan, and loans shall not exceed 10% of the net worth of the GSD (China) Co., Ltd.
b. For companies which GSD (China) Co., Ltd. hold, directly or indirectly, more than 50% of voting shares, the loan to individual borrower shall not exceed 20% of the net worth of the GSD (China) Co., Ltd.
c. For companies that directly or indirectly hold more than 50% of the voting shares of GSD (China) Co., Ltd., the loan to individual borrower shall not exceed 20% of the net worth of the GSD (China) Co., Ltd.
d. For companies which GSD (China) Co., Ltd. hold, directly or indirectly, 100% of voting shares, the loan to individual borrower shall not exceed 30% of the net worth of the GSD (China) Co., Ltd.
e. For companies which held by the parent company or the ultimate parent company of GSD (China) Co., Ltd., directly or indirectly, more than 50% of voting shares, the loan to individual borrower shall not exceed 20% of the net worth of the GSD (China) Co., Ltd.
f. For companies which held by the parent company or the ultimate parent company of GSD (China) Co., Ltd., directly or indirectly, 100% of voting shares, the loan to individual borrower shall not exceed 30% of the net worth of the GSD (China) Co., Ltd.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 2

The business relationship between the parent and the subsidiaries and significant transactions between them:

NO (Note 1)	Company name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	1	Other receivables-related parties	$22,155	Contractual payment	0.91%
1	GSD (China) Co., Ltd.	Shanghai GSD Industrial Co., Ltd.	3	Accounts payable to related parties	$62,922	90 days	2.58%
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	3	Other receivables-related parties	$35,448	Contractual payment	1.45%
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	3	Accounts payable to related parties	$30,818	60 days	1.26%
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	3	Purchases	$34,952	60 days	9.91%
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	3	Prepayment	$7,781	Contractual payment	0.32%
1	GSD (China) Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	3	Operating revenues	$2,040	90 days after bill of lading date	0.58%
2	Shanghai GSD Industrial Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	3	Trade receivables-related parties	$24,201	60 days	0.99%
2	Shanghai GSD Industrial Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	3	Other receivables-related parties	$2,129	90 days	0.09%
3	GSD Environmental Technology Co., Ltd.	GSD (China) Co., Ltd.	3	Operating revenues	$6,293	Contractual payment	1.78%
4	GSD Enviro Tech (Taiwan) Co., Ltd.	GSD Environmental Technology Co., Ltd.	3	Trade receivables-related parties	$1,879	Contractual payment	0.08%

Note 1: The parent company and its subsidiaries are coded as follows:

a. The parent company is coded "0".

b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: There are three types of relationships:

a. Represents the transactions from parent company to subsidiary.

b. Represents the transactions from subsidiary to parent company.

c. Represents the transactions between subsidiaries.

Note 3: The above amounts were eliminated in the consolidated financial statement.

Note 4: The transaction amounted to 1,000 thousand to expose the standard.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 3

Names, locations, and related information of investee companies:

Investor Company	Investee company	Address	Main Businesses and Products	Initial Investment (Note 1)		Investment as of March 31, 2023			Net Income (loss) of Investee Company	Investment Income (loss) Recognized (Note 2)	Note
				Ending Balance	Beginning Balance	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
GSD Technologies Co., Ltd.	Chuan Yuan Hydraulic Engineering	British Virgin Islands	Investment holding, investment	$372,432 (USD12,223 thousand)	$372,432 (USD12,223 thousand)	3,932,735	100.00%	$1,160,336	$22,355	$21,210	Subsidiary
GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Taiwan	Investment holding, selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	$180,000	$180,000	18,000,000	100.00%	$169,881	($13,429)	($13,429)	Subsidiary
GSD Enviro Tech (Taiwan) Co., Ltd.	Yuh Shan Environmental Engineering Co., Ltd.	Taiwan	Soil remediation projects and consulting or testing services, environmental protection equipment design and sales, mechanical biological treatment (MBT), etc.	$108,000	$108,000	6,000,000	23.53%	$139,920	($26,817)	($6,942)	Associates
GSD Enviro Tech (Taiwan) Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	Vietnam	Selling of aquaculture and environmental protection equipment and its consumables, and providing installation, repair, and technical support services	$24,484 (USD850 thousand)	$24,484 (USD850 thousand)	Not applicable	85.00%	$21,456	($746)	($634)	Subsidiary

Note 1: It is based on the historical exchange rate of the original investment.

Note 2: Except for Yuh Shan Environment, share of profit are recognized by their financial statements which were reviewed by international CPA firms.

Note 3: Except for Yuh Shan Environment, share of profit, balances of investment and net worth are eliminated in full upon consolidation.

Note 4: Information on investments in mainland China please refer to Attachment 4.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 4

Investment in Mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	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 March 31, 2023	Net Income (loss) of Investee Company	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (Note 2)	Carrying Amount as of March 31, 2023 (Note 4)	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow						
GSD (China) Co., Ltd.	Mainly for the production, sales, installation, maintenance and provision of related technical services for environmental protection equipment; and agent for environmental protection related products such as pharmaceuticals and consumables	$593,754 (RMB 134,000 thousand)	Indirect investment in mainland China through a third-area	Not applicable	$ -	$ -	Not applicable	$29,841	100.00%	$29,841	$959,063	$-
Shanghai GSD Industrial Co., Ltd.	Mainly for the production, sales, installation, maintenance and provision of related technical services for environmental protection equipment; and agent for environmental protection related products such as pharmaceuticals and consumables	$91,596 (RMB 20,672 thousand)	Indirect investment in mainland China through GSD (China) Co., Ltd.	Not applicable	$-	$-	Not applicable	$1,173	100.00%	1,190	$144,887	$-
GSD Environmental Technology Co., Ltd.	Manufacturing and selling of electronic and mechanical equipment and its components, also providing technical development, transfer, consulting and service in the domain of environmental protection technology	$44,310 (RMB 10,000 thousand)	Indirect investment in mainland China through GSD (China) Co., Ltd.	Not applicable	$-	$-	Not applicable	$1,357	60.00%	$814	($898)	$-
CNCN (Beijing) Enviro Tech Co., Ltd.	Selling of sludge drying and energy management equipment and providing installation, repair, and technical support services	$44,310 (RMB 10,000 thousand)	Indirect investment in mainland China through GSD (China) Co., Ltd.	Not applicable	$-	$-	Not applicable	($2,975)	60.00%	($1,785)	$22,456	$-
GSD Enviro Tech (Yangzhou) Co., Ltd.	Manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	$221,550 (RMB 50,000 thousand)	Indirect investment in mainland China through a third-area	Not applicable	$-	$-	Not applicable	($3,250)	100.00%	($3,299)	$202,570	$-

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Not applicable	Not applicable	Not applicable

Note 1: The methods for engaging in investment in Mainland China include the following:

a. Direct investment in Mainland China.

b. Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).

c. Other methods.

Note 2: The investment income (loss) recognized in current period, the investment income (loss) were determined based on the following basis:

a. The financial statements were reviewed by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.

b. The financial statements were reviewed by the auditors of the parent company.

c. Others.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date.

Note 4: All share of profit (loss), balances of investment and net worth are eliminated in full upon consolidation.

Attachment 5

Information on major shareholders:

Major shareholders \ Shares	Number of Shares	Percentage of Ownership (%)
H.J. Hsieh International Co., Ltd.	5,645,736	15.25%
Li Yi Co., Ltd.	3,411,892	9.22%
CDIB Venture Capital Corporation	2,573,603	6.95%
Advantech Corporate Investment	2,568,358	6.94%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If the above information pertains to shareholders who have delivered their shares in trust, it is disclosed separately in the entrusted accounts opened by the trustee in the name of the principal. As for shareholders who, according to the securities trading regulations, process the internal shareholding declaration for shareholdings exceeding 10%, their shareholdings include their own shares plus the shares delivered in trust and the shares with decision-making power over the trust property. For information on internal shareholding declarations, please refer to the Market Observation Post System.