

Stock code : 6641



GSD Technologies Co., Ltd.

2023 Annual Report

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Company website: <https://gsd.net.tw/>

Printed on April 30, 2024

Notice to readers

This annual report been translated into English from the original Chinese version. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

I. Spokesperson and deputy spokesperson

Spokesperson

Name : Wu, Wu-Hsiung
Title : Chief Financial Officer
Tel : +886-916856641
E-mail: ir@gsd.net.tw

Deputy spokesperson

Name : Hsieh, Mu-Chun
Title : Senior Specialist of CEO office
Tel : +886-916856641
E-mail: ir@gsd.net.tw

II. Headquarter, Branches, and the Plants

2.1 Headquarters

Headquarters

Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.
Tel: +886-7-5528802#601

Taiwan Branch

Address: No.15, 17, 19 Minli Street, Gushan District, Kaohsiung City, R.O.C.
Tel: +886-7-5528802

2.2 British Virgin Islands subsidiary

CHUAN YUAN Hydraulic Engineering Co., Ltd.

Address: Portcullis Chambers 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VIRGIN ISLANDS, BRITISH
Tel: +886-7-5528802

2.3 Subsidiaries in Taiwan

GSD Enviro Tech (Taiwan) Co., Ltd.

Address: No.15, 17, 19 Minli Street, Gushan District, Kaohsiung City, R.O.C.
Tel: +886-7-5528802

2.4 Subsidiaries and Branches in China

GSD (China) Co., Ltd

Address: No. 2399, Xinming Road, Pinghu Economic Development Zone, Zhejiang Province, China
Tel: +86-573-8950-8888

GSD (China) Co., Ltd. Beijing Branch

Address: Room 1705, 17th Floor, Building 1, Yard 1, Jinghai 6th Road, Beijing Economic and Technological Development Zone (Tongzhou), Beijing, China.
Tel: +86-10-5092-8520

GSD (China) Co., Ltd QingDao Branch

Address: 1F, Building A, No. 57, Haier Road, Laoshan District, Qingdao, China.

Tel: +86-532-8891-0563

GSD (China) Co., Ltd Suzhou Branch

Address: Room205/206/207, Building B4, No.216, Jinfeng Road, Wuzhong District, Suzhou, China.

Tel: +86-512-6270-9116

GSD (China) Co., Ltd Shanghai branch

Address: No.796, Yun Qiao Road, Pudong, Shanghai, China

Tel: +86-21-5055-0317

GSD (China) Co., Ltd Guangzhou branch

Address: Room B202, No.33, Holiday New Street, Guangzhou, China.

Tel: +86- 20-8232-0595

Shanghai GSD Industrial Co., Ltd.

Address: No.796, Yun Qiao Road, Pudong, Shanghai, China

Tel: +86-21-5055-0343

GSD Environmental Technology Co., Ltd.

Address: 1st Floor, No. 2399, Xinming Road, Pinghu Economic Development Zone, Zhejiang Province, China

Tel: +86-573-8529-6688

GSD Enviro Tech (Yangzhou) Co., Ltd.

Address: No. 3-1, Weichai Avenue, Beishan Automobile Industrial Park, Hanjiang District, Yangzhou city, Jiangsu, China.

Tel: +86-514-8781-4125

CNCN (Beijing) Enviro Tech Co., Ltd.

Address: Room 1704, 17th Floor, Building 1, Yard 1, Jinghai 6th Road, Beijing Economic and Technological Development Zone (Tongzhou), Beijing, China.

Tel: +86-10-5092-8517

2.5 Subsidiaries in Vietnam

GSD Enviro Tech Vietnam Company Limited

Address: 502 Huong Lo 2, Phuong Binh TRI Dong, Quan Binh Tan, Ho Chi Minh City, Vietnam.

Tel: +84-28-36368159

2.6 Plant

GSD (China) Co., Ltd – Pinghu factory

Address: No. 2399, Xinming Road, Pinghu Economic Development Zone, Zhejiang Province, China

Tel: +86-573-8950-8888

GSD Enviro Tech (Yangzhou) Co., Ltd. – Yangzhou factory
Address: No. 3-1, Weichai Avenue, Beishan Automobile Industrial Park, Hanjiang District, Yangzhou city, Jiangsu, China.
Tel: +86-514-8781-4125

III. Stock Transfer Agent

SinoPac Securities Co., Ltd.
Address: 3/F, No. 17 Bo-ai Road, Taipei, R.O.C.
Tel: +886-2-2381-6288
Website: <http://www.sinotrade.com.tw>

IV. Auditors

Ernst & Young
Auditors: Chen, Cheng-Chu and Hsieh, Sheng-An
Address: 17F, No. 2, Zhongzheng 3rd Road., Kaohsiung City, 80052, Taiwan, R.O.C.
Tel: +886-7-238-0011
Website: https://www.ey.com/zh_tw

V. Overseas Securities Exchange

None.

VI. Corporate Website

<https://www.gsd.net.tw>

VII. The designated agent in Taiwan (R.O.C)

Name: Hsieh, Hung-June
Job Title: Chairman
Tel: +886-916856641
Email: ir@gsd.net.tw

VIII. Board of Directors

Job Title	Name	Nationality / Country of origin	Experience (Education)
Chairman	Hsieh, Hung-June	R.O.C.	Oriental Institute of technology, Department of computer engineering Former General manager of GSD Technologies Co., Ltd.
Director	Li Yi Co., Ltd.	British Virgin Islands	New Taipei city San-Chung Commercial and Industrial Vocational High School Mechanical engineering General manager of HEY-WEL Mechanical Co., Ltd.
	Representative : Lin, Ming-Tzu	R.O.C.	
Director	Cheng, Chi-Fa	R.O.C.	Department of Accounting National Chong Hsing University CPA of Jingxing united accounting firm

Director	Lee, Tzuoh-Shoou	R.O.C.	Oriental Institute of Technology, Department of computer Engineering Former Special Assistant of chairman of GSD Technologies Co., Ltd.
Independent director	Chang, Yuan-Lung	R.O.C.	Department of Accounting, Tamkang University CPA of CihnJeng United Accounting Firm
Independent director	Chou, Shan-Shan	R.O.C.	Doctor, Institute of Environmental Engineering, National Chiao Tung University CEO of Environmental Technology & Smart System Research Center of National Yang Ming Chiao Tung University.
Independent director	Su, Chiu-Hsia	R.O.C.	MBA, The George Washington University Former Executive Vice President of Standard Chartered Bank

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I. Letter to Shareholders

Dear Shareholders,

The Covid-19 epidemic would finally end in 2023, but the world has not returned to normal as expected. The World Meteorological Organization (WMO) announced that 2023 will be the hottest year in recorded history. Geopolitical tensions have not eased, and inflation and high interest rates have remained stagnant, making the economic recovery faltering. We face difficult challenges and strive to find hope for the future.

Export-oriented Taiwan's GDP growth rate in 2023 will be only about 1%. Due to the instability of the global market, Vietnam's trade volume has not grown as expected. The economy will grow by 5.05% in 2023, falling short of the original target of 6.5%. In China, the Bureau of Statistics of the Mainland announced that the annual GDP growth rate of 2023 was 5.2%, in line with expectations. However, China's economic development is facing more and more unfavorable factors from international political and economic, coupled with the cyclical and structural problems of domestic industries, resulting in a decline in industrial profits and a slowdown in investment. China's economic development remains uncertain.

The Company's revenue of 2023 was NT\$1.774 billion, a decrease of 3.6% over the previous year. The net profit after tax was NT\$38.18 million, and the annual EPS was NT\$1.28. The sharp decline in profits was caused by non-operating income and expenditure items, increase in fixed costs causing from the new factory put into production, and increases in R&D expenses.

1. 2023 Business Plan Implementation

The consolidated revenue in 2023 was NT\$1,774,243 thousand, a decrease of NT\$66,341 thousand or 3.6%, compared to NT\$1,840,584 thousand in 2022. The consolidated gross profit margin in 2023 was 32.1%, which was a 3.77% decrease compared to 35.87% in the previous year and the gross profit decreased by NT\$90,684 thousand. The 2023 gross profit decrease mainly due to the sales price and volume in China decreased and the fixed cost increase. In 2023, the operating expense increased by NT\$38,308 thousand, causing by the increase in fixed costs because of the new factory put into production, and increases in R&D expenses because of new products development. The operating profit decreased by NT\$128,992 thousand compared with the previous year. Due to the decline of investment profit and exchange gain, valuation loss in convertible bond, the net non-operating income decreased by NT\$29,046 thousand, resulting in a decrease of NT\$158,038 thousand in net profit before tax compared with the previous year. In addition, income tax in 2023 decreased by NT\$22,295 thousand compared with that in 2022, due to the decrease of net profit before tax and the recognition of income

tax benefit. Taking the above factors into consideration, the net profit after tax in 2023 was NT\$38,182 thousand, a decrease of NT\$135,743 thousand from the previous year.

2. Budget Implementation

The Company has not announced financial forecasts.

3. Financial Revenue and Expenditure Analysis

In 2023, the consolidated interest income is NT\$14,576 thousand, a decrease of NT\$4,225 thousand, and the financial cost is NT\$3,871 thousand, a decrease of NT\$59 thousand compared to the previous year. The profitability ratios in 2023 are shown in the table below.

Items		Year	2022	2023	Difference (%)
Profitability	Return on assets(%)		7.05	1.69	-76.03
	Return on Equity(%)		11.50	2.57	-77.65
	Profit before tax & interest(EBIT) actual capital ratio(%)		54.51	11.80	-78.35
	Net Profit Margin(%)		9.45	2.15	-77.25
	Earnings per share(NT\$)		5.00	1.28	-74.40

4. Research and Development

4.1 In 2023, the Company added 2 invention patents, 8 utility model patents and 5 design patents, with a total of 141 valid patents, including 7 invention patents. In addition, there are 26 software copyrights.

4.2 Energy saving certification application

Up to 2023, most of the pump products including CP, GPS, LPS, ISP and ISH have obtained energy-saving certification, and the revenue from energy saving products accounted for nearly 36%. In addition to water pumps, GSD also actively cooperating develops energy-saving products such as full flow mixing systems for full fluid tank, the high solids belt press and sludge drying systems.

4.3 High efficiency product development

The newly developed submersible pumps and sewage pumps not only prioritize energy efficiency but also demonstrate significant improvements in product efficiency compared to the previous generation products. The ISH and

ISP series products feature interchangeable parts, enhancing versatility. Moreover, the high solids belt press (sludge dewatering machine) is capable of controlling the moisture content of the sludge below 80% without the addition of chemicals. With the inclusion of modified additives, the moisture content of the sludge can be controlled to around 70%, resulting in a substantial enhancement in dewatering efficiency.

5. Business Plan for 2024

The International Monetary Fund (IMF) announced in January an upward revision of its global economic growth forecast for 2024 from 2.9% to 3.1%. Despite slight improvements in the global economy, it is expected that global economic growth in the coming years will remain below the historical average of 3.8%, due to factors such as high interest rates. The IMF also has raised China's economic growth forecast to 4.6%. As for Taiwan's economy, a moderate recovery is anticipated in 2024, with the Taiwan Institute of Economic Research forecasting a growth rate of 3.15%. In Vietnam, exports showed double-digit growth in 2023Q4, with the official growth rate set at 6.5% for 2024. The Central Economic Conference of mainland China emphasized the principle of "maintaining stability while seeking progress," highlighting the need to consolidate and enhance the positive momentum of economic recovery and to promote both qualitative and reasonable growth in quantity. In terms of ecological civilization construction, authorities adhere to the concept that "green waters and lush mountains are invaluable assets," coordinating industrial restructuring, pollution control, ecological protection, and climate change response to promote carbon reduction, pollution reduction, green expansion, and growth in tandem with high-quality ecological environment to support high-quality economic development. Facing the challenges of extreme weather, green development and water resources construction are expected to continue to bring opportunities for development.

5.1 Operational Policy

5.1.1 Accelerate resource integration

Integrate cross-departmental resources, promote departmental cooperation mechanisms to gather team strength.

5.1.2 Aiming to the target market

Introducing energy-saving and carbon-reducing solutions for high-energy-consuming and high-emission industries to expand market and enhance the revenue.

5.1.3 Improving the revenue and profit

Link bonuses to target achievement rates and growth rates to strive for performance.

5.1.4 Improving risk control

Improve the risk control mechanisms.

5.2 Expected sales volume and its production and sales policies and future company development strategies

Business Directions for 2024:

5.2.1 In China, in addition to basic business operations, we will integrate with the market trend of pollution reduction and carbon reduction, continue to promote the sales of energy-saving products and solutions, expand business related to sludge disposal and resource utilization, and extend business development overseas.

5.2.2 In Taiwan, we will continue to participate in public projects tenders, increase equipment intelligence service, expand maintenance and replacement services for sewage treatment plants.

5.2.3 In Vietnam, we will promote the agent clients, pay attention to the equipment needs for building plant of Taiwanese/Chinese-funded companies, and promote the air-conditioning auxiliary water pump market and environmental protection market.

Looking forward to 2024, global economic remains fraught with uncertainty, but challenges always coming with opportunities. We will continue to implement our core business and go all out to develop new markets using new products and services.

Finally, I wish all shareholders good health and all the best

Sincerely yours,

Chairman

HSIEH, HUNG-JUNE

II. Company Profile

2.1. Company information

Date of incorporation: October 3, 2013

Headquarter, Branches, and Plants

2.1.1 Headquarter

GSD Technologies Co., Ltd. (hereinafter referred to as the Company or GSD)

Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.

Tel: (886) 7-5528802#601

2.1.2 Subsidiaries

A. Chuan Yuan Hydraulic Engineering Co., Ltd. (hereinafter referred to as GSD-BVI)

Address: Portcullis Chambers 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, Virgin Islands, British.

Tel: +886-7-5528802#601

B. GSD (China) Co., Ltd. (hereinafter referred to as GSD China)

Address : No. 2399, Xin-Min Road, Pinghu economic development Zone in Zhejiang, China.

Tel: +86-573-8950-8888

C. Shanghai GSD Industrial Co., Ltd. (hereinafter referred to as GSD Shanghai)(Note)

Address : No. 796, Yun Chiao Road, New Pudong District, Shanghai, China.

Tel: +86-21-5055-0343

Note : The Board of Directors approved the merger of GSD (China) and GSD Shanghai and set July 1, 2023 as the record date for the merger. The registration of the merger is not yet completed as of the printing date of this report.

D. GSD Environmental Technology Co., Ltd. (hereinafter referred to as CYHK)

Address: 1F, No. 2399, Xin-Min Road, Pinghu economic development Zone in Zhejiang, China.

Tel: +86-573-8529-6688

E. GSD Enviro Tech (Yangzhou) Co., Ltd. (hereinafter referred to as GSD Yangzhou)

Address: No. 3-1, Weichai Avenue, Beishan Automobile Industrial Park, Hanjiang District, Yangzhou city, Jiangsu, China.

Tel: +86-514-8781-4125

F. CNCN (Beijing) Enviro Tech Co., Ltd. (hereinafter referred to as CNTH)

Address: Room 1704, 17th Floor, Building 1, Yard 1, Jinghai 6th Road, Beijing

Economic and Technological Development Zone (Tongzhou), Beijing, China.
Tel: +86-10-5092-8517

G. GSD Enviro Tech (Taiwan) Co., Ltd. (hereinafter referred to as GSD-TW)
Address: No.15, 17, 19 Minli Street, Gushan District, Kaohsiung City, R.O.C.
Tel: +886-7-5528802

H. GSD Enviro Tech Vietnam Company Limited (hereinafter referred to as GSD-VN)
Address: 502 Huong Lo 2, Phuong Binh TRI Dong , Quan Binh Tan, Ho Chi Minh
City, Vietnam
Tel: +84-28-36368159

2.1.3 Branches

A. GSD Technologies Co., Ltd. Taiwan Branch.
Address: 2F, No.15, 17, 19 Minli Street, Gushan District, Kaohsiung City, R.O.C.
Tel: +886-7-5528802

B. GSD (China) Co., Ltd, Beijing Branch (hereinafter referred to as Beijing Branch)
Address: Room 1705, 17th Floor, Building 1, Yard 1, Jinghai 6th Road, Beijing
Economic and Technological Development Zone (Tongzhou), Beijing, China.
Tel: +86-10-5092-8520

C. GSD (China) Co., Ltd, QingDao Branch (hereinafter referred to as Qing Dao
Branch)
Address: 1F, Block A, 57 Haier Road, Laoshan District, Qingdao, China.
Tel: +86-532-8891-0563

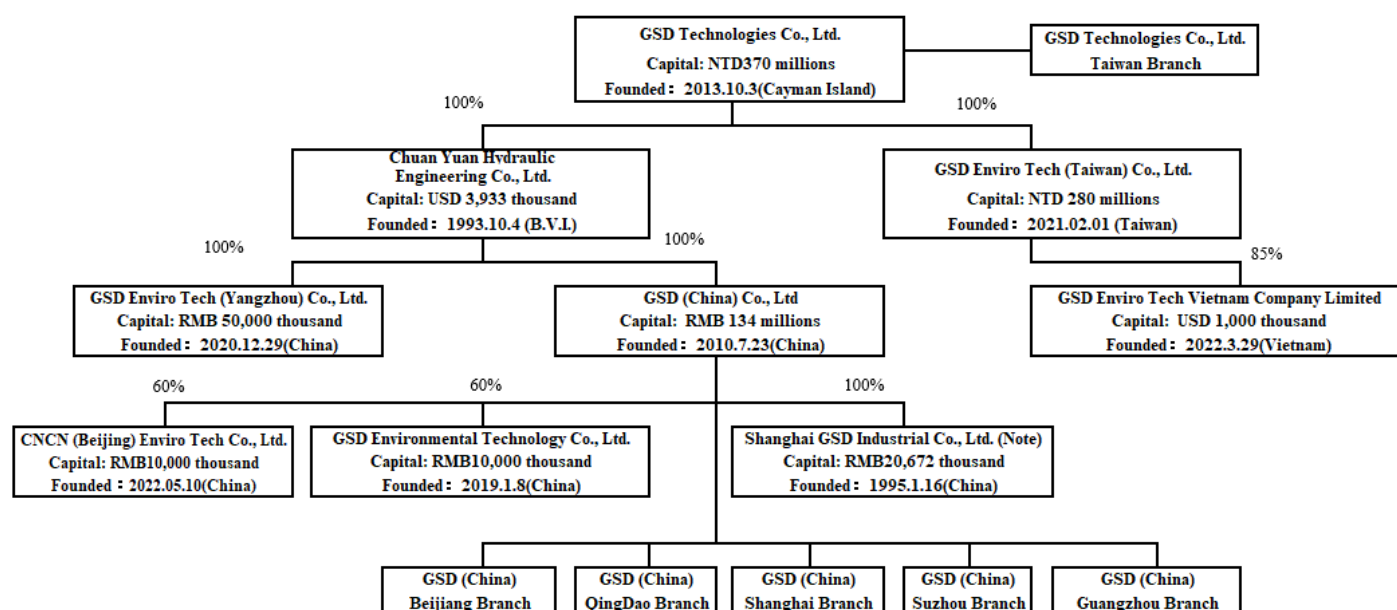
D. GSD (China) Co., Ltd. Shanghai branch (hereinafter referred to as Shanghai
Branch)
Address: No. 796, Yun Chiao Road, New Pudong District, Shanghai, China.
Tel: +86-21-5055-0317

E. GSD (China) Co., Ltd. Suzhou branch (hereinafter referred to as Suzhou Branch)
Address: Room 205/206/207 of B4, Dong Chuang Technological park, No. 216,
Jing Feng Road, Mu Du Town, Wu Xiong District, Suzhou, China.
Tel: +86-512-6270-9116

F. GSD (China) Co., Ltd. Guangzhou branch (hereinafter referred to as Guangzhou
Branch)
Address: Room B202, No.33, Holiday New Street, Guangzhou, China.
Tel: +86-20-8232-0595

2.2. Group Profile and Group Structure

GSD Technologies Co., Ltd. established in the British Cayman Islands and operates mainly by GSD (China) Co., Ltd. and GSD Enviro Tech (Yangzhou) Co., Ltd. The "Chuan yuan GSD" brand originated from Taiwan. In 1995, it invested in the mainland China and is a company that has deeply cultivated the mainland China's environmental protection market for more than 20 years. GSD is specialized in the R&D, production and sales of a full range of environmental protection equipment, and is committed to providing users with overall solutions and technical services for sewage treatment. In recent years, with excellent products and excellent services, GSD has won many honors such as "the most valuable brand of environmental protection equipment in China - pump benchmarking brand", "sewage treatment equipment and service benchmarking enterprise", "China's top ten brands of sewage treatment equipment" and "Star pump valve enterprise brand". The group structure of GSD is as follows:



(Note)The Board of Directors approved the merger of GSD (China) and GSD Shanghai and set July 1, 2023 as the record date for the merger. The registration of the merger is not yet completed as of the printing date of this report.

2.3. Company History

Year	Milestones
	GSD started from Taiwan.
1995	Shanghai GSD Industrial Co., Ltd. was founded.
2000	GSD Shanghai Yang Chou Branch was founded (Yang Zhou Branch).
2008	GSD Shanghai was “SSI products” Authorized China agent.
2010	GSD (China) Co., Ltd. was founded (currently being the operating headquarter in Mainland China).

Year	Milestones
2011	Awarded: Environmental Enterprise Competitiveness Award, Well-known Water Equipment Enterprise, etc..
	Awarded: 2011-2012 water industry user satisfaction equipment brand.
2012	Awarded: 2012 Top Ten Growth Companies, 2012 Environmental Enterprise Competitiveness Award.
	GSD China Plant in Pinghu city officially put into operation.
2013	GSD China obtained the certifications of ISO9001& ISO14001.
	GSD Technologies Co., Ltd. was founded.
2014	GSD Technologies Co., Ltd. obtained 100 % equities from GSD (China) Co., Ltd.
2015	GSD was selected as one of the top ten brands of sewage treatment equipment in China in 2015.
	GSD was selected as one of the top 50 water treatment enterprises in China in 2015.
2016	GSD obtained two invention patents in China (Surface aerator and pump testing device).
	GSD obtained two invention patents and 35 utility model patents by the end of 2016.
	GSD (China) was awarded the best corporate in transformation and upgrade field in Pinghu city.
2017	GSD (China) is awarded the Green Britain Award - leading enterprise in environmental equipment competitiveness.
	GSD (China) was awarded: 2016-2017 China's most valuable environmental protection equipment brand in water treatment machinery (pump benchmarking brand).
	GSD (China) has obtained the qualification of China's high-tech enterprise.
2018	GSD (China) was awarded the Innovation Award for Environmental IoT Technology.
	GSD (China) is awarded the green Britain Award - leading enterprise in environmental equipment competitiveness.
	GSD (China) was awarded: "Four Innovations" Excellent Enterprises in Pinghu City.
	The board of directors of the Taiwan Stock Exchange approved the GSD's stock listing case.
	The GSD's shares are publicly issued in Taiwan.
	The GSD shares were listed in Taiwan, and the stock code is 6641.
2019	GSD Environmental Technologies Co., Ltd. was founded.
	GSD (China) was recognized as a top-ranking enterprise in Pinghu.
	GSD Technologies Co., Ltd. Taiwan Branch was founded.
	GSD (China) awarded: the most valuable brand of Environmental Protection Equipment in China in 2018-2019).
	GSD (China) won the Green Talents Awards -2018-2019 water treatment equipment and technical service benchmark enterprise.

Year	Milestones
	Tongji-GSD (China) Research center of Environmental Microbiology was established.
	NCKU-GSD Hydrotech Research Center (HTRC)
2020	GSD (China) was selected as the 2019 Zhejiang Invisible Champion Cultivating Enterprise.
	GSD (China) was awarded as Pinghu Merit Enterprise.
	GSD (China) awarded the most valuable brand of water treatment machinery in 2019-2020.
	Foundation laying for GSD (China) Pinghu II plant expansion project.
	GSD (China) was awarded the "green Britain Award" - outstanding enterprise of environmental IOT technology innovation.
	GSD (China) was awarded the honor of "abiding by the contract and valuing the credit" as a class A enterprise in Zhejiang Province.
	GSD (China) was selected: the 2 nd batch of enterprises with special expertise and special features of "Small Giant" in China.
	GSD Enviro Tech (Yangzhou) Co., Ltd. was founded.
2021	GSD Enviro Tech (Taiwan) Co., Ltd. was founded.
	GSD issued the first Convertible Bond in R.O.C., which listed on OTC.
	GSD completed the cash capital increase and the issuance of new shares.
	GSD-TW obtained common shares of Yuh Shan Environmental Engineering Co., Ltd.
	GSD (China) was awarded "green Britain Award"- water treatment equipment and program solution.
	Foundation laying for GSD Yangzhou plant expansion project.
2022	GSD Enviro Tech (Vietnam) Company Limited was founded.
	CNCN (Beijing) Enviro Tech Co., Ltd. was founded.
	GSD (China) Pinghu II plant officially started production.
	GSD (China) awarded: "excellent pump brand" of the leading enterprise in the field of water treatment in 2021.
	GSD (China) awarded: Smart Water Service Platform Innovation Award
	GSD-TW awarded: The winner of the 2022 Greentech Startup challenge
2023	GSD Yangzhou plant officially started production.
	the Board approved the merger of GSD (China) and GSD Shanghai and set July 1, 2023 as the record date for the merger. (Note)
	GSD (China) invest Sichuan Guohuan Jinze Technology Co., Ltd., which is belong to SEEI Group.
	GSD (China) Pinghu plant awarded: The Green factory of Jiaxing City
	GSD (China) Pinghu plant awarded: The no waste factory of Jiaxing City
	GSD-TW awarded: The winner of the 2023 Greentech Startup challenge

(Note) The Board of Directors approved the merger of GSD (China) and GSD Shanghai and set July 1, 2023 as the record date for the merger. The registration of the merger is not yet completed as of the printing date of this report.

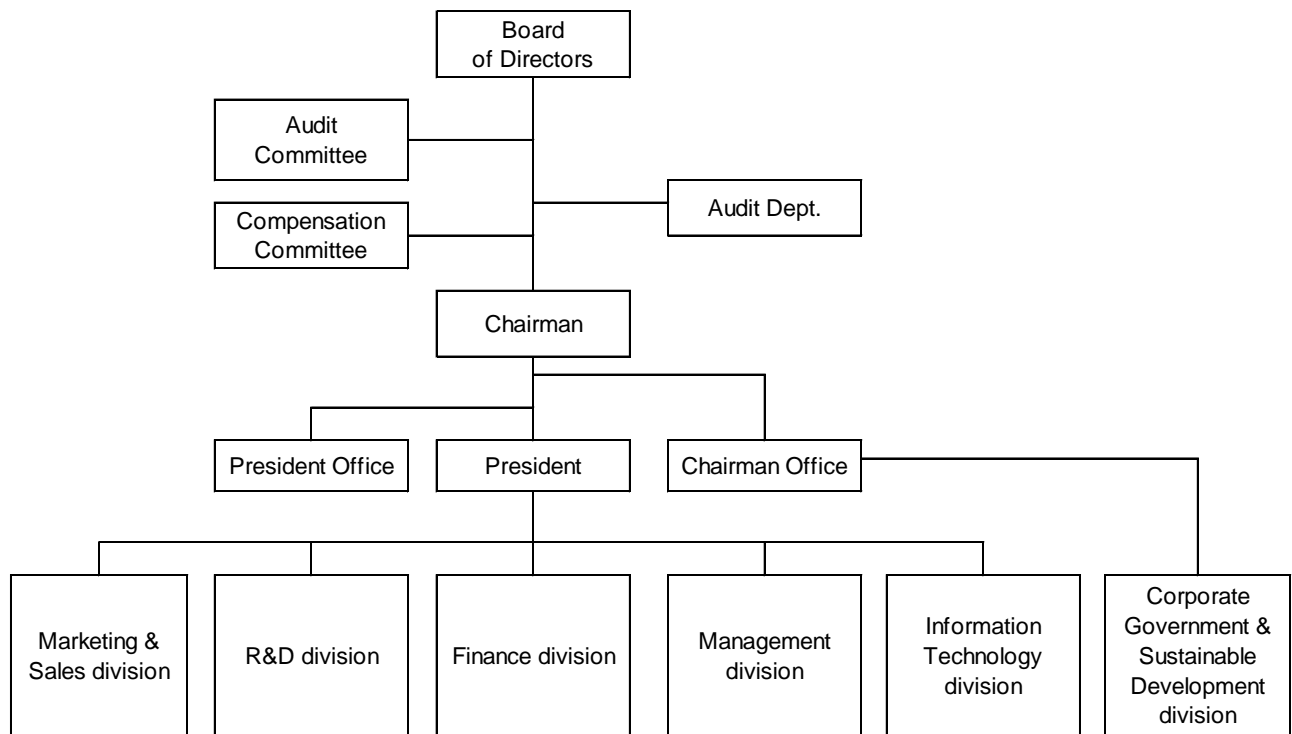
2.4. Risk Matters

Please refer to "7. Review and analysis of financial situation and financial performance and risk matters" in this annual report for details of the Company's risk matters.

III. Corporate Governance Report

3.1. Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
Board of Directors	In accordance with the Company's organizational memorandum and laws and regulations, plan the Company's business and policies, formulate the Company's operational objectives, and appoint key managers to carry out the Company's business promotion.
Audit Committee	To supervise the business and financial status of the Company, the proper presentation of the Company's financial statements, and the effective implementation of internal control.
Compensation Committee	Establishing and scrutinizing performance of chairman and managers. Suggesting the policy, system, standard and structure for compensation policy. Regular scrutiny of Chairman and managers' compensation content and sum and make suggestions to the board of directors accordingly.

Department	Functions
Audit Dept.	Prepare, plan and implement internal control and audit system; submit audit report and track the improvement of audit deficiencies.
Chairman	Representing the Company and the board of directors. Instruction on company's operational strategies and setting guidelines. Supervision of managers' duties.
Chairman Office	1.Assistance for devising operational guidelines, strategies, and goals. 2.Assist in the evaluation and promotion of investment projects. 3.The chairman's office sets up the Corporate Government & Sustainable Development division to be responsible for preparing the ESG report and promotion the relative issue.
General Manager	1.Report to the Board of Directors and the General Meeting of Shareholders the relevant operating conditions and development plans, and execute matters resolved by the Board. 2.Manage and implement the group's business objectives and future development plans. 3.Planning and implementation of the Company's important operating policies and business plans.
General Manager Office	1.Assist the general manager to summarize and report to the board of directors and the general meeting of shareholders the relevant business status and development plan. 2.Assist the general manager to track and control the implementation of the group's business objectives and future development plans. 3.Assist the general manager to track and control the planning and implementation of important business policies and business plans.
Marketing & Sales Division	Coordinate the market development, business sales, procurement and manufacturing of the group around the world
R&D Division	Coordinate R&D plans, research and develop new products, new technologies and patent management.

Department	Functions
Finance Division	<ol style="list-style-type: none"> 1.Manage matters such as domestic capital planning and adjustment, accounting, and investment management. 2.Manages the auditing and preparation of accounting statements within the group, the calculation and control of costs, and the preparation and control of budgetary resources.
Management Division	In charge of general affairs, human resources, legal affairs and other matters of the group.
Information Technology Division	<ol style="list-style-type: none"> 1.Coordinate the integration of various information systems and information platforms within the group. 2.Formulate the policies and promote the practices of information security within the group.

3.2. Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

3.2.1.1 Directors and supervisors' names, educational background, shares held and nature

Apr. 08, 2024; Unit: thousand shares %

Title	Nationality	Name	Sex/ Age	Date Elected	Term of Office	Date first Elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position in GSD and the other companies	Executives, Directors or supervisors who are spouses or within two degrees of kingship.			Note
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Title	Name	Relation	
Chairman	R.O.C.	Hsieh, Hung-June	M/71	20230607	3y	2013/12/20	924	2.50	924	2.50	—	—	5,646 (Note1)	15.26	1. Oriental Institute of technology, Department of computer engineering 2. Former General manager of GSD Technologies Co., Ltd.	1. Director of Chuan Yuan Hydraulic Engineering Co., LTD. 2. Chairman of GSD (China) Co., Ltd. 3. Chairman of GSD Enviro Tech (Yangzhou) Co., Ltd. 4. Director of GSD Environmental Technology Co., Ltd. 5. Director of CNCN (Beijing) Enviro Tech Co., Ltd. 6. Chairman of GSD Enviro Tech (Taiwan) Co., Ltd. 7. Chairman of the Shareholders' Meeting of GSD Enviro Tech Vietnam Company Limited. 8. Director of H.J. HSIEH International Co., Ltd.	—	—	—	—
Director	British Virgin Islands	Li Yi Co., LTD.	—	20230607	3y	20140603	3,412	9.22	3,412	9.22	—	—	—	—	—	—	—	—	—	
	R.O.C.	Rep. : Lin, Ming-Tzu	M/52				—	—	—	—	—	—	—	—	1. New Taipei city San-Chung Commercial and Industrial Vocational High School Mechanical engineering 2. President of HEY-WEL Mechanical Co., Ltd.	1. General manager of HEY-WEL Co., Ltd. 2. Chairman of Yang Chuo HEY-WEL environmental Technology Co., Ltd. 3. Chairman of Pinghu HEY-WEI Environmental Technology Co., Ltd. 4. Directors of Li Yi Co., Ltd.	—	—	—	

Title	Nationality	Name	Sex/ Age	Date Elected	Term of Office	Date first Elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position in GSD and the other companies	Executives, Directors or supervisors who are spouses or within two degrees of kingship.			Note
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Title	Name	Relation	
Director	R.O.C.	Cheng, Chi-Fa	M/65	20230607	3y	20140603	224	0.60	224	0.60	—	—	—	—	1. Department of Accounting National Chong Hsing University 2. CPA of Jinxing United Accounting Firm	1. CPA of Jing Xing United Accounting Firm 2. Chairman of Yu-Xinge consulting Co., Ltd. 3. Director of Jin-Dien Asset Management Co., Ltd. 4. Chairman of San-Bogle Investment Co., Ltd. 5. Director of Yuan Fu Tai Development Cor., Ltd. 6. Director of CoreMax Corporation. 7. Director of Uranus Chemicals Co, Ltd. 8. Independent Director of HongYi Fiber Industry Co., Ltd. 9. Independent Director of Shin Zu Shing Co., Ltd. 10. Director of Shih Her Technologies, Co., Ltd. 11. Corporate Director Representative of Ezfly international Travel Agent Co., Ltd.	—	—	—	
Director	R.O.C.	Lee, Tzuoh-Shoou	M/71	20230607	2y	20210708	283	0.76	283	0.76	—	—	1,648 (Note2)	4.45	1. Department of computer Engineering, Oriental Institute of Technology 2. Former Special Assistant of chairman of GSD Technologies Co., Ltd.	Director of LTS International Ltd.	—	—	—	
Independent Director	R.O.C.	Chang, Yuan-Lung	M/64	20230607	3y	20170622	—	—	—	—	—	—	—	—	1. Department of Accounting, Tamkang University 2. CPA of CihnJeng United Accounting Firm	1. CPA for CihnJeng United Accounting Firm 2. Independent Director of CoreMax Corporation. 3. Independent Director of Shin Zu Shing Co., Ltd.	—	—	—	

Title	Nationality	Name	Sex/ Age	Date Elected	Term of Office	Date first Elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position in GSD and the other companies	Executives, Directors or supervisors who are spouses or within two degrees of kingship.			Note
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Title	Name	Relation	
Independent Director	R.O.C.	Chou, Shan-Shan	F/59	20230607	3y	20170622	—	—	—	—	—	—	—	—	1. Doctor, Institute of Environmental Engineering, National Chiao Tung University 2. CEO of Environmental Technology & Smart System Research Center of National Yang Ming Chiao Tung University.	1. Independent Director of ECOVE Environment Corp. 2. CEO of Environmental Technology & Smart System Research Center of National Yang Ming Chiao Tung University.	—	—	—	
Independent Director	R.O.C.	Su, Chiu-Hsia	F/59	20230607	3y	20230607	—	—	—	—	—	—	—	—	1. MBA, The George Washington University 2. Former Executive Vice President of Standard Chartered Bank	—	—	—	—	

Note 1: Mr. Hsieh Hung-Jung holds 50.05% equity in H.J. Hsieh International Co., Ltd., and H.J. Hsieh International Co., Ltd. holds 5,646 thousand shares of GSD Technologies Co, Ltd. with a shareholding ratio of 15.26%.

Note 2: Mr. Lee, Tzuoh-Shoou holds 32.03% equity in LTS International Ltd., and LTS International Ltd. holds 1,648 thousand shares of GSD Technologies Co, Ltd. with a shareholding ratio of 4.45%.

3.2.1.2 Major shareholders of the institutional shareholders

Apr. 8, 2024

Name of corporate shareholder	Principal shareholders of corporate shareholders
Li Yi Co., Ltd.	Lin, Ming Tzu(22.3%)、Lin, Cheng De(22.3%)、 Lin, Chia Hui(20.3%)、Lin, Li Wan(14.8%)、 Li, Li Ling(12.9%)、Lin, Shu Bin(7.4%)

3.2.1.3 Major shareholders of the Company's major institutional shareholders : None.

3.2.1.4 Professional qualifications and independence information of Independent Directors

Criteria Name	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman/ Hsieh, Hung-June	He has been general manager of the companies of GSD in China, and worked in China's environmental protection equipment industry for more than 20 years. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	He is also an employee and director of GSD's affiliated companies. There are no spouses or kinship within second-degree with any other directors.	None
Director/ Li Yi Co., Ltd. (Rep.: Lin, Min-Tzu)	The representative operates the blower business, and is currently the general manager of HEY-WEL Mechanical Co., Ltd. and the chairman of Pinghu HEY-WEI Environmental Protection Equipment Co., Ltd., with relevant industry experience. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	He is not an employee or director of the company and GSD's affiliated companies. There are no spouses or kinship within second-degree with any other directors.	None

Criteria Name	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director/ Cheng, Chi-Fa	He has professional knowledge of finance and accounting, and is currently an accountant of Jinxing United Accounting Firm. His positions in other companies information refers to page 14. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	He is not an employee or director of the company and GSD's affiliated companies. There are no spouses or kinship within second-degree with any other directors.	Two
Director/ Lee, Tzuoh-Shoou	He is the former special assistant of GSD's chairman and has relevant experience in environmental protection equipment industry and management consulting. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	He is not an employee or director of the company and GSD's affiliated companies. There are no spouses or kinship within second-degree with any other directors.	None
Independent Director/ Chang, Yuan- Lung	He has professional knowledge of finance and accounting, and is currently an accountant of CihJeng United Accounting Firm, and concurrently serve as independent director of other listed companies. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	1. Do the director, his spouse, and relative within the second degree of kinship serve as a director, supervisor or employee of GSD or GSD's affiliated companies: No 2. The number of shares and shareholding ratio of the director, together with those held by his spouse, or held by the person under others' names, in an aggregate: None 3. Whether to serve as a director, supervisor or employee of a company that has a specific relationship with GSD: No 4. The cumulative compensation of providing commercial, legal, financial, accounting or related services to GSD or any affiliate of GSD in the past 2 years: None	Two

Criteria Name	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director/ Chou, Shan-Shan	She has professional knowledge in environmental engineering, closely related to the industry to which GSD belongs, and used to be the chairman of WaterPark Environment Corporation. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	1. Do the director, his spouse, and relative within the second degree of kinship serve as a director, supervisor or employee of GSD or GSD's affiliated companies: No 2. The number of shares and shareholding ratio of the director, together with those held by his spouse, or held by the person under others' names, in an aggregate: None 3. Whether to serve as a director, supervisor or employee of a company that has a specific relationship with GSD: No 4. The cumulative compensation of providing commercial, legal, financial, accounting or related services to GSD or any affiliate of GSD in the past 2 years: None	One
Independent Director/ Su, Chiu-Hsia	She has professional knowledge in human resources and used to be the Executive Vice President of human resources at Standard Chartered Bank (Taiwan) and director of human resources at Nielsen Marketing Research Consulting Company. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	1. Do the director, his spouse, and relative within the second degree of kinship serve as a director, supervisor or employee of GSD or GSD's affiliated companies: No 2. The number of shares and shareholding ratio of the director, together with those held by his spouse, or held by the person under others' names, in an aggregate: None 3. Whether to serve as a director, supervisor or employee of a company that has a specific relationship with GSD: No 4. The cumulative compensation of providing commercial, legal, financial, accounting or related services to GSD or any affiliate of GSD in the past 2 years: None	None

2.2.1.5 Diversified policy and independence for the composition of the Board of Directors

A. Diversified policy

GSD has formulated the “Corporate Governance Practice Principles” and “Rules for Election of Directors” to implement the diversity policy for the members of the board of directors. The Company's directors (including independent directors) adopt the system of nomination of candidates. The diversification direction of the Company's directors is divided into three aspects, including basic composition, industrial experience and professional ability. In terms of basic composition, female directors account for about 29%; directors under the age of 60 account for about 43%; directors aged 61-70 account for 57%; as directors of the Company for less than 3 years account for about 28%, for 3-9 years about 29%, for over 9 years about 43%, and all independent directors are less than 3 session. Please refer to note 1 and the Company's website for the diversity of directors' industrial experience and professional competence.

The specific objectives of GSD's directors' diversification are as follows: (1) at least one female director shall be included in the directors; and (2) the proportion of directors who concurrently hold the posts of the Company's employees shall not exceed one third.

B. Independence

GSD's board of directors has 7 directors, including 3 independent directors, with independent directors accounting for approximately 43%. None of the directors has any of the conditions specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, which means that, none of the directors are spouses or relatives within second-degree relatives. Only one of the board members is also employee of GSD, accounting for about 14%.

Note 1: Diversity of directors

Diversified core item Name of Director	Gender	Nationality	Concurrent ly as an employee of the Company	Age			Years as being director of the Company			Industrial experience				Professional ability			
				Under 60	61 to 70	Over 70	Under 3 year	3 to 9	Over 9 years	Bank	Securities	Insurance	Industry management	Accounting	Law	Human Resources	Risk Management
Hsieh, Hung-June	M	R.O.C	V			V			V				V				V
Li Yi Co., Ltd. Rep.: Lin, Ming-Tzu	M	R.O.C		V					V				V				V
Chang, Chi-Fa	M	R.O.C			V				V		V			V			V
Lee, Tzuoh-Shoou	M	R.O.C				V	V						V				V
Independent Director: Chang, Yuan-Lung	M	R.O.C			V			V						V			V
Independent Director: Chou, Shan-Shan	F	R.O.C		V				V					V				V
Independent Director: Su, Chiu-Hsia	F	R.O.C		V			V			V			V			V	V

3.2.2 Information of Management Team

Apr. 8,2024. Unit: thousand shares %

Title	Nationality	Name	Sex	Date Appointed	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position in GSD and the other companies	Executives, Directors or supervisors who are spouses or within two degrees of kingship.			Remark
					Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Title	Name	Relation	
General Manager/ officer of Marketing & Sales division	R.O.C.	Chen, Shih- Hsien	M	2023/02/01	1,149	3.11	—	—	—	—	1. Studied in Department of Business and Accounting, Soochow University 2. Associate Manager, Taiwan Chuan Yuan Co., Ltd. 3. Vice president of GSD (China) Co., Ltd.	1. Director of GSD (China) Co., Ltd. 2. Director of GSD Enviro Tech (Yangzhou) Co., Ltd. 3. General manager of GSD Enviro Tech (Taiwan) Co., Ltd. 4. General manager of GSD Enviro Tech Vietnam Company Limited	—	—	—	
CFO	R.O.C.	Wu, Wu Hsiung	M	2014/09/25	352	0.95	—	—	—	—	1. Master degree of Department of Business and Accounting, Soochow University. 2. CFO and Vice President of Business Office, SpeedTech Co., Ltd. 3. CFO, T3EX Global Holding Co., Ltd.	Corporate Director Representative of Yuh Shan Environmental Engineering Co., Ltd.	—	—	—	
Officer of Audit Dept.	R.O.C.	Kao, Chia-Hui	F	2022/12/22	45	0.12	—	—	—	—	1. Department of Accounting, Tamkang University. 2. Auditor of Diwan & Company United Accounting Firm. 3. Internal audit officer of GSD Technologies Co., Ltd.	—	—	—	—	
Officer of Corporate Governance	R.O.C.	Tsai Tzu Ju	F	2021/06/01	6	0.02	—	—	—	—	1. Master degree of Department of Finance, National Sun Yat-sen University. 2. Section manager of Accounting, Radiant Opto-electronic Corporation 3. Junior manager of CTBC bank.	—	—	—	—	

3.3. Remuneration paid during the most recent fiscal year to Directors, Supervisors, the President, and Vice President

3.3.1 Remuneration paid to directors in the most recent year

A. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Total Remuneration and ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors who are Also Employees								Total Compensation and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements				
																Cash	Stock	Cash	Stock			
Director	Hsieh, Hung-June	-	-	-	-	1,298	1,298	252	252	1,550/ 3.31%	1,550/ 3.31%	260	4,197	109	109	346	-	346	-	2,265/ 4.83%	6,202/ 13.23%	None
Director	Li Yi Co., Ltd.																					
	Representative: Lin, Min- Tzu																					
Director	Cheng, Chi -Fa																					
Director	Lee, Tzuoh-Shoou	1,682	1,682	-	-	-	-	217	217	1,899/ 4.05%	1,899/ 4.05%	-	-	-	-	-	-	-	-	1,899/ 4.05%	1,899/ 4.05%	None
*ID	Chang, Yuan-Lung																					
*I.D	Chou, Shan-Shan																					
*I.D	Su, Chiu-Hsia																					

1.*I.D. (Independent director) remuneration payment policy and structure:

Based on the consideration of independence, the remuneration of independent directors of the Company is fixed. The amount of payment is based on the size of the Company and is determined with reference to market conditions, regardless of the Company's profit and loss. Independent directors who concurrently serve as functional members will receive additional fixed remuneration in accordance with the Company's regulations. A fixed amount of subsidies would be given to independent directors for traveling expenses or business expenses incurred in attending company meetings.

2.In addition to the disclosures in the above table, the directors of the Company have received remuneration for providing services for all companies in the financial report (such as serving as consultants for non-employees, etc.) in the most recent year: None.

Remuneration scale

Range of Remuneration	Name of Director			
	Total remuneration of the first four items (A+B+C+D)		Total remuneration of the first seven items (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT\$ 1,000,000	Hsieh, Hung-June, Li Yi Co., Ltd. (Representative: Lin, Ming-Tzu), Lee, Tzuoh-Shoou, Cheng, Chi-Fa, Chang, Yuan-Long, Chou, San-San, Chen Chung-Kuei, Su, Chiu-Hsia	Hsieh, Hung-June, Li Yi Co., Ltd. (Representative: Lin, Ming-Tzu), Lee, Tzuoh-Shoou, Cheng, Chi-Fa, Chang, Yuan-Long, Chou, San-San, Chen Chung-Kuei, Su, Chiu-Hsia	Li Yi Co., Ltd. (Representative: Lin, Min Tzu), Lee, Tzuoh-Shoou, Cheng, Chi-Fa, Chang, Yuan-Long, Chou San-San, Chen, Chung-Kuei Su, Chiu-Hsia	Li Yi Co., Ltd. (Representative: Lin, Min Tzu), Lee, Tzuoh-Shoou, Cheng, Chi-Fa, Chang, Yuan-Long, Chou San-San, Chen, Chung-Kuei Su, Chiu-Hsia
NT\$ 1,000,000~NT\$ 2,000,000	-	-	Hsieh, Hung-June	-
NT\$ 2,000,000~NT\$ 3,500,000	-	-	-	-
NT\$ 3,500,000~NT\$ 5,000,000	-	-	-	Hsieh, Hung-June
NT\$ 5,000,000~NT\$ 10,000,000	-	-	-	-
NT\$ 10,000,000~NT\$ 15,000,000	-	-	-	-
NT\$ 15,000,000~NT\$30,000,000	-	-	-	-
NT\$ 30,000,000~NT\$50,000,000	-	-	-	-
NT\$ 50,000,000~NT\$100,000,000	-	-	-	-
Over NT\$ 100,000,000	-	-	-	-
Total	8	8	8	8

B. Remuneration of General manager and Deputy General manager

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total Compensation and ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation Paid to President and Vice President from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General manager	Chen, Shih- Hsien	1,358	4,588	82	166	260	260	520	—	520	—	2,220/4.74%	5,534/11.81%	38
CFO & Special Assistant of Chairman	Wu, Wu-Hsiung													

Remuneration scale

Range of remuneration	Name of General manager and Deputy General manager	
	The Company	Parent Company and all invested companies
Less than NT\$ 1,000,000	-	-
NT\$ 1,000,000~NT\$ 2,000,000	Chen, Shih- Hsien Wu, Wu-Hsiung	-
NT\$ 2,000,000~NT\$ 3,500,000	-	Chen, Shih- Hsien Wu, Wu-Hsiung
NT\$ 3,500,000~NT\$ 5,000,000	-	-
NT\$ 5,000,000~NT\$ 10,000,000	-	-
NT\$ 10,000,000~NT\$ 15,000,000	-	-
NT\$ 15,000,000~NT\$ 30,000,000	-	-
NT\$ 30,000,000~NT\$ 50,000,000	-	-
NT\$ 50,000,000~NT\$ 100,000,000	-	-
Over NT\$ 100,000,000	-	-
Total	2	2

C. Remuneration of the Managers who distribute for employees

Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Compensation to Net Income (%)
Executive Officers	General Manager	Chen, Shih-Hsien	-	1,069	1,069	2.28%
	Officer of R&D Division	Hsieh, Hung-June				
	Special Assistant of Chairman & CFO	Wu, Wu-Hsiung				
	Officer of Corporate Governance	Tsai, Tzu-Ju				

3.3.2 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: %

	2023		2022	
	The Company	The consolidated financial statements	The Company	The consolidated financial statements
The sum of remuneration paid to directors	3,449	3,449	5,407	5,407
The ratio of the sum of remuneration paid to directors to net income (%)	7.36	7.36	2.96	2.96
Total remuneration paid to president and vice presidents	2,220	5,534	8,728	12,829
Ratio of total remuneration paid to president and vice presidents to net income (%)	4.74	7.03	4.79	7.03

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(1) Directors and supervisors

The Company has set up compensation committee, with all independent directors as members. The compensation committee is responsible for

formulating and regularly reviewing the performance evaluation of directors and managers and the policies, systems, standards and structure of salary and compensation. The remuneration of general directors includes attendance fees, remunerations based on the Company's articles of association and operating performance. In addition to the attendance fee and carriage fee, in order to maintain the independence, the remuneration of independent directors is a fixed remuneration paid monthly. The remuneration of general directors is based on their participation and contribution to the operation of the Company, and the amount of remuneration is determined after referring to the results of the annual board performance evaluation and the level of the peers pay.

(2) General manager and Deputy General manager

The remuneration of the general manager and deputy general manager includes salary, bonus and retirement pension, which is determined according to the position held, the responsibilities undertaken and the contribution to the Company, with reference to industry standards.

3.4. Implementation of Corporate Governance

3.4.1 Board of Directors

The state of operations of the board of directors: Information on the number of meetings, the attendance rate of each director, the goals and performance of the board of directors in the current and recent years, and other matters to be recorded.

A total of 7 meetings of the Board of Directors were held in the previous period. The attendance of directors was as follows:

Title	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remarks
Chairman	Hsieh, Hung-June	6	1	86%	Reelected on June 7, 2023.
Directors	Li Yi Co., Ltd. Representative : Lin, Min-Tzu	7	-	100%	Reelected on June 7, 2023.
Directors	Cheng, Chi-Fa	7	-	100%	Reelected on June 7, 2023.
Directors	Lee, Tzouh-Shoou	7	-	100%	Reelected on June 7, 2023.
Independent director	Chang, Yuan-Lung	7	-	100%	Reelected on June 7, 2023.

Independent director	Chou, Shan-Shan	7	-	100%	Reelected on June 7, 2023.
Independent director	Su, Chiu-Hsia	5	-	100%	Newly elected on June 7, 2023.
Independent director	Chen, Chun-Kuei	2	-	100%	Term expired on June 7, 2023.

Note: The seven meetings of the Board of Directors were held on Feb. 24, May 10, June 7, June 15, Aug. 22, Nov. 10 and Dec. 21 in 2023.

Other mentionable items:

1. If any of the circumstances occur, the dates of the meetings, sessions, contents of motion, all independent director's opinions and the Company's responses should be specified:

1.1 Matters referred to in Article 14-3 of the Securities and Exchange Act:

Resolutions on the meetings of the Board in 2023 and 2024 before the printed date of the annual report are listed as below. All independent directors have given assent and consent to items stated in Article 14-3 of the Securities and Exchange Act.

Date of meeting	Content	Opinions of independent directors	The Company's handling of independent directors' opinions	Resolution result
Feb. 24, 2023 The 19 th of the fourth session	1.Approved the Company's 2022 earnings distribution plan.	Agree	No objection	All attending directors agreed to pass.
	2.Approved the Company's 2022 "Internal Control System Statement"..	Agree	No objection	All attending directors agreed to pass.
	3.Amendment of "Memorandum and Articles of Association".	Agree	No objection	All attending directors agreed to pass.
	4.Amendments of "Rules for Loaning of Funds to others".	Agree	No objection	All attending directors agreed to pass.
	5.Amendments of "Procedures for the board of directors meeting".	Agree	No objection	All attending directors agreed to pass.
May 10, 2023 The 20 th of the fourth session	1.Approved to increased investment in the subsidiary GSD Enviro Tech (Taiwan) Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	2.Approved GSD's loaning facility to its subsidiary, GSD Enviro Tech (Taiwan) Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	3.Approved GSD(China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	4.Approved GSD(China) to merge by absorption its 100% owned subsidiary- Shanghai GSD Industrial Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
Jun. 15, 2023 The 2 nd of the fifth session	Approved GSD (China)'s guarantee to its brother company, GSD Enviro Tech (Yangzhou) Co., Ltd.	Agree	No objection	All attending directors agreed to pass.

Aug. 22, 2023 The 3 rd of the fifth session	Approved GSD (China)'s guarantee to its subsidiary, CNCN (Beijing) Enviro Tech Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
Nov. 10, 2023 The 4 th of the fifth session	Approved GSD (China)'s loaning facility to its brother company- GSD Enviro Tech (Yangzhou) Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
Dec. 21, 2023 The 5 th of the fifth session	1.Approved GSD (China)'s loaning facility to its subsidiary- CNCN (Beijing) Enviro Tech Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	2.Approved GSD (China)'s guarantee to its subsidiary- GSD Environmental Technology Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	3.Approved the adjustment of GSD (China)'s guarantee to its subsidiary, CNCN (Beijing) Enviro Tech Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	4.Approved the independent and competent assessment of the CPA and its compensation.	Agree	No objection	All attending directors agreed to pass.
	5.The Company's 2023 manager compensation, salary adjustment and year-end bonus proposal.	Agree	No objection	All attending directors agreed to pass.
	6.Amendments of "Rules for Approval authority", and "Rules Governing Financial and Business Matters Between the Company and its Related Parties".	Agree	No objection	All attending directors agreed to pass.
	7.Approved the transactions between GSD (China) and the related party- Pinghu Heiwei Environmental Protection Equipment Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
Feb. 27, 2024 The 6 th of the fifth session	1.Approved the Company's 2023 directors' compensation and employee's compensation distribution plan.	Agree	No objection	All attending directors agreed to pass.
	2.Adoption of GSD's 2023 "Declaration on internal control system"	Agree	No objection	All attending directors agreed to pass.
	3.Amendments of "Corporate Governance Practice Principles" and "Audit Committee Charter".	Agree	No objection	All attending directors agreed to pass.
	4.Approved GSD (China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd.	Agree	No objection	All attending directors agreed to pass.

1.2 In addition to the matters mentioned above, other matters decided by the board meeting which are objected or reserved by the independent directors and have records or written statements: no such case.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting be specified as following.

Date of meeting	Name of avoided director	Content	Reasons	Voting situation
Dec,21, 2023 The 5 th of the fifth session.	Hsieh Hung-June	The remuneration and year end bonus of managers in 2023.	Hsieh Hung-June shall be the interested party receiving the remuneration of the manager.	Based on the principle of interest avoidance, Hsieh Hung-June asked to avoid it and did not participate in the discussion and voting, and asked Director Cheng, Chi-Fa to preside over the discussion of the case. The case was approved by the other directors present without objection.
	Li Yi Co., Ltd. Representative: Lin, Min-Tzu	The transactions between GSD (China) and the related party- Pinghu Heiwei Environmental Protection Equipment Co., Ltd.	Lin, Min-Tzu shall be the interested party of the related party transaction	Based on the principle of interest avoidance, Lin, Min-Tzu asked to avoid it and did not participate in the discussion and voting. The case was approved by the other directors present without objection.

3. The evaluation cycle, period, scope, method and content of the board evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Method	Content
Once per year	Jan 1 to Dec 31, 2023.	Board of Directors	Internal self-assessment of the board of directors	1. Participation in the operation of the Company 2. Decision making quality of the board of directors 3. Composition and structure of the board of directors 4. Selection and continuing education of directors. 5. Internal control
		Individual directors	Peer evaluation of directors	1. Mastering the Company's objectives and tasks. 2. Responsibilities of directors 3. Participation in the operation of the Company. 4. Internal relationship management and communication. 5. Professional and continuing education of directors.

				6. Internal control.
		Functional Committee	Committee member self-evaluation	1. Participation in the operation of the Company. 2. Functional Committee responsibility recognition. 3. Decision quality of functional Committee. 4. Composition and member selection of functional Committee. 5. Internal control.

The results of performance evaluation in 2023 are as follows:

After collecting the self-assessment questionnaires of the seven directors, the statistical scores are weighted according to each assessment indicator.

A. Board of Directors performance

Evaluation Content	Score
Participation in the operation of the Company	4.85
Improve the decision-making quality of the board of directors	4.97
Composition and structure of the board of directors	4.98
Directors' selection and continuing education	4.88
Internal Control	4.88
Average Score	4.91

B. Individual director performance

Evaluation Content	Score
Master the Company's objectives and tasks	4.91
Recognition of directors' responsibilities	4.94
Participation in the operation of the Company	4.85
Internal relationship management and communication	5.00
Directors' selection and continuing education	5.00
Internal Control	4.93
Average Score	4.94

C. Functional Committee Performance

Evaluation Content	The Audit Committee	Remuneration Committee
Participation in the operation of the Company	4.83	5.00
Improve the decision-making quality of the board of directors	4.73	4.73
Composition and structure of the board of directors	4.90	4.90
Directors' selection and continuing education	5.00	5.00
Internal Control	4.67	-
Average Score	4.83	4.91

In terms of overall board performance, the average score is 4.91. The average performance score of individual director is 4.94. The average score of audit and remuneration committee is

4.83 and 4.91 respectively. The overall performance evaluation in 2023 is excellent, and the results of performance evaluation are summarized. There is no suggestions and improvements.

4. Assessment of the objectives and implementation of strengthening the functions of the board of directors in the current year and the most recent year

- (1) The Company has stipulated the “Rules of Procedure for Board Meetings” as the guidelines for the operation of board meetings. In addition, the Company has elected three independent directors on the general meeting of shareholders on June 7, 2023, and re-appoint the members of audit committee and remuneration committee on the same day.
- (2) In order to promote the directors' ability in corporate governance, the Company regularly arranges courses that meet the requirements for the implementation of directors and supervisors for directors' advanced training. In 2023, all directors will achieve 6 hours of advanced training.
- (1) In order to protect the risks borne by directors when performing business, the Company insures directors and managers' liability insurance every year.
- (2) The corporate governance officer was appointed by the board of directors and has completed annual training, who helps to improve corporate governance and the functions of the board of directors.
- (5) In order to improve the transparency of information, the Company regularly exposes information related to operations, finance and corporate governance at public information observatories, the Company's website and annual reports. The audit office also provides independent directors' information on the Company's operations and audit results on a monthly or regular basis.

3.4.2 The operation of the audit committee or the participation of supervisors in the operation of the board of directors: the number of meetings, the attendance rate of each independent director or supervisor, and other information to be recorded.

The Company set up an audit committee on June 22, 2017, which is composed of all independent directors. The number of the audit committee shall not be less than three. One of them is the convener, and at least one of them shall have accounting or financial expertise. Its annual work focus is as follows:

- A. To establish or amend the internal control system in accordance with Article 14-1 of the securities and exchange law.
- B. Assessment of the effectiveness of internal control system.

- C. In accordance with Article 36-1 of the securities and Exchange Act, the procedures for the handling of material financial business activities, such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, endorsing or providing guarantees for others, shall be prescribed or amended.
- D. Matters concerning the interests of the directors themselves.
- E. Significant asset or derivative transactions.
- F. Major loans, endorsements or guarantees.
- G. Offering, issuing or private placement of equity securities.
- H. Appointment, removal or remuneration of a certified public accountant.
- I. Appointment and removal of the head of finance, accounting or internal audit.
- J. Annual financial report signed by the chairman, manager and accounting supervisor, and the second quarter financial report that needs to be audited and certified by an accountant.
- K. Other major matters prescribed by the Company or the competent authority.

The audit committee has held seven meetings in recent years, and the attendance of independent directors is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Chang, Yuan- Lung	7 times	-	100.00%	Reelected on June 7, 2023.
Independent Director	Chou, Shan-Shan	7 times	-	100.00%	Reelected on June 7, 2023.
Independent Director	Su, Chiu-Hsia	5 times	-	100.00%	Newly elected on June 7, 2023.
Independent Director	Chen, Chun-Kuei	2 times	-	100.00%	Term Expired on June 7, 2023
<p>Other mentionable items:</p> <p>1. In case of any of the following circumstances in the operation of the audit committee, the date of the meeting, the contents of the proposal, objection or reservation opinion of independent directors, the resolution results of the audit committee and the Company's handling of the audit committee's opinions shall be stated.</p>					

1.1 The matters listed in Article 14-5 of the Securities and Exchange Law: The relevant matters related to the Article 14-5 of the Securities and Exchange Act are listed in the following table, which shall be reported to the Board of Directors after approval by the Audit Committee.

Meeting Date	Content	independent directors' objection opinions	Audit Committee Resolution Results	The Company's handling of the audit committee's opinions
Feb.24, 2023 The 17 th of the second session	1. Approved the Company's 2022 annual business report and consolidated financial statements.	None	All members present agree to pass	Audit Committee has no opinion
	2. Approved the Company's 2022 "Internal Control System Statement".	None	All members present agree to pass	Audit Committee has no opinion
	3. Amendment of "Memorandum and Articles of Association".	None	All members present agree to pass	Audit Committee has no opinion
	4. Amendments of "Rules for Loaning of Funds to others".	None	All members present agree to pass	Audit Committee has no opinion
	5. Amendments of "Procedures for the board of directors meeting".	None	All members present agree to pass	Audit Committee has no opinion
May. 10, 2023 The 18 th of the second session	1. Approved to increased investment in the subsidiary GSD Enviro Tech (Taiwan) Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	2. Approved GSD's loaning facility to its subsidiary, GSD Enviro Tech (Taiwan) Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	3. Approved GSD(China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	4. Approved GSD(China) to merge by absorption its 100% owned subsidiary- Shanghai GSD Industrial Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
Jun. 15, 2023 The 2 nd of the third session	Approved GSD (China)'s guarantee to its brother company, GSD Enviro Tech (Yangzhou) Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
Aug. 22, 2023 The 3 rd of the third session	1.Approved the GSD's 2023Q2 consolidated financial statements.	None	All members present agree to pass	Audit Committee has no opinion
	2.Approved GSD (China)'s guarantee to its subsidiary, CNCN (Beijing) Enviro Tech Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
Nov. 10, 2023 The 4 th of the third session	Approved GSD(China)'s loaning facility to its brother company- GSD Enviro Tech (Yangzhou) Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion

Dec. 21, 2023 The 5 th of the third session	1.Approved GSD(China)'s loaning facility to its subsidiary- CNCN (Beijing) Enviro Tech Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	2.Approved GSD(China)'s guarantee to its subsidiary- GSD Environmental Technology Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	3.Approved the adjustment of GSD (China)'s guarantee to its subsidiary, CNCN (Beijing) Enviro Tech Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	4.Approved the independent and competent assessment of the CPA and its compensation.	None	All members present agree to pass	Audit Committee has no opinion
	5.The Company's 2023 manager compensation, salary adjustment and year-end bonus proposal.	None	All members present agree to pass	Audit Committee has no opinion
	6.Amendments of "Rules for Approval authority", and "Rules Governing Financial and Business Matters Between the Company and its Related Parties".	None	All members present agree to pass	Audit Committee has no opinion
	7.Approved the transactions between GSD (China) and the related party- Pinghu Heiwei Environmental Protection Equipment Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
Feb.27, 2024 The 6 th of the third session	1.Approved GSD's 2023 annual business report and consolidated financial statements.	None	All members present agree to pass	Audit Committee has no opinion
	2.Approved the Company's 2023 "Internal Control System Statement".	None	All members present agree to pass	Audit Committee has no opinion
	3. Amendments of "Corporate Governance Practice Principles" and "Audit Committee Charter".	None	All members present agree to pass	Audit Committee has no opinion
	4. Approved GSD (China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion

1.2 Except for the matters mentioned above, other matters not approved by the audit committee but agreed by more than two-thirds of all directors: No such case.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: No such case.

3. Communication between independent directors, internal audit officer and Accountants (including major matters, methods and results of communication on the Company's financial and business conditions):

3.1 The internal audit officer and the independent director shall individually meet at least once a quarter in the audit committee, and the internal audit officer submit the audit report, the missing tracking report of the previous month before the end of each month, report on the implementation of the Company's annual audit plan and the missing tracking and improvement of internal control, and convene a meeting at any time to communicate in case of major abnormal events.

3.2 The certified public accountant of the Company individually reports to the independent director twice a year through the audit committee or symposiums without the presence of ordinary directors and management on the consolidated financial report, major audit matters, overall operation and internal control audit of the Company. The audit committee will also consult with the treasurer for professional advice on accounting related issues.

3.3 The communication matters between the independent directors and the internal audit officer and accountants in 2023, are as follows:

Meeting date	Type	Participants	Subject	Independent director's recommendation and Company's handling and Implementation
Feb. 24, 2023	The Audit Committee	Internal Audit officer	The Company's audit plan implementation results of 2022 and Jan. 2023	No objection
Feb. 24, 2023	The Audit Committee	Accountant	1.2022 financial statements audit situation and results 2.Effectiveness of internal control system 3. Description of key verification items and going concern assessment. 4. Assurance of Independence	No objection
May. 10, 2023	The Audit Committee	Internal Audit officer	The Company's audit plan execution results report from January to March 2023	No objection
Aug. 22, 2023	The Audit Committee	Internal Audit officer	The Company's audit plan execution results report from January to June 2023	<u>Recommendation:</u> The current economic environment is changing rapidly. In view of relevant risk factors, it is recommended to strengthen random

				inspections in the implementation of the audit plan. <u>The Company's handling:</u> Act on the foregoing advice.
Nov. 10, 2023	The Audit Committee	Internal Audit officer	The Company's audit plan execution results report from January to September 2023	No objection
Dec. 21, 2023	The Audit Committee	Internal Audit officer	The Company's audit plan execution results report from January to October 2023	No objection
Dec. 21, 2023	The Audit Committee	Accountant	1. Audit scope and schedule of 2023 financial report 2. Description of major risk and key verification items 3. The test strategy of internal control. 4. Statement of prior consent for non-assurance services in accordance with the International Code of Ethics for Accountants	No objection

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the Corporate Governance Best-Practice Principles, and the information has been disclosed on the Company’s website.	None
2.Shareholding structure & shareholders’ equity (1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The Company's " the Corporate Governance Best-Practice Principles " sets out relevant regulations, and sets up spokespersons and acting spokespersons in accordance with the regulations, who are specially responsible for handling shareholder suggestions and issues.	None
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company could grasp the shareholding of directors, managers and major shareholders holding more than 10% of the shares, and regularly report relevant information in accordance with regulations.	None
(3) Does the Company establish and execute the risk management and firewall system with its affiliates?	V		The Company has established "Procedures for financial business between related enterprise groups", and "Rules for supervision and management subsidiaries" as appropriate risk control mechanism and firewall. The Company and the affiliated companies have individual financing systems so that unregulated transaction can be prevented.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		The Company has established “Procedure for Prevention of Insider Trading” and “Operating Procedure for Handling Internal Material Information” to specify the rules of related operational procedures. Except to the establishment of norms, the Company also conducts internal prevention training for directors, managers and other insiders every year. See the Company's corporate website for details of the training contents.	None
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		The Company has formulated the “Corporate Governance Practice Principles” and “Rules for Election of Directors” to implement the diversity policy for the members of the board of directors. Information about Directors diversified policy refers to page 20.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	The Company has established Remuneration Committee and Audit Committee. There is no immediate need for Committees of other functions. Assessment for necessities are to be conducted.	Depends on Future needs
(3) Does the Company establish performance evaluation methods and methods for the board of directors, conduct performance evaluation annually and regularly, and report the results of performance evaluation to the board of directors, and apply them to the reference of salary and remuneration of individual directors and nomination and renewal?	V		The Company has formulated the "Rules for Performance Evaluation of Board of Directors", and completed the performance evaluation of the board of directors, individual directors and functional Committee before the end of the first quarter of next year. Please refer to page 30~31 for details of the performance evaluation methods and results of the board of directors. The 2023 performance evaluation results have been submitted to the board of directors held on 2024/2/27. The evaluation results will also be one of the reference factors for individual directors' remuneration and nomination for renewal.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
(4) Does the Company regularly evaluate the independence of CPAs?	V		The board of directors of the Company assesses the independence of certified public accountants at least once a year in accordance with the code of corporate governance practice for listed and OTC companies, and submits the results to the audit committee and the board of directors on December 21, 2023 for deliberation and approval. The Company obtains the CPA's independence statement and Audit Quality indicators (AQIs) information, conducts independence inspection in accordance with the CPA's independence evaluation standard (please Note 1 for details), and conducts competency checks if the AQI index (please note 2 for details) is lower than that of peers. After evaluation, there was no violation of the independence and no unsuitability.	None
4. Does the Company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		<p>The Company has designated the Corporate Government & Sustainable Development division under the chairman's office as the authority and responsibility unit for corporate governance related affairs, and has assigned corporate governance officer with the following main responsibilities:</p> <p>(1)To handle the meeting related matters of the board of directors and the shareholders' meeting in accordance with the law, and make the minutes of the board of directors and the shareholders' meeting.</p> <p>(2)Assist the directors in taking office and continuing education.</p> <p>(3)Provide information required for the directors to carry out their business.</p> <p>(4)Assist the directors in complying with the act.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																						
	Yes	No	Abstract illustration																							
			<p>(5)Report to the board of directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure.</p> <p>(6)To handle the matters of Directors changes.</p> <p>(7)Other business related to corporate governance.</p> <p>In order to protect shareholders' rights and strengthen the functions of the board of directors, the Board has appointed corporate governance officer. The training status of corporate governance officer in 2023 is as follows.</p> <table><tr><th>Training Date</th><th>Training unit</th><th>Subject</th><th>Training hours</th></tr><tr><td>2023/06/09</td><td>Securities and Futures Institute</td><td>2023 Insider Trading Prevention Promotion Conference</td><td>3hr</td></tr><tr><td>2023/07/04</td><td>TWSE</td><td>2023 ESG financing and climate change seminar</td><td>6hr</td></tr><tr><td rowspan="2">2023/08/22</td><td rowspan="2">Securities and Futures Institute</td><td>Assessment and management of the effect of ESG objectives</td><td>3hr</td></tr><tr><td>Human resource development and corporate sustainability</td><td>3hr</td></tr><tr><td>2023/12/08</td><td>Securities and Futures Institute</td><td>2023 Conference for legal compliance on insider equity transactions</td><td>3hr</td></tr></table>	Training Date	Training unit	Subject	Training hours	2023/06/09	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3hr	2023/07/04	TWSE	2023 ESG financing and climate change seminar	6hr	2023/08/22	Securities and Futures Institute	Assessment and management of the effect of ESG objectives	3hr	Human resource development and corporate sustainability	3hr	2023/12/08	Securities and Futures Institute	2023 Conference for legal compliance on insider equity transactions	3hr	
Training Date	Training unit	Subject	Training hours																							
2023/06/09	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3hr																							
2023/07/04	TWSE	2023 ESG financing and climate change seminar	6hr																							
2023/08/22	Securities and Futures Institute	Assessment and management of the effect of ESG objectives	3hr																							
		Human resource development and corporate sustainability	3hr																							
2023/12/08	Securities and Futures Institute	2023 Conference for legal compliance on insider equity transactions	3hr																							
5. Does the Company establish a communication channel with its stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and build a designated	V		The Company has established communication channels for stakeholders and built a designated section on the official website where stakeholders can express their opinions	None																						

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
section on its website for stakeholders, as well as handle all issues they care for in terms of corporate social responsibilities?			regarding the issues they care. The company regularly reports the communication with stakeholders to the report of the board of directors every year. The communication situation in 2023 has been reported to the board of directors on 2023/12/21.	
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates SinoPac Holding Security Agent as proxy for stock related affairs.	None
7. Information disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The investor zone and corporate governance zone have been set up on the Company's website (https://www.gsd.net.tw) to expose various financial business information and corporate governance execution status, and relevant information can also be check on the Market Observation Post System.	None
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The Company has set up an English website to disclose the Company's financial and business information, and has assigned the Chairman Office and Finance Department to handle information collection and disclosure. The Company has established a spokesperson system. Investors can look up for information related to finance, business, and governance of the Company through the Market Observation Post System.	None
(3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial report and the operation of each month ahead of the required time limit?	V		The Company adheres to the principle of instant disclosure of information, and announced the annual financial reports of 2023 before the end of February 2024. The quarterly financial reports and monthly revenue are announced ahead of the required time limit.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
8. Is there any other information to facilitate a better understanding of the Company’s corporate governance practices (e.g. including but not limited to employee rights employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)	V		<p>1. The Company has harmonious relation with its employees, and it ensures the employees’ rights in accordance with regulations in the location of the operation site. No major labor-management problems or punishments by authorities due to bleaching labor laws have occurred.</p> <p>2. The Company offers employees reasonable basic salary, bonuses, complementary employee trips, and welfare measures organized by Labor Union. Mutual trust and good relationship have been established between the employees and the employer.</p> <p>3. The Company has set up the corporate official website and spokesperson system. Financial information and major events are periodically publicized on Market Observation Post System to ensure the investors’ right of staying fully informed.</p> <p>4. The Company ensures its integrity and conduct fair trade with suppliers. It has explicitly disclosed its opposition against bribery.</p> <p>5. The stakeholders can conduct communication and offer suggestions through channels provided by the Company so as to protect their legal rights.</p> <p>6. Directors of the Company should complete the required courses and follow news related to governance of the Company.</p> <p>7. The Company has established “Regulations Governing the Acquisition and Disposal of Assets”, “Procedures for Trading Derivative Products”, “Rules for Loaning of Funds to others”, “Rules for Making of Endorsements/Guarantees”, etc. The Company has</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
			<p>established risk management policies and monitoring system, and the internal auditing reassures that the policies follow related regulations to ensure the rights of the stakeholders.</p> <p>8. The Company has customer service representatives to deal with customers’ issues on telephone.</p> <p>9. The Company has stipulated relevant regulations on directors' liability insurance in the Corporate Governance Practice Principles, and has taken out directors' liability insurance (effective on April 1, 2023 and renewed in 2024).</p>	
<p>9. Please explain the improvement of the corporate governance evaluation results issued by the corporate governance center of Taiwan Stock Exchange Co., Ltd. in the latest year, and put forward the priorities and measures for those that have not been improved.</p> <p>The results of the Company's 2022 corporate governance evaluation fall within 21% to 35% of all listed companies, which is one level lower than the 2021 results. This is mainly due to the increase in the proportion of sustainable development-related indicators in recent years. The priority improvements are as follows:</p> <p>(1) Planning to compile 2023 ESG reports and regularly disclosing ESG-related information in 2024.</p> <p>(2) The greenhouse gas inventory of the main production plants has been completed in 2022, and third-party certification has been obtained. GSD would continue to extend the greenhouse gas inventory to all subsidiaries in the group.</p> <p>(3) Assess to establish ESG committee, as a supervisory unit to promote the company’s sustainable development.</p> <p>(4) Establish a risk management framework and identify GSD's risk map.</p>				

Note 1: Accountant Independence Evaluation Standard

	Evaluation indicators	Evaluation Results		Remark
		YES	NO	
1	The accountant himself or his spouse or minor children have no relationship with the Company to invest or share financial benefits.	V		
2	The accountant himself, his spouse, and minor children did not borrow money from the Company.	V		
3	The accounting firm has not provided a report on the services designed or assisted in the effective operation of the financial information system.	V		
4	No accountant or member of the audit service team has been a director or manager of the Company or has a significant impact on audit cases at present or in the past two years.	V		
5	The non audit services provided by the Company do not directly affect the important items of audit cases.	V		
6	Accountants or members of the audit service team did not advertise or mediate the stocks or other securities issued by the Company.	V		
7	Accountants or members of the audit service team have not defended legal cases or other disputes on behalf of the Company and third parties except for businesses permitted by law.	V		
8	The accountants or members of the audit service team have no relationship with the Company's directors, managers or persons who have a significant influence on the audit case, such as spouses, direct blood relatives, direct in-law relatives or second-parent relatives.	V		
9	The retired public accountants within one year did not hold the position of director, manager or significant influence on the audit case of the Company.	V		
10	Accountants or members of the audit service team have not received gifts or special offers of great value to the Company or its directors, managers or major shareholders.	V		
11	The accountant is not currently employed by the principal or the inspector to be employed for regular work, receive a fixed salary or serve as a director	V		
12	Accountants have not provided audit services for the Company for seven consecutive years.	V		Ernst & Young CPAs Chen, Cheng-Chu and Hsieh, Sheng-An to handle financial statement audit matters from the first quarter of 2023.

Note 2: Audit quality index (AQI)

Five major facets	AQIs	Focus of measurement	Whether CPAs meet the suitability or independence requirement		Note
			Yes	No	
Professionalism	Audit Experience	1. Whether CPAs and senior auditors have sufficient audit experience to carry out the audit work	V		
	Training hours	2. Whether CPAs and senior auditors have received sufficient education and training every year to continuously acquire professional knowledge and skills			
	Attrition rate	3. Whether the CPA firm maintains sufficient senior human resources			
	Professional support	4. Whether the CPA firm has sufficient professionals to support the audit team			
Quality control	CPA workloads	1. Whether the workloads of CPA are too heavy	V		
	Audit input	2. Whether audit team members have made inputs appropriately at each stage of the audit			
	Engagement Quality Control Review	3. Engagement Quality Control Review (EQCR) is a review of whether CPAs have devoted sufficient hours to the audit case			
	Quality control support capabilities	4. Whether the CPA firm has sufficient quality control manpower to support the audit team			
Independence	Non-audit services	The impact of the proportion of annual fees for non-audit services on the independence of the CPA firm and its affiliates	V		
	Familiarity with customer	The impact of the cumulative number of years of audit of the customer's annual financial reports on the independence of the CPA firm			
Supervision	External inspection deficiencies and sanctions	Whether the CPA firm carries out its quality control and audit of the customer in accordance with relevant laws and regulations	V		
	The competent authority issues a letter Demanding improvement				
Innovation capabilities	Innovative planning or initiatives	Whether the CPA firm proposed plan to improve audit quality, including innovation audit and talent retention, etc.	V		

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

1. Information of Remuneration Committee

2024/04/30

Criteria Name	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is concurrently Serving as a member of remuneration committee
Independent Director/ Chang, Yuan- Lung	Please refer to pages 17-19 for information for the professional qualifications and the independence of independent directors		Two
Independent Director/ Chou, Shan-Shan			One
Independent Director/ Su, Chiu-Hsia			None

2. The duties of Remuneration Committee

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion.

- (1) Periodically reviewing the Charter and making recommendations for amendments.
- (2) Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managerial officers of GSD.
- (3) Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of GSD have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- (1) Ensuring that the compensation arrangements comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
- (2) Performance assessments and compensation levels of directors, supervisors, and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other

positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and the Corporation's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of GSD.

- (3) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Corporation.
- (4) For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Corporation's business.
- (5) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

3. Information of Remuneration Committee Meetings

- (1) There are 3 members in the Remuneration Committee.
- (2) Term of the incumbent committee members: from June 7, 2023 to June 6, 2026.
A total of 4 Remuneration Committee meetings were held in the previous period.
The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Chang, Yuan-Lung	4 times	0	100.00%	Reelected on Jun. 7, 2023
Committee Member	Chou, Shan-Shan	4 times	0	100.00%	Reelected on Jun. 7, 2023
Committee Member	Su, Chiu-Hsia	3 times	0	100.00%	Newly elected on Jun. 7, 2023
Committee Member	Chen, Chun-Kuei	1 times	0	100.00%	Term expired on Jun. 7, 2023

The contents of the meeting, the resolution results and the Company's handling of the opinions of the members of the Remuneration Committee in the latest year:

Date	Content	Result	Opinion from members
Feb. 24, 2023 The 11 th of the second session	Approved the distribution of the directors' and the employees' remuneration in 2022.	All members present agree to pass	No Objection.
Jun. 7, 2023 The 1 st of the third session	Completed the election of convener of the Remuneration Committee	All members present agree to pass	No Objection.
Nov. 10, 2023 The 2 nd of the third session	The ratio of employee bonus and director's remuneration set out in the Company's budget in 2024	All members present agree to pass	No Objection.
Dec. 21, 2023 The 3 rd of the third session	1.Discussion on the work plan of the Company's remuneration committee in 2024.	All members present agree to pass	No Objection.
	2.Compensation plan for employees and directors to be accrued by the Company in 2023.	All members present agree to pass	No Objection.
	3.The Company's 2023 manager compensation, salary adjustment and year-end bonus proposal.	All members present agree to pass	No Objection.

Other items to be recorded:

1. If the board of directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date, period, contents of the proposal, the resolution results of the board of directors and the Company's handling of the opinions of the Remuneration Committee (if the remuneration adopted by the board of directors is better than the proposal of the Remuneration Committee, it shall state the differences and reasons): No such case.
2. In case of any objection or reservation of any member and any record or written statement, the resolution of the Remuneration Committee shall state the date, period, contents of the proposal, opinions of all members and the handling of their opinions: No such case.

3.4.5 Implementation of Sustainable Development

Implementation of sustainable development and differences between Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish a governance structure and set up a full-time (Part-time) unit to promote sustainable development, which is authorized by the board of directors to be handled by the senior management and reported to the board of directors?	V		The Company has formulated “Sustainable Development Practice Principles” and in 2021, set up ESG promotion team which is composed of members of the chairman's office and the general manager's office. The promotion team is responsible for the evaluation and strategy formulation of environmental, social and corporate governance issues. In the future, it will be submitted to the board of directors to establish functional committees to improve the governance structure as appropriate. The ESG promotion team reports to the board of directors at least once a year on the implementation status. In 2023, the report to the board included: (1) the schedule, progress, and results of greenhouse gas inventory planning and execution for the Company and its subsidiaries, and (2) the assessment and decision-making process regarding significant issues in the Company's ESG report, which was submitted to the board for awareness on February 27, 2024.	None.
2. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the Company's operation in accordance		V	The Company has established an ESG promotion team to conduct an assessment of environmental, social and corporate governance issues related to the Company's operations, but has not yet formulated a corresponding	GSD will formulate risk management policies according to the promotion schedule.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
with the principle of materiality, and formulate relevant risk management policies or strategies?			risk management policy or strategy. The scope of the assessment is currently based on the main operating entity-GSD (China) Co., Ltd., but the corresponding risk management policies has not yet been determined.	
3. Environmental issues (1) Does the Company establish appropriate environmental management system according to its industrial characteristics?	V		The environmental protection affairs of the Company's production and business units shall be handled in accordance with the local environmental protection regulations. The business waste shall be recycled and disposed by a legal professional organization, and the domestic wastewater shall be discharged in accordance with the regulations. GSD (China) has obtained ISO 14001 environmental management system certification, ISO 14064 greenhouse gas emission inventory and ISO14067 product carbon footprint certification.	None.
(2) Is the Company committed to improving the utilization efficiency of energy and using recycled materials with low impact on environmental load?	V		The Company's main production base, GSD (China), uses renewable energy as much as possible, about 50% of GSD (China)'s energy is generated by solar energy. At the same time, the Company promotes measures such as turning off the lights at any time to save energy, E-office and secondary use of paper, etc., and is committed to reducing the load on the environment.	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take measures to deal with climate related issues?	V		<p>The Company incorporates "Climate Change and Environmental Risks" into management based on the location of subsidiaries and our industry operating models. We plan to adopt “Task Force on Climate Related Financial Disclosures”(TCFD) to establish response measures to climate change. For further details, please refer to page 58 of this Annual report under "Climate-Related Information."</p> <p>As a professional water treatment service provider, the Company aims to reduce the risk of water scarcity caused by climate change through water reuse, and father wish to help our customers to reduce it.</p>	None.
(4) Does the Company make statistics of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water use reduction or other waste management?		V	<p>The Company's main production site, GSD (China) Pinghu plant, conduct GHG inventory annually and get verification by a third-party - China Quality Certification Center (CQC).</p> <p>The GHG emission of GSD (China)’s Pinghu plant in 2022 is as follow: Scope 1 emission : 111.82 Metric ton-CO₂e Scope 2 emission : 328.14 Metric ton-CO₂e Scope 3 emission : 177.18 Metric ton-CO₂e Intensity of CO₂ emission in scope 1&2 : 0.3229 Metric ton-CO₂e per million revenue.</p> <p>The GHG emission of GSD (China)’s Pinghu plant in 2023 is as follow: Scope 1 emission : 114.79 Metric ton-CO₂e</p>	The Company would implement greenhouse gas inventory in 2022, and based on the inventory result to formulate management policies for greenhouse gas reduction.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>Scope 2 emission : 358.20 Metric ton-CO₂e Scope 3 emission : 576.20 Metric ton-CO₂e Intensity of CO₂ emission in scope 1&2 : 0.3455 Metric ton-CO₂e per million revenue.</p> <p>The 2023 GHG inventory result has not been verified by CQC as of the publication date of this annual report, and will be disclosed at the MOPS once it is completed.</p> <p>Water consumption, energy consumption and weight of waste in 2022 and 2023 is as follow: <u>Water consumption</u>: 11,862 tons and 9,342 tons in 2022 and 2023 respectively. <u>Energy consumption</u>: In 2022 and 2023 are 937 thousand kWh and 991 thousand kWh respectively. About 50% and 48.6% of the energy consumption is generated through solar energy.</p> <p>Total weight of waste are 25.01 tons and 25.44 tons in 2022 and 2023, of which about 6.91 tons and 6.14 tons are hazardous waste, which is entrusted to legal disposal companies for disposal.</p> <p>GSD implements the policy of saving water and electricity. In addition to adopting solar power generation, building a water recycling system, recycling paper packaging materials, setting the appropriate temperature</p>	

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			and timing switches for the air conditioner, avoiding the greenhouse effect and reducing the impact on the environment. The ESG promotion teams will formulate the policies and strategies for GHG reduction, water or other waste reduction.	
4. Social issues (1) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		With reference to the "Universal Declaration of Human Rights", GSD formulates human rights policies and formulates "Rules for Personnel and Labor Relations" and “Human resource management rules”. For human rights-related concerns, specific practices, and the implementation of education and training, please refer to the corporate social responsibility section of the Company's website. For employee diversification situation, please refer to page 122~123 of this annual report.	None.
(2) Does the Company establish and implement reasonable employee welfare measures (including compensation, vacation and other benefits), and properly reflect the operating performance or results in employee compensation?	V		The Company abides by labor laws and regulations. In addition to providing labor health insurance, pension, social security, etc. in accordance with the laws and regulations of the place where the employees are employed, the Company has additional employee benefits, such as bonus, employee travel, dinner party, etc. In terms of employee compensation, it is stipulated in the Company's articles of association that if the Company makes profits in the current year, 3% - 5% of the remuneration shall be allocated to the employees through	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			the resolution of the board of directors, and the Company's operating performance shall be appropriately fed back to the employees.	
(3) Does the Company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	V		<p>The Company form safety team to carry out production and fire safety inspections every month, and hold safety meetings on a monthly/quarterly basis to track abnormal inspect result and arrange training for safety production and health precautions. The safety team also arrange fire drill regularly. In addition, to offer a safe and healthy working environment, common medicines and first aid supplies are available in the Company.</p> <p>The company's main production base- GSD (China) has obtained ISO45001 occupational health and safety management system certification.</p> <p><u>Statistics on work-related injury accidents:</u> In 2023, the Company experienced 2 minor workplace injuries (excluding commuting accidents), with no fatalities. The minor injuries involved splashing injuries from processing materials and injuries from falling objects, both affecting frontline technical operators. The Company has enhanced safety awareness to prevent recurrence.</p> <p><u>Statistics on other accidents:</u> The Company had no fire accidents in 2023.</p>	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(4) Does the Company establish an effective career development training program for its employees?	V		GSD has performance evaluation methods and agent system, and team building is listed as annual necessary work plan, which is promoted by the general manager and human resources department. The employee training program includes new employee training, on-the-job training for each position, department training and new supervisor training, etc. In 2023, a total of 210 trainings, about 1,259 hours, have been completed.	None.
(5) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers?	V		The Company pays attention to the rights and interests of its customers, and formulates service procedures in the internal control measures, which are approved by the board of directors. In addition, the Company proactively disclosed service commitment on the website, including warranty commitment and reply within a certain period of time after receiving service demand notice, so as to protect the rights and interests of customers. The Company also has a toll-free customer service telephone to serve customers in real time.	None.
(6) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health, labor rights and other issues?	V		When signing a long-term contract with a supplier, the Company requires the supplier to sign an environmental commitment letter, promising to operate in compliance with environmental regulations and requirements, and is committed to developing low energy consumption, high efficiency and recyclable products. If the supplier violates the relevant regulations, it will affect their renewal. As the end of 2023, a total of 114 long-term suppliers	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			have signed environmental commitments.	
5. Does the Company refer to the internationally-prepared reporting standards or guidelines for preparing sustainable development reports and other reports that disclose the Company's non-financial information? Did the report obtain the confidence or assurance opinion of the third-party verification unit?		V	GSD has gradually promoted the sustainability report preparation plan through the ESG promotion team. We anticipate compiling our first ESG report in 2024. The relevant information on the current promotion of sustainable development has been disclosed in the annual report and the corporate website.	It is planned to published the ESG report from 2024.
6. If the Company has established the sustainable development practice principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has established Sustainable Development Practice Principles and has been operating in accordance with it.				
7. Other important information to facilitate better understanding of the Company’s sustainable development practices : 7.1.Environmental (1) The Company is constantly promoting eco-friendly measures including water and energy conservation, prevention of pollutions, official documents electronization for reducing consumption of paper, garbage sorting and recycling for reducing wastes, reduction of greenhouse gas emission, etc. (2) The Company contributes its profession in environmental protection to local infrastructures for eco-friendly measures. In addition, through the design of energy-saving products, the Company helps customers to deal with water resources in an energy-saving manner, achieving double friendliness to the environment. 7.2.Social Contributions The Company actively participates in events regarding cleaning local environment and emergency responses. The main projects in 2023 include: funding poor students, visiting needy families in the community to provide condolences and funding supplies, etc. 4.3. Employee Care				

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
There are various employee care activities, including traditional holiday activities (such as guessing lantern riddles during the Lantern Festival), sending warmth on Women's Day, sending coolness items to employees in summer, and holding lectures on issues related to family/parent-child communication.				

3.4.6 Climate-Related Information

Item	Execution
1. Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.	The Corporate Governance and Sustainable Development Department, under the supervision of the Chairman's Office, convenes relevant personnel to form an ESG promotion team. The team periodically discusses the potential impacts of various issues on both internal and external aspects of the organization, including identifying and assessing climate change risks and addressing climate impacts. After identifying climate-related impacts, meetings are held with senior management to discuss climate-related risks and opportunities. Suggestions and measures for improvement are proposed regarding the potential impacts of risks to mitigate climate financial risks and identify corresponding climate financial opportunities. The ESG promotion team reports annually to the Board of Directors on ESG promotion performance and presents short, medium, and long-term management goals, including climate change-related issues.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finances (in the short, medium and long term).	The Company incorporates potential impacts of climate change into operational considerations, estimating the probability and severity of risks and devising response and mitigation measures. It identifies physical and transitional risks and opportunities based on business type, risk strategy, and financial conditions. In the future, we plan to introduce scenario analysis to comprehensively assess the financial impact of risks, refining plans for response and mitigation measures. The Company develops strategies to promote carbon reduction, including implementing green management practices, such as using renewable energy and materials, integrating sustainability indicators into supplier evaluations, promoting energy-saving action in offices, waste reduction, and purchasing energy-efficient products. It also develops green products to assist customers in carbon reduction. The Company would actively

	<p>promote carbon reduction in accordance with our sustainability management strategies, legal requirements, or authorities' requests.</p> <p>Climate-related risks include:</p> <ol style="list-style-type: none"> 1. Disruption of upstream and downstream transportation due to extreme weather conditions (short-term and medium-term). This may lead to product production delays or extended delivery times, resulting in reduced revenue and increased transportation costs. 2. Increased electricity consumption due to extreme weather conditions (short-term and medium-term). Extreme heatwaves or cold winters caused by climate change will require businesses to consume more electricity to maintain operations, leading to increased operating costs and affecting profitability. 3. Changes in policies and regulations leading to increased carbon costs (short-term and medium-term). Implementation of regulations imposing carbon fees or taxes will directly increase the operating costs of companies. 4. Increased transformation costs of products under carbon reduction trends (long-term). Investment in the development of energy-saving products will increase research and development costs. <p>Climate-related opportunities include:</p> <ol style="list-style-type: none"> 1. Increased demand for water treatment equipment and technology due to water scarcity crises caused by extreme weather conditions. Water treatment equipment is the Company's major product, and the increasing demand will bring more revenue. 2. Increased demand for energy efficiency improvements. The Company continues to develop energy-saving products and solutions, including mechanical energy-saving (high-efficiency products), process energy-saving (improving water treatment process), and management energy-saving, to assist customers in energy conservation and carbon reduction, which can generate income. 3. Capital markets placing greater emphasis on investment in the water resource management sector. This will increase investment opportunities, investment income, and reducing our cost of funds.
3. Describe the financial impact of extreme weather events and	<p>Financial impact of extreme weather:</p> <p>The extreme weather, such as floods and droughts, poses potential risks to production, transportation,</p>

transition actions	<p>and project contract related construction and acceptance. Heavy rainfall leading to floods can result in operational site shutdowns and damage to facilities, equipment, and inventory, increasing operational costs including repair costs and causing shipment delays. Floods may also disrupt transportation, preventing deliveries, or causing delays in customer site construction or equipment installation, thereby affecting revenue. On the other hand, droughts can increase operating costs as water scarcity leads to increased water costs, impacting operational costs. Prolonged water scarcity may affect customer site construction or hinder sewage plant commissioning progress due to lack of water for processing, leading to delays in acceptance and affecting payment schedules, thereby increasing the cost of funds.</p> <p>Financial impact of transition actions: In response to climate change pressures and the trend towards energy saving, many countries have implemented policies to incentivize high-efficiency products or prohibit the use of low-efficiency products. The clearance of low-efficiency product inventory may result in a reduction in gross profit. In addition, the Company actively invests in the development of energy-efficient products or solutions, which will increase R&D expenses and reduce operating profit in the short term.</p>
4.Describe how the process of identifying, assessing and managing climate risks is integrated into the overall risk management system.	The ESG promotion team is responsible for conducting risk assessments related to environmental, social, and corporate governance issues affecting the Company's operations, also including the assessment and identification of climate risks. The ESG promotion team regularly assesses climate change risks, with potential financial impacts, as a direction for formulating ESG policies and management objectives. It is anticipated to establish risk management procedures, which will standardize risk identification, assessment, management, recovery, and adaptation process. The team also plans to regularly report risk assessment results to the Board of Directors.
5.If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors and key financial impacts used.	The Company has not yet used scenario analysis to assess its resilience to the risks of climate change, and will plan to use scenario analysis to assess it.
6.If there is a transition plan to address and manage climate-related risks, describe the content of the	The Company is conducting an analysis of climate-related risks and opportunities. The relevant transition plan, including setting indicators for managing risks and transition objectives, is still being discussed.

plan, and the metrics and targets used to identify and manage physical and transition risks.	
7.If internal carbon pricing is used as a planning tool, describe the basis for setting carbon prices.	The Company does not yet use internal carbon pricing as a planning tool.
8.If climate-related targets are set, describe information such as the activities covered, the scope of greenhouse gas emissions, the planning timeline, and the progress made in achieving them each year; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, describe the source and quantity of carbon offset credits or renewable energy certificates (RECs) to be offset.	The Company will issue the 2023 ESG report in 2024. The climate-related management objectives will be setting based on the 2023 GHG inventory results, and the objectives will describe in the ESG report.
9.Please refer to Table 1 below for GHG inventory and assurance and reduction targets, strategies and specific action plans.	The Company's GHG inventory boundary in 2023 includes GSD, GSD-BVI, GSD (China) Pinghu Plant (excluding branch), and GSD-TW. For the GHG inventory results of GSD (China) Pinghu Plant, please refer to page 52~53 of this annual report. As of the date of publication, the GHG inventory of GSD and GSD-TW has not been completed. The overall inventory results and reduction targets and strategies and specific action plans will be disclosed in the Company's 2023 ESG report.

3.4.7 Ethical Corporate Management

The state of the Company's performance in the area of Ethical Corporate Management Best-Practice Principles and the adoption of related measures.

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs (1)Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		The "Ethical Corporate Management Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" of the Company have been established and adopted by the Board of Directors as the guidelines for ethical policies and business conduct. The directors, managers and senior executives of the Company have signed the statement of the Ethical Corporate Management Best-Practice Principles.	None
(2)Whether the Company has established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent dishonesty, and at least covers the "Ethical Corporate Management Best-Practice Principles "Code" Article 7, paragraph 2 of the prevention measures?	V		In the " Procedures for Ethical Management and Guidelines for Conduct", the Company has identified the business activities that are likely to cause the risk of bad faith behavior in the business scope, and has formulated relevant operation rules. In the Procedures for the board of directors meeting, the Company has provisions on the avoidance of directors' interests, and it is also stated in the employee handbook that no money, goods or other improper interests shall be required or received; a letter of commitment of integrity shall be signed when establishing a business relationship with	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			others; a letter of commitment of integrity shall be signed by the directors and the management as the basis for the implementation of the operation of integrity.	
(3) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	V		In the "Procedures for Ethical Management and Guidelines for Conduct", the Company has stated the operation methods of handling procedures, rewards and punishments, complaints and record punishments for violation of honest operation, including the following countermeasures for dishonest operation: (1) Accept the improper benefits (2) Provide or promise facilitation fee (3) Providing illegal political contributions (4) Charitable donation or sponsorship (5) Infringement of business secrets, trademark rights, patent rights, copyright and other intellectual property rights. (6) Engage in unfair competition. (7) Product or service damage stakeholders. (8) Insider trading	None
2. Fulfill operations integrity policy (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		The Company evaluates business partners' credit conditions and reputation in the industry. It signs the Honesty and Integrity Agreement whenever a business is established.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the Company set up a dedicated unit under the board of directors to promote the honest operation of the enterprise, and regularly (at least once a year) report to the board of directors its honest operation policies, plans to prevent dishonest behavior and supervision of implementation?	V		The Company appoints the general manager's office to be the special unit for promoting the integrity management, to be responsible for the evaluation and audit of relevant violations of the integrity management, and to report the promotion of the integrity management behavior to the board of directors on a regular basis every year. In case of any major breach of good faith business, it shall also report to the board of directors immediately.	None
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company has set the interest avoidance related regulations in the "Procedures for Ethical Management and Guidelines for Conduct" to prevent personnel from making decisions that do not comply with the Company's integrity principles. If an employee violates the relevant regulations, before the Company makes a formal sanction decision, the relevant investigation unit and decision-making supervisor will give the parties the opportunity to make a full statement.	None
(4) Has the Company established an effective accounting system and internal control system for the implementation of good faith operation, and the internal audit unit shall, according to the assessment results of the risk of bad faith behavior, draw up relevant audit plans, and according to the compliance	V		The Company has established internal control system prevent any employee's wrongdoing, and the auditing units make necessary reviews periodically.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
of the plan for preventing bad faith behavior, or entrust an accountant to carry out the audit?				
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		The company held integrity-related internal education and training for a total of 23 hours in 2023, including cases studies of insider trading. For new employees, integrity culture promotion course will also be arranged in the pre-employment training. The Company puts emphasis on the importance of integrity in the daily life. The personnel in certain special positions have to sign for ethical procedures of the job position, which reminds the employee that work ethics has been an important value for the Company. The Company emphasizes traditional values and formed an internal culture of “loyalty, honesty, integrity, and equality.” Selfishness, bribery, greed or manipulation would be against the Company’s central value of ethics.	None
3. Operation of the integrity channel (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The Company has disclosed the contact information of stakeholders on the GSD website. Any report of breaches shall be investigated by the Office of President through collecting evidence from the personnel involved; the police unit shall be notified if necessary. In addition, the Company also has a whistleblowing mailbox for employees or external persons to report	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			dishonest behavior, and according to the position of the person involved in the whistleblowing, appropriate personnel shall be appointed and submitted to the appropriate management level.	
(2) Has the Company established the standard operating procedures for the investigation of complaints, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	V		The Company has the operation procedures for accepting reports in the "Procedures for Ethical Management and Guidelines for Conduct". The Company mainly collects evidence for any wrongdoing; major breaches shall be reported to police units for investigation. The evidence collected by the Company is stored as confidential data in the Office of President and is only disclosed to the police unit for the purpose of investigation.	None
(3) Does the Company provide proper whistleblower protection?	V		The Company has disclosed the policy of good protection for whistleblowers in its website, the "Ethical Corporate Management Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct", promising that whistleblowers will not be improperly handled due to whistleblowing.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?	V		The "Ethical Corporate Management Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" adopted by the Company have been fully disclosed on the corporate website and the public information Observatory, and the implementation of good faith business promotion has been disclosed on the corporate website.	None
5.If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has an " Ethical Corporate Management Practice Principles ", and its operation is not significantly different from the code.				
6.Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., promoting the Company’s determination and policies for ethical operation to the business partners, inviting business partners to educational sessions, review and amend its protocol for ethical operation, etc.). Integrity is an important corporate value of the Company; all employees are required to be practice work ethics and be responsible for the investors, clients, suppliers, shareholders, and the society, the employees can report any cases that violates the ethical principles or damages reputation of the Company through the Website and the designated Mailbox. Also, the Company generally has long-term relationship with the business partners. To maintain stable and long-lasting cooperation, the Company has contracts and designated for each project it executes.				

3.4.8 If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.

The Company has established the "Corporate Governance Practice Principles", "Ethical Corporate Management Practice Principles", "Sustainable Development Practice Principles" and other relevant regulations, all of which have been publicized on the corporate website.

Company website: Corporate Governance - Major internal rules.

Market Observation Post System: Corporate Governance - Corporate Governance Structure - Relevant rules and regulations.

3.4.9 Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed: None.

3.4.10 The state of implementation of the Company's internal control system:

- 1.A Statement on Internal Control: please refer to page 69 of this Report
- 2.Report of review on the Internal Control System conducted by CPA: None.

3.4.11 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

GSD Technologies Co., Ltd.
Statement of Internal Control System

Date: Feb. 27, 2024

Based on the results of self-assessment, the Company's internal control system in 2023 is hereby declared as follows:

1. The Company acknowledges that the establishment, implementation, and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal control system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability, immediacy, transparency of financial reporting and the compliance of applicable law and regulations are achieved.
2. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
3. According to the effective judgment items for the internal control system specified in "Highlights for Implementation of Establishing Internal control System by Listed Companies" (hereinafter referred to as "Highlights"), the Company has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by "Highlights" are, based on the process of management control, for classifying the internal control into five elements: 1. Control environment; 2. Risk assessments; 3. Control activities; 4. Information and communication; and 5. Monitoring. Each element also includes a certain number of items. For the foregoing items, refer to "Highlights".
4. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
5. Based on the above-mentioned result of evaluation, the Company suggests that the internal control system (and its supervision and management of the subsidiaries) on December 31st, 2023, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability, immediacy, and transparency of financial reporting, the compliance of applicable law and regulations, has been effective, and they can reasonably assure the aforesaid goals have been achieved.
6. This statement will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article 20, 32, 171 and 174 of Securities and Exchange Act.
7. This statement has been approved by the meeting of Board of Directors on Feb. 27, 2024, and those 7 directors in presence all agree at the contents of this statement.

GSD Technologies Co., Ltd.



Chairman: Hsieh, Hung-June



President: Chen, Shih- Hsien



3.4.12 Important resolutions of shareholders' meeting and the board of directors in the most recent year and up to the date of printing of the annual report

Shareholders' meeting/ Board of Directors meeting	Date	Major Resolution
2023 Shareholders' Meeting	Jun. 7, 2023	1. Recognize the Company's 2022 annual business report and consolidated financial statements. <u>Implementation:</u> the resolution was passed, and the relevant forms and records have been submitted to the competent authority for recordation and public announcement in accordance with the Company law and other relevant provisions.
		2. Recognize the Company's 2022 earnings distribution plan. <u>Implementation:</u> the resolution was passed, and the board of directors had decided on the base date of dividend distribution on June 7, 2023, and issued cash dividends NT\$3.5 per share on July 31, 2023.
		3. By amending "Memorandum and Articles of Association" of the Company. <u>Implementation:</u> the resolution was passed and the website information was updated simultaneously.
		4. By amending "Rules for Loaning of Funds to others" of the Company. <u>Implementation:</u> the resolution was passed and the website information was updated simultaneously.
		5. Election of the Board of Directors of the 5th term of the Company <u>Implementation:</u> the election results were announced as material information. Directors List: Hung-June Hsieh, Li Yi Co., Ltd. (Representative : Ming-Tzu Lin), Chi-Fa Cheng, Tzuoh-Shou Lee, Shan-Shan Chou, Chiu-Hsia Su.
		6. By lifting the non-competition restriction of new directors and their representatives. <u>Implementation:</u> the resolution was passed and announced as material information.
The 19 th of the fourth session	Feb. 24, 2023	1. Approved the Company's 2022 annual business report and consolidated financial statements. 2. Approved the Company's 2022 earnings distribution plan. 3. Approved the earnings distribution plans of GSD (China) Co., Ltd. and Chuan Yuan Hydraulic Engineering Co., Ltd., the major subsidiaries of GSD. 4. Approved the Company's 2022 directors' remuneration and employee's compensation distribution plan. 5. Approved the Company's 2022 "Internal Control System Statement". 6. Amendment of "Memorandum and Articles of Association". 7. Amendments of "Rules for Loaning of Funds to others". 8. Amendments of "Procedures for the board of directors meeting".

Shareholders' meeting/ Board of Directors meeting	Date	Major Resolution
		9.Approved the renewal of directors' liability insurance of the Company. 10.Approved the period of acceptance the nomination of candidates for directors (including independent directors) re-election, the number of directors to be elected and the place to accept the proposal. 11.To pass the proposal of nominating directors (including independent directors) by the board of directors. 12.By lifting the non-competition restriction of new directors and their representatives. 13.Approved relevant matters for the 2023 regular shareholders meeting of the Company.
The 20 th of the fourth session	May. 10, 2023	1.Approved the Company's consolidated financial statements for the first quarter of 2023. 2.Approved GSD Enviro Tech (Taiwan) Co., Ltd. to acquire more equity of Yuh Shan Environmental Engineering Co., Ltd. 3.Approved to increased investment in the subsidiary GSD Enviro Tech (Taiwan) Co., Ltd. 4.Approved GSD's loaning facility to its subsidiary, GSD Enviro Tech (Taiwan) Co., Ltd. 5.Approved GSD(China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd. 6.Approved GSD(China) to merge by absorption its 100% owned subsidiary- Shanghai GSD Industrial Co., Ltd. 7.Approved the signing of credit contracts between GSD, Taiwan Branch of GSD (British Cayman Islands GSD Technology Co., Ltd. Taiwan Branch) and Taiwan subsidiary (GSD Enviro Tech (Taiwan) Co., Ltd.) and Cathay United Bank.
The 1 st of the fifth session	Jun. 7, 2023	1.To elect the Chairman of the Board of Directors. 2.Approved the renewal of the general manager of the Company. 3.Approved the appointment of the third audit committee members of the Company. 4.Approved the appointment of the members of the third Remuneration Committee of the Company.
The 2 nd of the fifth session	Jun. 15, 2023	1.Approved GSD (China) to acquire the equity of Sichuan Guohuan Jinze Technology Co., Ltd. 2.Approved the signing of credit contracts between GSD's Taiwan subsidiary (GSD Enviro Tech (Taiwan) Co., Ltd.) and CTBC Bank. 3. Approved GSD (China)'s guarantee to its brother company, GSD Enviro Tech (Yangzhou) Co., Ltd. 4.Approved the chairman stop to authorize other board members to ratify the audit report.
The 3 rd of the fifth session	Aug. 22, 2023	1.Approved the Company's consolidated financial statements for the second quarter of 2023. 2. Approved GSD (China)'s guarantee to its subsidiary, CNCN (Beijing) Enviro Tech Co., Ltd.

Shareholders' meeting/ Board of Directors meeting	Date	Major Resolution
The 4 th of the fifth session	Nov. 10, 2023	<ol style="list-style-type: none"> 1.Approved the Company's consolidated financial statements for the third quarter of 2023. 2.Approved the ratio of employee bonus and director remuneration ratio listed in the Company's 2024 budget. 3.Approved GSD(China)'s loaning facility to its brother company- GSD Enviro Tech (Yangzhou) Co., Ltd. 4.Approved the signing of credit contracts between GSD, Taiwan Branch of GSD (British Cayman Islands GSD Technology Co., Ltd. Taiwan Branch) and Taiwan subsidiary (GSD Enviro Tech (Taiwan) Co., Ltd.) and CTBC Bank.
The 5 th of the fifth session	Dec. 21, 2023	<ol style="list-style-type: none"> 1.Approve the Company's 2024 operating plan and budget. 2.Approved the Company's 2024 audit plan. 3.Approved GSD(China)'s loaning facility to its subsidiary- CNCN (Beijing) Enviro Tech Co., Ltd. 4. Approved GSD(China)'s guarantee to its subsidiary- GSD Environmental Technology Co., Ltd. 5.Approved the adjustment of GSD (China)'s guarantee to its subsidiary, CNCN (Beijing) Enviro Tech Co., Ltd. 6.Approved the independent and competent assessment of the CPA and its compensation. 7. Approved the list of non-assurance services provided by CPA and the independent assessment, at the same time, stipulated the regulations. 8.Approved the work plan of the Company's remuneration committee in 2024. 9.Approved the Company's employee and director remuneration proposal of 2023. 10.The Company's 2023 manager compensation, salary adjustment and year-end bonus proposal. 11.Approved the 2024 bank facility limit of subsidiaries in Mainland China. 12.Amendments of "Rules for Approval authority", and "Rules Governing Financial and Business Matters Between the Company and its Related Parties". 13.Approved the transactions between GSD (China) and the related party- Pinghu Heiwei Environmental Protection Equipment Co., Ltd. 14.Approved the signing of credit contracts between GSD and Taipei Fubon Bank.
The 6 th of the fifth session	Feb. 27, 2024	<ol style="list-style-type: none"> 1.Approved the Company's 2023 annual business report and consolidated financial statements. 2.Approved the Company's 2023 earnings distribution plan. 3.Approved the earnings distribution of GSD (China) Co., Ltd. and Chuan Yuan Hydraulic Engineering Co., Ltd., the major subsidiaries of GSD. 4.Approved the Company's 2023 directors' compensation and employee's compensation distribution plan. 5.Approved the Company's 2023 "Internal Control System Statement". 6.Amendments of "Corporate Governance Practice Principles" and "Audit Committee Charter". 7.Approved GSD (China)'s loaning facility to its subsidiary- GSD

Shareholders' meeting/ Board of Directors meeting	Date	Major Resolution
		Environmental Technology Co., Ltd. 8.Approved the renewal of directors' liability insurance of the Company. 9.Approved relevant matters for the 2023 regular shareholders meeting of the Company.

3.4.12 If the directors or supervisors have different opinions on the important resolutions passed by the board of directors in the most recent year and up to the date of printing of the annual report, and there are records or written statements, the main contents are as follows: No such case.

3.4.13 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, President, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer:

Title	Name	Date Appointed	Date Dismissed	Reason of resignations or dismissals
General Manager	Hsieh, Hung-June	2014/06/03	2023/02/01	Handover according to the progress of the company's talent cultivation successor plan

3.5. Information on CPA professional fees

3.5.1 The audit and non-audit service fee paid to Certified Public Accountants, Accountant firm hiring the CPAs, and the affiliated Companies.

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit fee	Non-audit fee	Total	Remarks
Ernst & Young	Chen, Cheng-Chu	Jan. 1, 2023 to Dec. 31, 2023	2,856	150	3,006	-
	Hsieh, Sheng-An					

Notes 1: The content of non-audit fee is tax compliance audit.

3.5.2 If the Company changes the CPA firm and the audit fee has decreased compared with the previous year, the amount of audit fees before and after that change as well as the reason should be disclosed:

Unit: NT\$ thousands

	Fiscal year 2022	Fiscal year 2023	Decreased amount	Decrease ratio
Accounting Firm	Deloitte & Touche	Ernst & Young	-	-
Audit fee	3,788	2,856	932	24.6%

The audit fee of 2023 decreased compared to the previous year mainly because the audit fee of 2022 included fees for Deloitte shanghai (a related entity of Deloitte Touche) to provide audit reports for GSD (China) and Shanghai GSD, amounting to NT\$1,371 thousands. In 2023, GSD (China) did not engage Ernst & Young to provide audit reports, resulting in a decrease in audit fees.

3.5.3 If the audit fee decreased by as much as 10 percent compared with the previous year, the amount, proportion, and reason of the decrease should be disclosed: Please refer to the previous paragraph.

3.6. Information on replacement of certified public accountant

3.6.1 Former Accountant

Replacement Date	Dec. 22, 2022 (Approved by the board of directors)		
Replacement reasons and explanations	Future operational and internal managerial needs		
Company termination or the CPA did not accept the appointment	Parties		CPA
	Status		The Company
	Termination of appointment	Wu, Mei-Hui Chen, Chih-Yuan	GSD
	No longer accepted (continued) appointment	NA	NA
Other issues (except for unqualified issues) in the audit reports within the last two years	Except for 2022Q2 audit report, which issued a qualified opinion because the investment using the equity method has not been audited or reviewed by CPA, there is no other audit report other than unqualified opinions issued in the past two years.		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	V	

	Remark :
Other revealed Matters	None

3.6.2 Successor Accountant

Name of Accountant Firm	Ernst & Young
Name of CPA	Chen, Cheng-Chu and Hsieh, Sheng An.
Date of appointment	Appointed by the board of directors on 2022/12/22, the certified accountant of GSD from the first quarter of 2023.
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to engagement	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

The reply from the former CPA on items 1 and 2-3 of Article 10, subparagraph 6 of Regulations Governing Information to be Published in Annual Reports of Public Companies:

No.11109859 issued by Deloitte on 2022/12/30

Recipient : Ernst & Young CPA-Chen, Jheng Chu

Carbon Copy : GSD Technologies Co., Ltd.

Subject : Regarding your letter to inquire about the morality of the management of GSD Technologies Co., Ltd., the letter is as explained in the reply.

Explanation :

1. To reply the letter issued by Ernst & Young on 2022/12/28.

2. The reply to inquires is as follows :

- (1) Based on our experience in contact with the company's management, we have not found that the morality of the company's management has any adverse impact on its financial statements.
- (2) There is no major disagreement between the firm and the company's management on accounting policies, auditing procedures and other relevant important matters.
- (3) According to the company's 2022/12/22 notice, the reason for the change of accountants is based on future business development and internal management needs.
- (4) During the audit process, we did not find that the company did not comply with the regulations.

Deloitte & Touche

CPA Wu, Mei-Hui and Chen, Chih-Yuan

3.7. Any of the Company's chairperson, president, or managers in charge of finance or accounting held a position in the CPA's firm or its affiliates in the most recent year: None.

3.8. Changes in Shareholding and share pledge of Directors, Supervisors, Managers and Major Shareholders

Changes in equity transfer and pledge of directors, supervisors, managers and shareholders with a shareholding ratio of more than 10% in the most recent year and up to the date of printing of the annual report. Where the counterpart of the equity transfer or pledge is a related party, the name of the related party, the relationship with the Company, directors, supervisors, shareholders holding more than 10% of the shares, and the number of shares acquired or pledged shall be disclosed.

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders possessing more than 10% of the shares

Unit: Shares

Title	Name	2023		As of Apr. 8, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Hsieh, Hung-June	-	-	-	-
Directors	Li Yi Co., Ltd.	-	-	-	-
Directors	Chang, Chi-Fa	-	-	-	-
Directors	Lee, Tzuoh-Shoou	-	-	-	-
Independent Director	Chang, Yuan- Lung	-	-	-	-
Independent Director	Chou, Shan-Shan	-	-	-	-
Independent Director	Su, Chiu-Hsia	-	-	-	-
General Manager	Chen, Shin-Hsien	-	-	-	-
CFO	Wu, Wu-Hsiung	-	-	-	-
Corporate governance officer	Tsai, Tzu-Ju	-	-	-	-
Major shareholders	H.J. Hsieh International Co., Ltd.	-	-	-	-

(2) Information about related persons as parties in transfer of equity: None.

(3) Information about related persons as parties in pledge of stock rights: None.

3.9. Relationship among the Top Ten Shareholders

Information on the top ten shareholders who have a shareholding ratio and are relatives or relatives within spouse, second parent, etc.

2024/4/8 Unit: Shares

Name	Shares Held		Shares Held by Spouse and Minor Children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who have related persons or are spouses or relatives within the second degree		Remark
	No. of Shares	Share holding %	No. of Shares	Share holding %	No. of Shares	Share holding %	Name	Relationship	
H.J. Hsieh International Limited	5,645,736	15.26%	-	-	-	-	Hsieh, Hung-June	Major shareholders	-
Li Yi Co., LTD Rep.: Lin, Ming-Tzu	3,411,892	9.22%	-	-	-	-	-	-	-
Advantech Corporate Investment	2,568,358	6.94%	-	-	-	-	-	-	-
CDIB Venture Capital Corp.	2,306,603	6.23%	-	-	-	-	-	-	-
LTS International Limited	1,647,632	4.45%	-	-	-	-	-	-	-
He, Ri- Guang	1,425,283	3.85%	-	-	-	-	-	-	-
Lin, Mei-Lan	1,162,198	3.14%	-	-	-	-	-	-	-
Chen, Shin-Hsien	1,149,161	3.11%	-	-	-	-	-	-	-
Chen, Li-Jiao	1,082,192	2.92%	-	-	-	-	-	-	-
Hsieh, Hung-June	923,776	2.50%	-	-	5,645,736	15.26%	H.J. Hsieh International Limited	As the major shareholder of the Company	-

3.10. Number of shares held and shareholding percentage of the Company, the Company' s directors, supervisors, managers and directly or indirectly controlled entities on the same investee

Consolidated Shareholding Ratio

Mar. 31, 2024 ; Unit: shares %

Affiliated Enterprises	Ownership by The Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Chuan Yuan Hydraulic Engineering Co., Ltd. (BVI)	3,932,735	100%	-	-	3,932,735	100%
GSD Enviro Tech (Taiwan) Co., Ltd.	28,000,000	100%	-	-	28,000,000	100%
GSD (China) Co., Ltd.	(Note 1)	100%	-	-	(Note 1)	100%
GSD Enviro Tech (Yangzhou) Co., Ltd.	(Note 1)	100%	-	-	(Note 1)	100%
Shanghai GSD Industrial Co., Ltd.	(Note 2&4)	-	-	-	(Note 2&4)	-
GSD Environmental Technology, Co., Ltd.	(Note 2)	60%	-	-	(Note 2)	60%
CNCN (Beijing) Enviro Tech Co., Ltd.	(Note 2)	60%	-	-	(Note 2)	60%
GSD Enviro Tech Vietnam Company Limited	(Note 3)	85%	(Note 3)	15%	(Note 3)	100%

Note 1: It is an indirect investment by the subsidiary Chuan Yuan Hydraulic Engineering Co., Ltd. as a limited company; no shareholding of the Company was involved.

Note 2 : It is an indirect investment by GSD (China) Co., Ltd. as a limited company; no shareholding of the Company was involved.

Note 3 : It is an indirect investment by GSD Enviro Tech (Taiwan) Co., Ltd. as a limited company; no shareholding of the Company was involved.

Note 4 : The Board of Directors approved the merger of GSD (China) and GSD Shanghai and set July 1, 2023 as the record date for the merger. The registration of the merger is not yet completed as of the printing date of this report.

IV. Capital Overview

4.1. Capital and Shares

4.1.1 Source of Capital

(1) Type of Shares

Apr. 8, 2024 Unit: Shares

Type of Shares	Authorized Capital Stock			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common Stock	37,000,000	113,000,000	150,000,000	Listed Stock

(2) Process of Capital Formation

Apr. 8, 2024 Unit: Shares/NT\$ dollar

Year & Month	Issuing Price	Authorized Capital Stock		Paid-In Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital Stock	Amount of Contributions with properties other than cash	Others
Oct. 2013	USD 0.1	200,000,000	USD 20,000,000	1	USD 0.1	Capital Established	—	—
Dec. 2013	USD 0.1	200,000,000	USD 20,000,000	20,000,000	USD 2,000,000	Cash Capital Increase NTD 1,999,999	—	—
Jan. 2014	USD 0.1	200,000,000	USD 20,000,000	31,378,660	USD 3,137,866	Exchange of Shares (Note 1)	—	—
Mar. 2014	USD 0.1	200,000,000	USD 20,000,000	141,000,000	USD 14,100,000	Cash Capital Increase NTD 10,962,134	—	—
Apr. 2015	USD 0.12	200,000,000	USD 20,000,000	175,000,000	USD 17,500,000	Cash Capital Increase NTD 3,400,000	—	—
Jun. 2015	NTD 10	150,000,000	NTD 1,500,000,000	30,000,000	NTD 300,000,000	Capital Exchange to NTD (Note 2)	—	—
Sep. 2018	NTD 75	150,000,000	NTD 1,500,000,000	34,000,000	NTD 340,000,000	Cash Capital Increase (Note 3) NTD 40,000,000	—	—
Oct. 2021	NTD 50	150,000,000	NTD 1,500,000,000	37,000,000	NTD 370,000,000	Cash Capital Increase (Note 4) NTD 30,000,000	—	—

- Note 1 : To obtain 9.57% (376,428 shares) of equity issued by Chuan Yuan Hydraulic Engineering Co., Ltd.(Hereinafter GSD-BVI), this Company has reached agreements with 4 individual shareholders of GSD-BVI Hsieh, Hung June, Lee, Tzouh Shouu, Chang,Wan-Te, and Ho, Zih-Kuang on transfer of the said equity owned by these shareholders by offering a newly issued 11,378,660 shares in exchange.
- Note 2 : This Company had obtained a resolution by the board of directors on changing the issued and received 175,000,000 shares to 30,000,000 shares, with book value of USD 0.1 to NTD 10 per share and paid-in capital from USD 17,500,000 to NTD 300,000,000, on April 16, 2015 for applying listing (OTC trading) in Taiwan and for cooperation with the amendment of this Company's Articles of Incorporation. The changes were subsequently resolved by the shareholders' meeting on June 18,2015 and the record date of exchange of shares was set to June 30, 2015.
- Note 3 : A listed 4,000,000 shares were underwritten publicly in September, 2018 with the approval of TWSE-Securities-Listing-II-1071725561 issued by Taiwan Stock Exchange, and the record date of capital increase has been set to September 19, 2018.
- Note 4 : Issuing 3,000,000 shares for cash capital increase with the approval of FSC letter (No. 1100339036 dated April 21, 2021and No. 1100345651 dated June 8, 2021). The subscription base date was determined as at October 5, 2021.

(3) General Information of Filing : Not Applicable

4.1.2 Status of Shareholder

Apr. 8, 2024 Unit: Person(s); Share(s)

Item	Government Agencies	Financial Institutions	Other Juristic Persons	Domestic Natural Persons	Foreign Institutions & Nature Persons	Treasury Shares	Total
Number of Shareholders	-	3	24	1,897	16	1	1,941
Shareholding (shares)	-	10,409	5,558,186	19,714,549	11,216,856	500,000	37,000,000
Percentage (%)	-	0.03%	15.02%	53.28%	30.32%	1.35%	100.00%
Shares held by Mainland-invested of the Company: 0%							

Note: the first listed (or OTC) Company and the emerging company shall disclose their shareholding ratio of land assets, which refers to the people, legal persons, organizations, other institutions in the mainland or the companies invested by them in the third region as stipulated in Article 3 of the measures for the approval of people's investment in Taiwan in the mainland.

4.1.3 Shareholding Distribution Status

(1) Common Stock

Apr. 8, 2024 Unit: Person(s); Share(s); %

Level of Shareholding	Number of Shareholders	Shares Held	Ratio of Shareholding
1 to 999	430	73,368	0.20
1,000 to 5,000	1,160	2,130,724	5.76
5,001 to 10,000	163	1,231,436	3.33
10,001 to 15,000	47	598,094	1.62
15,001 to 20,000	32	568,591	1.54
20,001 to 30,000	20	474,114	1.28
30,001 to 40,000	23	791,960	2.14
40,001 to 50,000	9	414,426	1.12
50,001 to 100,000	19	1,216,365	3.29
100,001 to 200,000	10	1,339,326	3.62
200,001 to 400,000	10	2,971,850	8.03
400,001 to 600,000	8	3,866,915	10.45
600,001 to 800,000	0	0	0
800,001 to 1,000,000	1	923,776	2.50
1,000,001 to 6,000,000	9	20,399,055	55.13
Total	1,941	37,000,000	100.00

(2) Preferred Shares: The Company doesn't issue preferred shares.

4.1.4 List of major shareholders

Name, number of shares held and ratio of shares held by shareholders holding more than 5 percent of shares or top ten shareholders:

Apr. 8, 2024 Unit: Shares; %		
Shareholders' Name	Shares Held (shares)	Percentage (%)
H.J. Hsieh International Co., Ltd.	5,645,736	15.26%
Li Yi Co., LTD	3,411,892	9.22%
Advantech Corporate Investment	2,568,358	6.94%
CDIB Venture Capital Corporation	2,306,603	6.23%
LTS International Ltd.	1,647,632	4.45%
Ho, Zih-Kuang	1,425,283	3.85%
Lin, Mei-Lan	1,162,198	3.14%
Chen, Shih-Hsien	1,149,161	3.11%
Chen, Li-Chiao	1,082,192	2.92%
Hsieh, Hung-June	923,776	2.50%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share for the past 2 fiscal years.

			Unit: NTD; thousand shares		
Year			2022	2023	As of Mar. 31, 2024 (Note 5)
Items					
Market Price per Share	Highest		65.10	59.40	45.30
	Lowest		50.10	40.20	38.95
	Average		58.63	49.91	42.71
NAVPS	Before Distribution		42.28	39.16	-
	After Distribution		38.78	38.16 (Note 1)	-
EPS	Weighted-Average Shares		36,500	36,500	-
	Earnings Per Share		5.00	1.28	-
Dividend per Share	Cash Dividend		3.5	1.0 (Note 1)	-
	Bonus Shares	Stock Dividend from Retained Earnings	None	None	-
		Additional Paid-In Capital Distribution	None	None	-
	Dividends in Arrears		None	None	-
ROI Analysis	Price / Earnings Ratio (Note2)		11.73	38.99	-
	Price / Dividend Ratio (Note3)		16.75	49.91 (Note 1)	-
	Cash Dividend Yield Rate (Note4)		5.97%	2.00%(Note 1)	-

Note 1 : 2023 Earnings Distribution has yet to be resolved by the shareholders' meeting.

Note 2 : Price / Earnings Ratio (PER)=Average closing price per share of the year / Earnings per Share.

Note 3 : Price / Dividend Ratio=Average closing price per share of the year / Cash Dividends per Share.

Note 4 : Cash Dividend Yield Rate=Cash dividend per Share / Average closing price per share of the year.

Note 5: The net value per share and the earnings per share are filled in with the information audited (reviewed) by the accountant in the most recent quarter up to the printing date of the annual report; the rest of the fields are filled with information for the year up to the printing date of the annual report. The publication date of this annual report is 2024/4/30, and the financial report reviewed by the accountants for the first quarter of 2024 has not yet been announced.

4.1.6 Dividend Policy and Implementation Status

(1) Dividend Policy

In accordance with this Company's Articles of Incorporation as adopted in the shareholders' meeting on June 23, 2020: During the listing period, unless as otherwise regulated in the laws and regulations of Cayman Islands, Instructions on Listing (OTC trading) or in this Articles of Incorporation, or as otherwise regulated in the rights warranted to shares, where this Company have surplus profits after an accounting year has ended, all relevant taxation, compensation for deficit (including the deficit and adjusted undistributed earnings, if any), and legal reserve (however, where such legal reserve to the total paid-in capital, this provision shall not apply) in pursuant to Instructions on Listing (OTC trading) will be reserved, followed by special reserve (if any), the remainder (including reversed special reserve) shall be distributed with dividends/bonus by no less than 10 percent of distributable surplus, plus all or part of the undistributed surplus of the previous year (including adjustment of undistributed surplus) as adopted by ordinary resolutions of this Company's shareholders' meeting to shareholders based on shareholding ratio, which cash dividend/bonus shall not be lower than 10 percent of this distribution of dividend/aggregate bonus.

(2) Proposed Distribution of Dividend

This Company's 2023 earnings distribution has yet to be resolved by the

shareholders' meeting. The cash dividend to be distributed is NTD 1.0 per share, in accordance with the resolution as adopted by the board of directors on Feb. 27, 2024.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

No stock dividend was distributed.

4.1.8 Compensation of Employees, Directors, and Supervisors (The Company has no Supervisor)

A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation

If there is a profit in the current year, this Company shall reserve 3 to 5 percent of the profit as employees' compensation, distributed in form of shares and/or cash after a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors; and a proportion of no higher than 3 percent shall be reserved as directors' compensation, after a resolution adopted by a majority of votes at a meeting of board of directors attended by two-thirds of the total number of directors. However, if there's still losses, the amount to make up for the losses shall be made first before distributing the compensation in the ratio hereof. The distribution of employees' and directors' compensation shall be submitted to the shareholders' meeting for report. Unless as prescribed in the Instructions on Listing (OTC trading). "Profit" as used in this paragraph refers to the profit before tax without deduction of distributable employees' compensation and directors' compensation.

B.The estimation base for the distribution of employee compensation and remuneration to directors and supervisor, the calculation base of the number of employees' remuneration shares distributed by stock, and the accounting process for the differences between the actual amount distributed and the estimated amount:

If there is a difference between the actual amount and the estimated amount, the difference shall be handled in accordance with changes in accounting estimates and booked in the profit and loss of the following year.

C. Status of distribution of compensation passed by the board of directors:

(1) The distribution of employees' cash compensation, stock compensation and

compensation amount for directors and supervisors. If there's a discrepancy between the recognized expense and distributed amount, the difference, reason and handling status shall be disclosed:

The board of directors meeting held on February 27, 2024 has adopted resolutions of distribution of employees' cash compensation RMB 370,000 (NTD 1,601,000) and directors' compensation RMB 300,000 (NTD 1,298,000); no difference has been found between the distributed amount and the estimated compensations for employees and directors.

(2) The ratio of proposed distribution of employees' stock compensation to aggregate of net profit after tax and employees' compensation: NA

(3) Imputed earnings per share after consideration to the proposed compensation to employees, directors and supervisors: NA

D. If there's a discrepancy between actual distribution status of compensation to employees, directors and supervisors in the preceding year (including shares, amount and price of share distributed) and the recognized compensation to employees, directors and supervisors, the difference, reason and handling status shall be specified:

No difference has been found between the distributed amount and the estimated compensations to employees and directors.

4.1.9 Buyback of Treasury Stock

A. Buyback had been completed :

April 30, 2024

Item	1 th round
Buyback Purpose	To transfer to employees
Buyback Period	2020/4/1~2020/5/28
Price range	NT\$41~NT\$90 per share
Type and quantity of shares repurchased	500,000 Common Shares
Amounts of repurchased shares	NT\$32,858,381
Ratio of the quantity repurchased to the scheduled buyback shares (%)	50%
Number of repurchased shares that had been voided/	None

transferred	
Accumulated number of shares held by the company	500,000 shares
Ratio of accumulated shares held by the company to total shares issued (%)	1.35%

B. Buyback has not been completed : None

4.2. Bonds:

April 8, 2024

Types of corporate bonds		The first unsecured convertible bonds in R.O.C.
Date of issue		May 17, 2021
Denomination		NT\$100,000
Place of issue and transaction		Over the counter stock exchange of Taiwan (R.O.C)
Issue price		104.64
Total amount		NT\$300 million
interest rate		Coupon rate 0%
Term of validity		The term of validity is five years Maturity date: May 17, 2026
Guarantee Agency		None
Trustee		Trust Department of SinoPac Commercial Bank Co., Ltd.
Underwriters		SinoPac Securities Co., Ltd.
Certified Lawyer		Chien Yeh Law Office Name of Lawyer : Hong, Shao-Heng
Certified Public Accountant		Deloitte & Touche Limited Name of CPA: Huang, Yao-Lin & Wu, Mei-Hui
Repayment method		Except for redemption by the company, selling back or conversion by bondholders, the bonds shall be paid in cash at maturity.
Outstanding principal		NT\$300 million
Terms of redemption or prepayment		Please refer to the issuance and conversion rules
Restrictive clause		None
Name of credit rating institution, date of rating and result of corporate bond rating		None
Additional rights	Amount of common stock, overseas depository receipts or other securities converted (exchanged or subscribed) as of the date of publication of the annual report	No conversion up to April 8, 2024.
	Issuance and conversion	
		Please refer to the information on bond

	(exchange or subscription) rules	issuance in the credit zone of the Market Observation Post System.
The possible dilution of equity and the impact on the existing shareholders' equity by the issuance and conversion, exchange or subscription methods and issuance conditions		According to the current conversion price is NT60.7, if all the bonds are converted into common shares, 4,942,339 shares need to be issued, and the dilution effect on shareholders' equity is 11.93% (note)
Name of the entrusted depository of the subject matter of exchange		Not applicable

Note: dilution effect = 1 - (number of shares current outstanding / expected number of outstanding shares after converting)

Convertible corporate bond information

Types of corporate bonds		The first unsecured convertible bonds in R.O.C.	
Item	Year	2023	For the year ended March 31, 2024
Market value of convertible bonds	Max.	103.00	100.30
	Min.	96.00	99.20
	Average	99.35	99.87
Conversion price		60.7	60.7
Date of issue and conversion price at the time of issuance		Issue date:2021/5/17 conversion price at the time of issuance : 76.0	
How to fulfill the obligation of conversion		Issue of new shares	

4.3. Preferred shares: None.

4.4. Global Depository Receipts: None.

4.5. Employee Stock Options: None.

4.6. Restricted employee shares: None.

4.7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.8. Financing Plans and Implementation

4.8.1 Plan Content

As of the first quarter of 2024, the Company has not issued or private placement of marketable securities that has not been completed or has been completed within the last three years but the benefits of the plans have not been significant.

4.8.2 Implementation : Not Application

V. Operational Highlights

5.1. Business Activities

5.1.1 Scope of Business

A. Main contents of business

The Company mainly performs research and development, production, sales, installation and maintenance of equipment for environmental protection and technology services for environmental protection; in addition, the Company is also an agent of environmental protection related products such as sewage treatment related chemicals and consumables. The main types of products include water pump, blower, mixer and others.

B. Percentage of Sales Revenue of Main Products

Unit: NTD thousands; %

Year	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Main Items						
Water Pump	1,130,537	57.67	1,141,152	62.00	1,020,794	57.53
Blower	302,771	15.44	251,843	13.68	195,996	11.05
Mixer	195,171	9.96	161,280	8.76	170,973	9.64
Others	332,039	16.94	286,309	15.56	386,480	21.78
Total	1,960,518	100.00	1,840,584	100.00	1,774,243	100.00

C. Items of the Company's Current Products (Services)

Type of Product	Product Description
Water Pump	Water pump is a mechanical device for transport of liquid or compression of liquid. It converts mechanical energy from the motor or other external energy to the liquid in order to increase energy to the liquid. The main function of a water pump is for transport of liquid including water, oil, acid and alkaline liquid, emulsified liquid, sludge suspension liquid, liquid metal, etc.
Blower	A blower intakes, compresses and displaces air by change of volume between blades in the rotor slots caused by eccentric rotation of biased rotor in the cylinders. The main function of a blower is to transmit gas.
Mixer	The mixer involves rotation of blades for thrust of currents, facilitating liquid circulation in the septic tank, enabling oxygen to be fully absorbed by activated sludge and avoid deposit of matters in water.
Others	Service revenue from other types of products and parts or repair.

D. New Products (Services) Planned for Development

In response to ESG, climate change risks, and water scarcity issues, water resource management is focused on energy conservation, efficiency improvement, and resource optimization recently.

The Company takes "equipment, environmental engineering, and AIoT" as its core technology, and through technology integration, provides customers with comprehensive services from design, manufacturing to solution implementation. Due to the increasing demand for water resource management, the Company's service scope will extend from environmental protection to water resource management, and we will pay attention to the promotion and application of related products in high energy consuming industries. The new products or services we plan to develop are as follows:

(1) Smart water related projects

The development of smart water industry has changed from the 1st level: information or automation to the 2nd level: intelligence, and then to the 3rd level: intelligence. The application of artificial intelligence technology will change the operation and management mode of the water industry.

A. Equipment empowerment

From the original sewage treatment equipment to the energy-saving system, the Company's overall equipment will be actively empowered and implanted into the intelligent control module to form a three-core driving mode of equipment/system/intelligence, so as to achieve the goal of equipment lean management, intelligent maintenance and energy conservation and consumption reduction.

B. AIoT process control

The basic development for biological and chemical treatment related modules has been completed. Now, technology of AIoT process control has been used in precise dosing, and have been proven to be effective in reducing the dosage of chemicals in Taiwan panel factories and semiconductor manufacturers. The products have been expanded to other fields such as chemical industry.

C. Platform construction

The Company collaborates with the Taiwan Water Industry Development Association to launch a platform called SMART WaterOps Service Platform.

Provide member water AI related services through SaaS (Software as a Service) and promote the application of artificial intelligence and the Internet of Things in the water industry. At present, the SMART WaterOps Service Platform has completed the basic development of sewage management and water supply management platforms. Leveraging digital twin technology, we utilize methods such as three-dimensional scene modeling, mechanistic modeling analysis, and big data analysis to present real sewage treatment scenarios in a 3D format. Through big data analysis, we have developed various functions including water quality prediction, water quantity prediction, biochemical analysis, material balance, process adjustment, and equipment fault diagnosis. It is one kind of data-driven intelligent operation management, ultimately it could achieve water treatment and energy conservation goals. Our SCADA system has already been used successfully in Taiwan, mainland China, and Georgia. We continue to promote the application of Platform in sewage treatment plant.

(2) Resources related products

After centralized treatment of wastewater, industrial sludge and up-to-standard discharge water are generated, both of which have the value of resource utilization. However, they have not been fully utilized under the traditional development model, and there is significant room for development. Our company's products cover sludge dewatering machines, high drying belt type sludge machines, and sludge drying equipment. We will integrate intelligent elements and work with customers to create cost-effective solutions to convert disposed sludge resources into fuel.

In the part of water resource utilization, we will combine equipment, physical and chemical treatment modules, AI and other technologies to provide optimization solutions and work with customers to reduce the cost of reclaimed water treatment. At the same time, functional microbiological testing and AIoT technology will be combined to assist in the management of water sources such as lakes and rivers, ensuring the safety of drinking water sources.

(3) Continuously developing efficient products

Energy conservation and carbon reduction have become the common goal of mankind. Sewage treatment is a high energy consuming industry, so it is important to continue to develop energy-saving products for the development of the industry; The Company helps customers to save energy and carbon by improving mechanical energy conservation, sewage treatment process or

upgrading, and AIoT management. The former is completed through the development of energy-saving equipment, and the latter two can be achieved through the improvement of environmental technology and intelligence. The Company will continue to optimize relevant programs and launch energy-saving and efficient products to help customers achieve the performance goals of ecological environment protection.

Cumulatively, by 2023, the Company's products, including CP, GPS, LPS, ISP and ISH water pump series, have obtained energy-saving certification, and the revenue from energy-saving products accounts about 36% of the overall revenue. The new submersible sewage pumps and sewage pumps not only take into account energy efficiency, but the efficiency of the new products is much improved compared to the previous generation. For new ISP and ISH series products, most of the parts are interchangeable, and the efficiency of new products is increased by an average of 3.4~6.7% compared with the old one, and compared to ordinary product in this industry, the efficiency of new ISP and ISH is increased by an average of about 3.5~4% . For the high solids belt press (sludge dewatering machine) is capable of controlling the moisture content of the sludge below 80% without the addition of chemicals. With the inclusion of modified additives, the moisture content of the sludge can be controlled to around 70%, resulting in a substantial enhancement in dewatering efficiency.

5.1.2 Overview of the industry

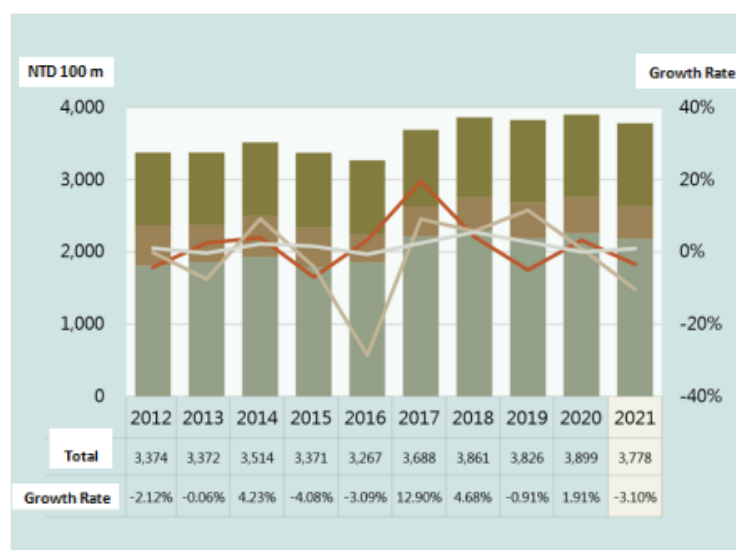
(1) The current situation and development of the industry

A. Taiwan water treatment market

Although Taiwan's average annual rainfall reaches 2,500 millimeters, due to factors such as terrain, only about 20% of the total rainfall can be utilized. In recent years, climate change has intensified, increasing the risk of water shortages. To address this, since 2017, the Taiwanese government has been implementing the "Forward-looking Infrastructure Development Program - Water and Development," aiming to strengthen various water resource constructions. So far, it has increased the daily water supply by 1.97 million tons. Subsequent efforts will focus on enhancing "Integrated Basin Management," "Building a Water Supply Network for the Western Corridor," and "Enhancing Water Technology," aiming to improve water supply resilience in various regions.

According to the Taiwan Biomass Energy and Environmental Protection Industry Analysis Report, in 2021, there were an estimated 12,692 environmental protection industry firms in Taiwan. Among them, environmental service providers accounted for the highest number at 10,325,

while environmental equipment manufacturers numbered 372. Environmental service providers generated production value was approximately 57.6% of the overall environmental protection industry , while environmental equipment manufacturers accounted for 11.8%. In 2021, the output value of the first two items has declined, with only the output value of environmental protection resources growing by 0.88%, indicating the increasing importance of resource utilization in the industry.



	2021 output value (NTD 100 million)	Proportion	Overview
Environmental resources	\$1,153	30.5%	Mainly focused on resource oriented product manufacturing (74.8 billion), followed by water resource supply industry (40.4 billion)
Annual growth rate	0.88%↑		
Environmental protection equipment	\$437	11.8%	Mainly equipment and equipment manufacturing (28.7 billion), followed by environmental equipment manufacturing (16 billion)
Annual growth rate	10.41%↓		
Environmental Services	\$2,178	57.6%	Waste removal and treatment industry (102.7 billion yuan), resource recovery industry (34.9 billion NT dollars), and environmental testing services (24.6 billion NT dollars)
Annual growth rate	3.49%↓		

Source : Environmental Protection Industry (Biomass Energy and Environmental Protection Industry Information Network)

Taiwan's pollution prevention and control expenditure in 2021

Unit: NTD 100 million;%

Table 3: Overall Pollution Prevention and Control Expenditure by Purpose

Application	2021		2020	Two years' difference	
	NTD 100 million	%	NTD 100 million	NTD 100 million	%
Total	1923.5	100.0	1778.3	145.3	8.2
Air pollution prevention	540.3	28.1	458.7	81.6	17.8
Greenhouse gas reduction	37.0	1.9	24.0	13.0	54.2
Water pollution	437.4	22.7	438.7	-1.4	-0.3
Waste Disposal	661.7	34.4	619.5	42.2	6.8
Noise and vibration	16.3	0.8	14.5	1.8	12.7
Prevention and control of soil and groundwater pollution	19.4	1.0	17.9	1.5	8.3
Research & development	13.0	0.7	9.1	3.9	43.1
Other	198.5	10.3	196.0	2.5	1.3

Source: Environmental Protection Agency Statistics

2022 Overall Pollution Prevention and Control Expenditure by Purpose

Unit: NT\$100 million

Purpose	Government	Industry	Total	%
waste management	553.68	483.81	1,037.49	36.95
water quality protection	200.82	510.31	711.12	25.33
Air quality protection	172.88	479.85	652.73	23.25
GHG reduction	13.83	89.53	103.36	3.68
Soil and groundwater remediation	16.12	20.99	37.12	1.32
Noise and vibration prevention	11.28	3.96	15.24	0.54
Biodiversity and landscape protection	12.21	1.75	13.96	0.50
Environmental protection R&D	4.87	5.71	10.58	0.38
Radioprotection	1.81	0.26	2.07	0.07
Other	121.22	102.61	223.83	7.97
Total	1,108.72	1,698.78	2,807.51	100.00

Source: Compiled from the statistics of the Ministry of Environment in 2023, each expenditure does not include depreciation, subsidies from higher-level governments or other government agencies, and environmental protection incidental income. Due to different statistical methods, comparison with the previous year's data is not possible.

According to the Environmental Protection Administration's expenditure survey in 2022, overall pollution prevention and control expenditure in Taiwan in 2021 was approximately NT\$192.35 billion, an increase of NT\$14.53 billion, or 8.2%, compared to the previous year's NT\$177.83 billion. Of this, government expenditures amounted to NT\$92.47 billion, an increase of NT\$3.24 billion (+3.6%), while industrial expenditures reached NT\$99.88 billion, an increase of NT\$11.29 billion (+12.7%). The Environmental

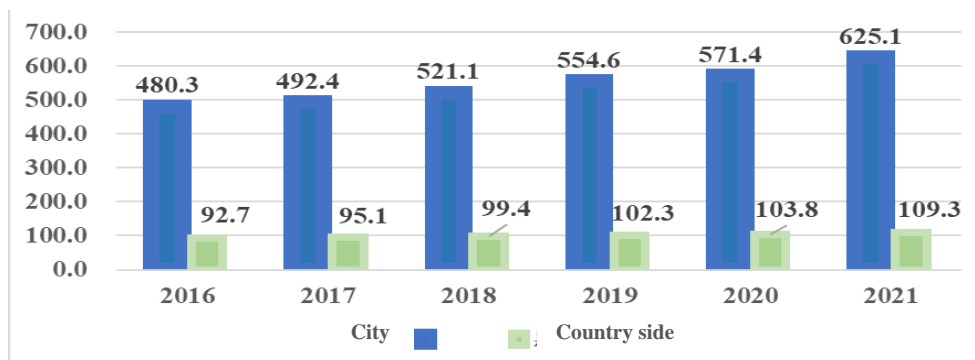
Protection Administration has now been upgraded to the Ministry of Environment. According to the latest statistics released by the Ministry of Environment, the total pollution prevention and control expenditure in Taiwan in 2022 amounted to approximately NT\$280.75 billion, with NT\$110.87 billion from the government sector and NT\$169.88 billion from the industrial sector. Due to differences in statistical methods, the figures cannot be compared with the previous year's data. Expenditure on waste management, water quality protection, and air quality protection still constitute the majority of pollution prevention and control expenditures.

B. China water treatment market

In 2023, the growth rate of China's water pollution control market slowed down. According to statistics from the Chinese Ministry of Housing and Urban-Rural Development, the volume of wastewater discharged from cities and county towns in China has been increasing year by year. From 2018 to 2022, the respective volumes grew from 521.1 billion cubic meters and 99.4 billion cubic meters to 639 billion cubic meters and 114.9 billion cubic meters. Although there has been an annual increase, the growth rate has slowed down.

Sewage discharge from cities and counties in China

Unit: 100 million cubic meters



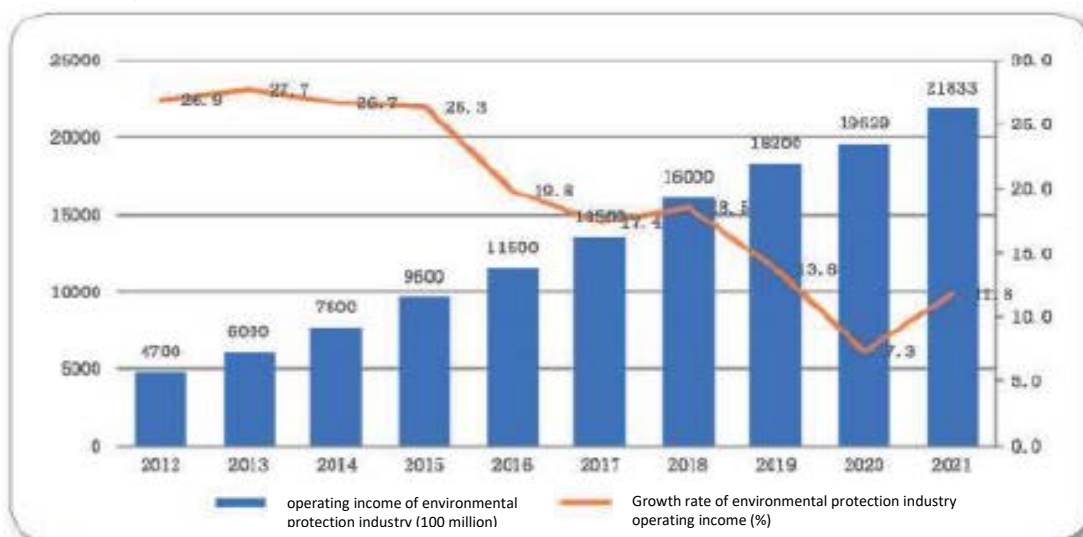
Source: Compiled statistical data from the Ministry of Housing and Urban Rural Development of the People's Republic of China

According to relevant reports from China's Ministry of Ecology and Environment, as of 2021, although the operating income of China's environmental protection industry continued to grow, the growth rate slowed down. Moreover, due to rising operating costs, enterprises faced greater profit pressure. The ratio of operating income of China's environmental protection industry to GDP exceeded 1% for the first time in 2013 and continued to grow annually to reach 1.9% in 2021. However, this ratio still lags behind the approximately 3% ratio of developed countries, indicating that there is still

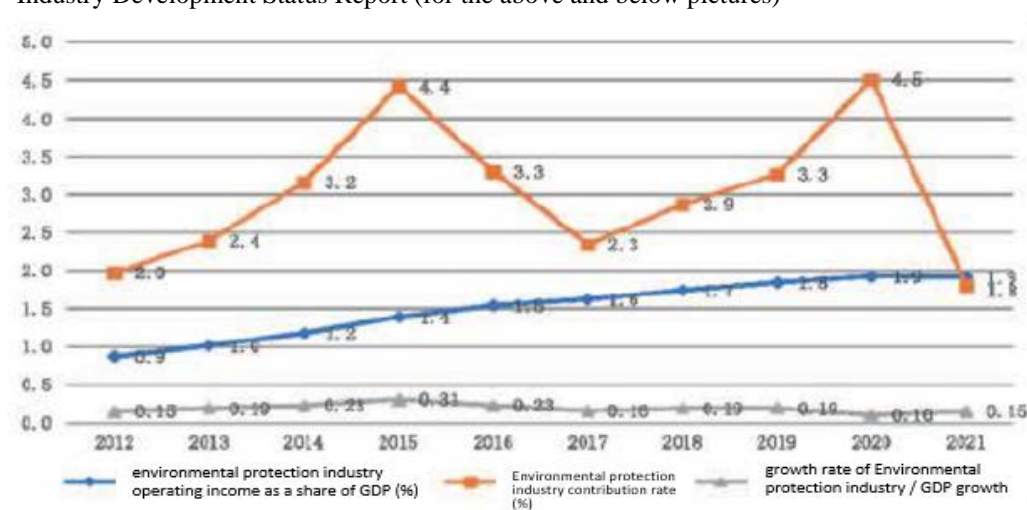
room for development in China's environmental protection market.

The Central Economic Work Conference held in December 2023 in mainland China proposed to "deepen ecological civilization construction and promote green and low-carbon development." The two sessions concluded in March 2024 also emphasized that high-quality development will become the main theme of economic and social development, with green development as its foundation. Prioritizing ecology, accelerating green transformation, and facilitating peak carbon emissions and carbon neutrality will be the government's main policies. 2024 is a key year for achieving the goals of the "14th Five-Year Plan" and will also be an important year for the green transformation and high-quality development of the water pollution control industry.

Statistics of operating income of China's environmental protection industry from 2012 to 2021

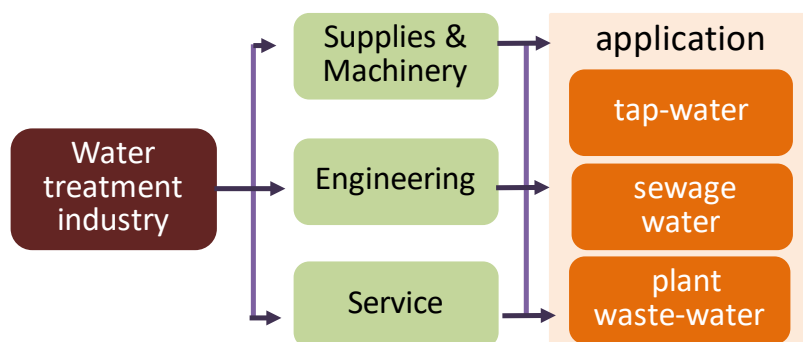


Source : China's Ministry of Ecology and Environment's 2022 China Environmental Protection Industry Development Status Report (for the above and below pictures)



(2) Relevance of upstream, midstream and downstream in Business

GSD mainly involves supplying of water pump, blower, aerator, mixer and solid-liquid separator needed for water treatment. Global Water Treatment Market Analysis Research report prepared by ITRI Industrial Economics and Knowledge Center (hereinafter “ITRI IEK”) in February 2012 indicates that services of water treatment environmental protection is of the scope of water treatment industry, moreover, it defines water treatment industry as manufacturing of facilities and equipment, constructions and services involved in conveying suitable water resources to users; based on the sector of application, it can be divided into three major sectors of water (running water), public utilities for livelihood water and industrial sewage treatment, and wastewater treatment, as shown below:



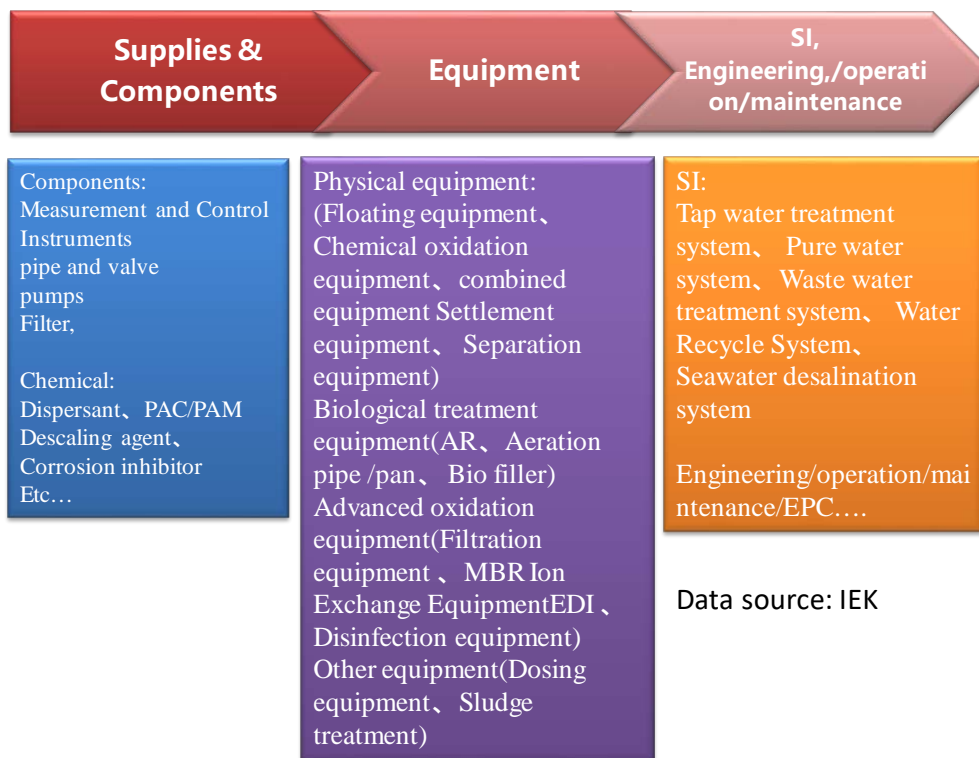
Source : Global Water Treatment Market Analysis Report issued by IEK in February,2012.

GSD focuses on environmental protection market, taking wastewater treatment as the main business development goal. According to IEK research report, the water treatment industry can be roughly divided into:

Upstream: generic compartments and materials, including compartments (e.g. Pipes and vaults), functional materials (e.g. filter membrane and filtering mediums) and chemicals (e.g. coagulant and antiscaling), etc.

Midstream: supply of equipment, including physical and chemical treatment (sedimentation equipment and separation module), biological treatment and peripheral systems (aeration machine and biofouling filler), advanced treatment (filtering device and EDI equipment) and other equipment (agent pump and sludge treatment equipment)

Downstream: System Integration and construction service / operation / maintenance, including system integration (wastewater and sewage treatment system and water reclaiming system) and construction service/operation/maintenance (construction counselling and substitution operation), etc. The relations of the industry are as follows:



(3) Development Trends of Products

A. Increasingly Severe Water Resource Shortages Due to Extreme Weather Events

The global water crisis is becoming increasingly severe due to the impact of extreme weather events. In February 2023, the United Nations convened a rare meeting to discuss countermeasures. According to the "2022 Global Water Resources Status Report" released by the United Nations World Meteorological Organization in December 2023, global water cycles are becoming imbalanced due to climate change (such as droughts and extreme rainfall), accelerated glacier melting, and human activities. More than 50% of the world's watersheds are experiencing deviations from normal circulation, with most areas becoming drier. In the long term, this will pose a threat to water resources. The 2023 United Nations World Water Development Report shows that over the past 40 years, global water consumption has been increasing at a rate of approximately 1% per year. Due to the acceleration and spread of physical water scarcity and freshwater pollution, water shortages are gradually becoming a regional problem. On average, 10% of the global population lives in countries with high or severe water shortages. According to the latest data from 2020, approximately 26% of the global population (2 billion people) do not have access to safely managed drinking water services,

and approximately 46% (3.6 billion people) do not have access to safely managed sanitation facilities. The non-profit organization CDP has proposed that as global companies rush to declare "net zero" goals, "water resources" should be simultaneously prioritized in climate strategies.

B. "Water Positive" is an important key to the future development of global water resource recycling

Water Positive refers to replenishing more water into the environment than the amount used by a company or organization. Relevant projects can be executed through two main directions: "improving water efficiency and reducing water demand" and "water resource restoration." In August 2021, Facebook and PepsiCo announced their commitment to achieving water positivity by 2030, ensuring that rehabilitated and regenerated water resources exceed the amount used. In September of the same year, Google declared its goal to restore and replenish water resources by 20% more than its usage by 2030. In 2023, e-commerce leader Amazon, in its newly released sustainability report, announced its aim to achieve water positivity by 2030. In addition to actively conserving water and employing water treatment technologies, achieving sustainable water resource management is possible, and water technology (Water Tech) will gradually gain importance.

C. Collaborative pollution reduction and carbon reduction

In response to the crisis of "water resources," Taiwan's Water Resources Agency has proposed a nature-based solution, focusing on "strengthening water supply stability and enhancing flood resilience." This includes a series of climate adaptation measures such as decentralized water resource management, asymmetric flood control and governance, and initiating carbon neutrality processes. In China, the focus of ecological civilization construction has shifted from "harmonious coexistence of humans and nature" to "collaborative efficiency enhancement through pollution reduction, carbon reduction."

(4) Competitiveness of Products

The Company's main sales territories are in China, and the main water treatment equipment companies and its business items are as follows:

Products	Competitors
Water Pump	Nanfang, Kaiquan, Lanshen, Guangyi, Polyuan, Liancheng, GRUNDFOS, Yatai, ANDRITZ, Dongfang Pump, Kenfulai, Xylem, Haiyuan, Wilo, Kawami, Ebara
Blower	Zhanggu, Zhangqiu, Zhanghuang, Best, Niu Lishi, Tuobo MAX, Leitz, Kingston, Chunting, Fuxi, Hengrong, Shouzheng, Nanfeng, Nanjing Cigu, Tianjin Yisheng, Tianrui Heavy industry
Mixer	Blue & Clean, ITT, Beite, Lanshen, Dingheng, Feili, KSB, Tailong, Changcheng
Dewatering Machine	Finney, Shengqi, ANDRITZ, Nuoding, Shengqi, Tongchen, Jingjin, Tianshu, Wanjie, Jinkai, Paiwo

The Company is mainly engaged in the provision of water pumps, blowers, aerators, agitating pushers (mixers) and solid-liquid separation (dewatering machines) required for water treatment in China, and also provides consultation services such as customized products for customers, upgrade plan and technical diagnosis of processes, and the sale of various environmental protection equipment such as pumps, water supply and water treatment systems bases on the plan and diagnosis results.

The Company's operation and development strategy has expanded from providing only single equipment to the supply of a full range of environmental protection equipment. According to the needs of customers, GSD can provide special design of sewage treatment plant, after-sales maintenance and AIoT services. The environmental protection equipment provided has a comprehensive layout and diversified types, and has been widely used in urban sewage treatment, industrial sewage treatment, rural sewage treatment, paper-making, textile, pharmaceutical, food, construction, chemical and other fields. Most of the competitors in the above table focus on the sales of single equipment. In contrast, the Company has a full range of sewage treatment product lines, which can provide more choices for engineering companies / water companies. At the same time, the environmental protection department set up by the company can also put forward more efficient solutions for the current upgrading and transformation or the new sewage treatment process. The Company will gradually put intelligent elements into its equipment or services, which will have more advantages in industrial competition.

5.1.3 Overview of the Company's technologies and its R&D.

A. Technical level and R&D

The Company is a comprehensive service provider providing environmental protection equipment and technical services, with key technologies such as equipment, environmental technology and AIoT. In response to the changing demands in water resource management, our company's service scope will extend from environmental protection to the field of water resource management. We will focus on promoting and utilizing related products in high-energy-consuming industries. Below is an explanation of the new products or services we plan to develop:

(1) Smart water related projects

The development of smart water industry has changed from the 1st level: information or automation to the 2nd level: intelligence, and then to the 3rd level: intelligence. The application of artificial intelligence technology will change the operation and management mode of the water industry.

A. Equipment empowerment

From the original sewage treatment equipment to the energy-saving system, the Company's overall equipment will be actively empowered and implanted into the intelligent control module to form a three-core driving mode of equipment/system/intelligence, so as to achieve the goal of equipment lean management, intelligent maintenance and energy conservation and consumption reduction.

B. AIoT process control

The basic development for biological and chemical treatment related modules has been completed. Now, technology of AIoT process control has been used in precise dosing, and have been proven to be effective in reducing the dosage of chemicals in Taiwan panel factories and semiconductor manufacturers. The products have been expanded to other fields such as chemical industry.

C. Platform construction

The Company collaborates with the Taiwan Water Industry Development Association to launch a platform called SMART WaterOps Service Platform. Provide member water AI related services through SaaS (Software as a Service) and promote the application of artificial intelligence and the Internet of Things in the water industry. At present, the SMART WaterOps Service Platform has completed the basic development of sewage management and

water supply management platforms. Leveraging digital twin technology, we utilize methods such as three-dimensional scene modeling, mechanistic modeling analysis, and big data analysis to present real sewage treatment scenarios in a 3D format. Through big data analysis, we have developed various functions including water quality prediction, water quantity prediction, biochemical analysis, material balance, process adjustment, and equipment fault diagnosis. It is one kind of data-driven intelligent operation management, ultimately it could achieve water treatment and energy conservation goals. Our SCADA system has already been used successfully in Taiwan, mainland China, and Georgia. We continue to promote the application of Platform in sewage treatment plant.

(2) Resources related products

After centralized treatment of wastewater, industrial sludge and up-to-standard discharge water are generated, both of which have the value of resource utilization. However, they have not been fully utilized under the traditional development model, and there is significant room for development. Our company's products cover sludge dewatering machines, high drying belt type sludge machines, and sludge drying equipment. We will integrate intelligent elements and work with customers to create cost-effective solutions to convert disposed sludge resources into fuel.

In the part of water resource utilization, we will combine equipment, physical and chemical treatment modules, AI and other technologies to provide optimization solutions and work with customers to reduce the cost of reclaimed water treatment. At the same time, functional microbiological testing and AIoT technology will be combined to assist in the management of water sources such as lakes and rivers, ensuring the safety of drinking water sources.

(3) Continuously developing efficient products

Energy conservation and carbon reduction have become the common goal of mankind. Sewage treatment is a high energy consuming industry, so it is important to continue to develop energy-saving products for the development of the industry; The Company helps customers to save energy and carbon by improving mechanical energy conservation, sewage treatment process or upgrading, and AIoT management. The former is completed through the development of energy-saving equipment, and the latter two can be achieved through the improvement of environmental technology and intelligence. The Company will continue to optimize relevant programs and launch energy-saving and efficient products to help customers achieve the

performance goals of ecological environment protection.

Cumulatively, by 2023, the Company's products, including CP, GPS, LPS, ISP and ISH water pump series, have obtained energy-saving certification, and the revenue from energy-saving products accounts about 36% of the overall revenue. The new submersible sewage pumps and sewage pumps not only take into account energy efficiency, but the efficiency of the new products is much improved compared to the previous generation. For new ISP and ISH series products, most of the parts are interchangeable, and the efficiency of new products is increased by an average of 3.4~6.7% compared with the old one, and compared to ordinary product in this industry, the efficiency of new ISP and ISH is increased by an average of about 3.5~4% . For the high solids belt press (sludge dewatering machine) is capable of controlling the moisture content of the sludge below 80% without the addition of chemicals. With the inclusion of modified additives, the moisture content of the sludge can be controlled to around 70%, resulting in a substantial enhancement in dewatering efficiency.

B. R&D Personnel and their Education Background

Year		2022	2023	Mar. 31, 2024
Academic Background Distribution (%)	Master and Over	8.47%	10.94%	11.94%
	University (College)	84.75%	82.81%	82.09%
	High School (and under)	6.78%	6.25%	5.97%
Average Years of Service (Years)		6.41	6.29	5.66

Most of the R&D personnel are environmental engineering, mechanical engineering, mold design and manufacturing, computer application and other product design and development, environmental engineering and other related education, as well as with relevant industry work experience. The structure of R & D personnel's academic experience meets the needs of the company's development.

C. R&D Expense in the recent years as of the date of Annual Report Publication

Unit: NTD thousands; %

Items \ Year	2022	2023
R&D Expense	74,072	88,672
Net Value of Consolidated Operating Revenue	1,840,584	1,774,243
Ratio of R&D Expense for Net Value of Consolidated Operating Revenue (%)	4.02%	5.00%

D. Technologies or products successfully developed in the most recent year and the current year up to the date of publication of the annual report

Period	Item	Description
2021.10-2023.5	Research and development of rapid detection technology for multiple types of algae	The implementation of the development project focuses on the research of fast detection methods for odorous algae in water bodies, so as to realize real-time monitoring of water environment safety in water sources, Rivers and Lakes and other water bodies.
2021.11-2023.5	Design and development of a stacked screw sludge dewatering machine based on the IoT	The stacked screw type sludge dewatering machine developed in this project utilizes the Internet of Things to monitor the flow rate, pressure, and inlet pressure of sludge, medicine, cleaning water, etc. on the dewatering machine, and instantly check whether the equipment is operating within a reasonable range. At the same time, real-time current monitoring and data transmission are carried out on the important components of the dehydrator.
2022.1-2023.8	Design and Development of SQW Spiral Submersible Sewage Pump	The SQW spiral submersible sewage pump is expected to meet the first level energy efficiency requirements of GB32031 standard. In the current situation where the dual channel impeller is the mainstream impeller of the SQW spiral submersible sewage pump, a special spiral impeller for the submersible sewage pump has been adjusted and designed to continuously reduce the weight of the impeller and improve pump efficiency while ensuring passability.

Period	Item	Description
2022.1-2023.5	Design and Development of Marine Sewage Treatment Equipment	This development project is to build a set of domestic sewage treatment equipment for ships, which can effectively reduce the pollution of sewage discharged by ships in the process of working at sea to sea water resources. The entire set of equipment is tested in the factory and can be directly installed on ships. It has the characteristics of convenient transportation, simple and fast installation and debugging, and easy operation and maintenance.
2023.1-2024.5	Design and Development of ISP-60Hz Series Energy Saving Centrifugal Pump	The ISP-60Hz series energy-saving centrifugal pump does not use a specially designed motor, and can be equipped with a national standard motor to facilitate users to choose their own motor brand. The pump and motor are driven by a coupling, with a reliable structure, low failure rate, and convenient maintenance. At the same time, the design efficiency of the ISP-60Hz series energy-saving centrifugal pump meets the EU energy efficiency indicators.
2023.1-2024.5	Design and development of submersible axial flow pumps for improving performance and structural stability	Using CFD for flow field calculation, optimize the hydraulic model of the axial flow pump based on the calculation results, adjust the blade casting process, and use more advanced precision casting technology (wax loss mold) and blade specialized inspection tools to make the blade deformation better than the GB/T13008 standard specifications.
2023.1-2023.12	Development of digital twin IOC system for smart factory of environmental protection equipment	Utilizing BIM technology, we aim to construct a virtual digital twin factory. Through the integration of AI and simulation techniques, accomplishing energy analysis and early warning systems, tracking and analyzing carbon footprints, analyzing and warning of air and water quality, analyzing and warning of pipeline leaks, safety identification and alarms, as well as equipment health analysis and alarms, and to offer a comprehensive decision support system for factory operations.
2023.6-2024.10	Design and development of medicine brewing machine based on the IoT	Using the IoT, we monitor the quality of the powdered medicine input, the water inflow rate, and the output medicine liquid flow rate on the three-tank medicine soaking machine. This allows us to instantly check whether the equipment is operating within a reasonable load range. Simultaneously, we

Period	Item	Description
		monitor various components of the soaking machine such as motors, reducers, and liquid level meters, notifying onsite operators to perform targeted tasks as needed.
2023.6-2024.10	Research on algae detection technology and algae bloom early warning system	The key development lies in studying the possible factors related to the outbreak of water blooms in sedimentation lakes, and collecting data, and establishing a database. Utilizing detection technology, we aim to analyze causal relationships among data by measuring the concentration of microcystin toxins in water (according to national standards) and the concentrations of total microcystin genes and toxin-producing microcystin genes (according to group standards). By integrating this data with conventional water quality and meteorological parameters, we aim to lay the groundwork for an algae bloom early warning platform.
2023.9-2024.12	Design and development of land-based high-efficiency DWS series sewage pumps	The DWS land-based sewage pump utilizes a new type of impeller structure, which enhances pump efficiency while ensuring passage capacity. Different land-based motors can be selected to meet customers' special requirements such as frequency conversion, explosion-proofing, and varying voltages. By replacing sealing rings and impellers, the DWS land-based sewage pump can be quickly converted between the standard type and the cutting type.

5.1.4. The Company's long- and short-term business development plans

A. Short-term development strategies and plans

The Company focuses on the environmental protection market and supplies a full range of environmental protection equipment; moreover, it also established Environmental Engineering department to promote the “Manufacturing + Service” operation model in 2014. In 2019, GSD Environmental Technology Co., Ltd was established, and a Taiwan branch was established to set up an intelligent department. We invested in the development of smart water related systems and extended our services to the field of smart water. Our short-term goal is to continue this strategy and promote the Company to become a comprehensive service provider that integrates "Equipment+Process solutions+AIoT".

(1) Marketing Strategy

(1.1) Strengthen strategic cooperation and business expansion

In response to the market opportunities brought by trends in ESG and water resource management, marketing activities will transition from traditional product promotion methods to forming alliances with different industries. This shift aims to promote sludge drying, magnetic/air flotation blowers, and smart water plant construction. Additionally, there will be a focus on developing clients in industrial wastewater treatment and high-energy-consuming industries. By integrating resources from partner organizations, we aim to solidify our position in line with new trends and industry dynamics. In 2023, industry managers have been appointed to cultivate complementary product businesses for key clients in the industry.

(1.2) Strengthen dealer layout and brand cooperation

Although the Company has over 30 business locations in mainland China, there are still shortcomings in many regions. The company will comprehensively optimize its distribution system, reorganize existing distributors, accelerate the distribution network layout in blank markets, and expand market penetration. In addition, for markets outside mainland China, in addition to cooperation through distributors, we will give full play to our ability to provide a full set of sewage treatment equipment, cooperate with other brand manufacturers, give play to the complementary function of products, and jointly expand overseas markets.

(1.3) Entering the Taiwan Public Construction and Accelerating the Landing of Smart Products

The Company has successively established a Taiwan branch, the R&D center, and subsidiaries in Taiwan. The subsidiaries obtained the "Environmental Engineering Professional Construction Industry" license at the end of 2021.

The Company will continue to integrate Taiwan's resources, combine consulting companies, engineering companies, and operators to comprehensively expand the company's business scope. We actively strive to secure various projects from government departments and corporate entities to better understand customer needs and accelerate the implementation of smart products. The Company has actively expanding in the Taiwan market, with revenue in Taiwan accounting for over 10% of our consolidated revenue. Our intelligent team has won the "Green Technology Innovation Award" from the Ministry of Economic Affairs' Small and Medium Enterprise Administration for two consecutive years. We have also collaborated with industry, government, and academia to accelerate the implementation of smart water management business. Additionally, we have made substantial progress in participating in public projects and have secured multiple public project contracts.

(2)R&D Orientation

To align with the industry trends of energy conservation, intelligence, and resource utilization, the Company focuses on equipment, environmental engineering, and intelligence as core technologies. We embark on research projects oriented towards energy conservation, carbon reduction, intelligence, and resource utilization. Please refer to the relevant content of "Technical Level and R&D of Our Business" in this chapter for relevant content.

(3)Production Strategy

In order to continuously optimize the integration between the Company and its supply chain, the Company has introduced MES (Manufacturing Execution System). In the production process, with the help of real-time and accurate information, the company can take rapid actions to deal with abnormal changes, reduce non value-added production activities and improve the efficiency of operation process, so as to promote the improvement of product quality and control costs.

In cooperation with the introduction of ESG, the Company is expected to incorporate various ESG indicators into the supplier evaluation system, and constantly evaluate and improve the physique of the supply chain from friendly environment, safety compliance, quality, cost optimization and other aspects. Our company's Pinghu Phase II plant was put into operation in 2022Q2, and the Yangzhou new plant was put into operation in 2023Q1. The construction of the new factory integrates green energy, intelligence, lean, and other aspects to

continuously improve the physical condition of the company's internal production system, and develops green products through green management to meet the needs of business development. In 2023, Pinghu plant was verified and listed in the Jiaxing City Green Factory and Zero Waste Factory list, further elevating our green management status. The Company will continue to upgrade its old products and consolidate the maturity and stability of the integrated high-end products; Enhance product integration capabilities, from equipment energy conservation to system energy conservation, to intelligent management energy conservation, and make comprehensive contributions to China's low-carbon energy conservation.

B. Long-term Development Plan

The Company is positioned as a comprehensive service provider for environmental governance. The goal of the long-term development plan is to make the company the most valuable and environmentally friendly comprehensive service provider. In addition, in response to the increasingly serious issue of water resource management, GSD products can also be widely used in drinking water, water conservancy and other related fields. Our company will actively explore the application and market development of water resource related products.

(1) Marketing Strategy

Currently, our company is focusing on the environmental protection market, investing in various aspects such as product development, strategic partnerships, and capital cooperation to comprehensively expand our business. We aim to target six major market objectives, including large equipment replacement, upgrading standards, equipment maintenance, consumables and chemicals, smart products, and supporting products. The Company participate in the operation management of various environmental engineering and sewage treatment plants after using various possible cooperation methods to develop this Company into a water treatment professional service provider. Geographically, the Company will increase investment in Taiwan and Southeast Asia to drive the growth of performance outside China. In addition to the environmental protection market, we will focus on the application of our company's products in water resource management and high energy consumption industries.

(2) Investment strategy

At present, the Company focuses on the environmental protection water treatment market. In the future, the company will continue to invest in the

environmental, social and corporate governance (ESG) fields. The investment focuses on environmental protection and circular economy. The Company will base itself on the mainland China, invest in Taiwan and move forward to Southeast Asia, so as to achieve the goal of diversified operation, implement the Company's development strategy of expanding the Company by means of intelligence, and enhance the competitiveness of the Company. GSD set up a subsidiary, GSD Enviro Tech (Taiwan) Co., Ltd., in 2021 in Taiwan to expand the business related to intelligent water. In the middle of 2021, it invested Yuh Shan Environmental Engineering Co., Ltd. to enter the recycling economy field of soil pollution market and mechanical biological treatment in Taiwan. It would take Vietnam as an outpost to advance the Southeast Asian market in 2022. Through cross regional and cross market investment, the development of the Company can be rapidly improved. Wastewater treatment products entail technological thresholds, and the introduction of product equipment requires the integration of environmental engineering processes and relevant technical support such as smart connections. In 2023, the Company established the "Product Application and Development Center (PARD Center)" to act as a system integration service provider. Leveraging the advantages of Taiwan and mainland China, we assist countries in the ASEAN region by providing comprehensive services including the design, matching, debugging, system management, and operation and maintenance of water treatment products. Through the extension of products and markets, we seek suitable investment opportunities.

(3) R&D Strategy

The company's research and development are based on "equipment, environmental engineering and intelligent AIoT" as the core technology. The long-term R&D direction will be combined with the technology of microbiological and membrane-based products, taking into account "energy saving, emission reduction, carbon reduction and recycling", and develop products using non-chemical or eco-friendly materials. The Company aims to realize the sustainable circulation of water resources and helps customers improve water resources management to achieve "water positive" (water positive), meaning through restoration and replenishment of water resources is more than the water used. The company dedicated to promote the realization of the SDGs of providing clean and affordable drinking water to all people by 2030.

(4) Production Strategy

The Company production strategy is to use digital technology to build smart factories while developing smart water services to support the diversified development of our business. At present, the Pinghu Phase II plant has been completed and put into operation in 2022H2; The new factory in Yangzhou has been put into operation in 2023Q1. Through capacity expansion and production efficiency improvement, it is expected to meet the company's future business expansion. The Company will continue to improve the product supply chain and reduce the risk of increased fixed costs of the company through strategic cooperation and capital cooperation. And based on the market and business development situation, evaluate the appropriate time to establish production bases outside mainland China.

5.2. Market and Sales Overview

5.2.1 Market analysis:

A. Sales Areas of Main Products

Unit: NTD thousands; %

Year Sales Areas	2021		2022		2023	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Mainland	1,650,088	84.17	1,515,726	82.35	1,365,516	76.96
Taiwan	208,896	10.66	227,403	12.35	207,506	11.70
Other	101,534	5.17	97,455	5.30	201,221	11.34
Total	1,960,518	100.00	1,840,584	100.00	1,774,243	100.00

B. Market Share

The environmental protection equipment and technical services provided by this Company have been widely used in waste water treatment field, also applied in paper-making, textile, pharmaceutical, food, construction, chemical and many other fields. Due to the wide variety of products, there is no objective and publicly trusted information to be able to calculate the market size from each item, therefore calculation of the market share cannot be made yet.

According to the 2022 China Environmental Protection Industry Development Report by the Ministry of Ecology and Environment of China, in 2021, among the 17,943 companies included in the statistics, their total operating income amounted to RMB 2,363.732 billion. The surveyed company types cover water services, air pollution control, solid waste disposal, soil treatment, etc. Some companies provide cross-domain services, making it difficult to estimate the income of unreported enterprises, thus calculating market share is challenging. Due to the numerous product types and dispersed market, there is currently no objective and credible data available to calculate the market size of each item. Therefore, it is currently impossible to calculate the market share of our company.

C. Future Supply & Demand Status and Growth Potential of the Market

(A) Global regional water treatment market

According to the Global Water Intelligence (GWI) cited by the Taiwan Foreign Trade Association, the global output value is expected to reach 834.1 billion US dollars in 2020 and 914.9 billion US dollars by 2023. According to the statistics of the United Nations, as of 2015, the proportion of global urbanization is about 55%. It is estimated that the proportion of

urbanization will rise to 60.4% in 2030 and 68.4% in 2050. As Mega City gradually takes shape, the demand for clean water use and urban wastewater treatment will significantly increase compared to the current plan, which will bring more investment opportunities in water resources. The 2023 United Nations World Water Development Report indicates that over the past 40 years, global water consumption has been increasing at a rate of approximately 1% per year. Due to the acceleration and spread of physical water scarcity and freshwater pollution, water scarcity is gradually becoming a regional issue. In order to enhance water resource management, it is expected that investments in this area will continue to increase in the future.

(B) Taiwan water treatment market

According to the statistics released by the Ministry of the Environment, the total expenditure on pollution prevention and control in Taiwan in 2022 was approximately NT\$280.75 billion. Among this, the government sector accounted for NT\$110.87 billion, while the industrial sector accounted for NT\$169.88 billion. Due to different statistical methods, it is not possible to compare these figures with the data from the previous year. Expenditures on various pollution prevention and control measures are still predominantly allocated to waste disposal, water quality protection, and air quality protection. Specifically, expenditure on water quality protection amounted to around NT\$71.112 billion, accounting for approximately 25.33% of the total. Please refer to the relevant content of "Current Situation and Development of Industries" in this chapter for relevant information.

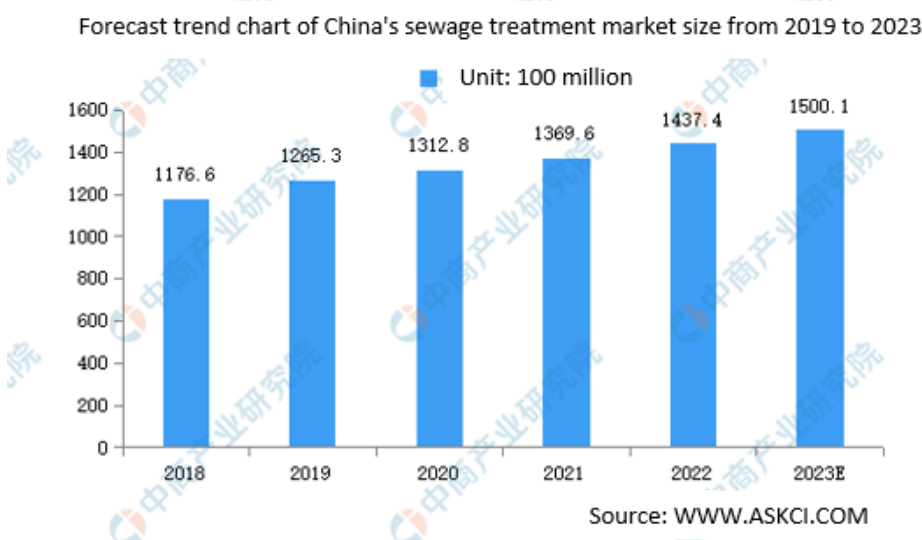
(C) China water treatment market

In order to increase the prevention and control of water pollution, the State Council of the mainland of China issued the "Action Plan for Water Pollution prevention and control" (Water 10) in April 2015, taking improving the water environment quality as the core, and proposed to comprehensively control the discharge of pollutants, promote the transformation and upgrading of economic structure, and strive to save and protect water resources, and strive to improve the overall water environment quality in China by 2030.

In 2023, the growth rate of China's mainland water pollution control market slowed down. According to statistics from the Ministry of Housing and Urban-Rural Development of China, the amount of wastewater discharged in China has been increasing annually, rising from 48.03 billion

cubic meters in 2016 to 63.9 billion cubic meters in 2022, with an increase each year but at a slower pace.

As the overall sewage treatment capacity and volume continue to grow, the size of China's sewage treatment market maintains an upward trend, although the growth rate has slowed down. According to the report "2019-2025 China Sewage Treatment Market Survey and Investment Advice" released by the China Industrial Research Institute, the market size of China's sewage treatment industry was 143.74 billion in 2022, an increase of 4.95% year-on-year. Analysts predict that the sewage treatment market size will grow to approximately 150.01 billion in 2023, representing a growth of about 4.3%.



D. Competitive Edge

(a) Experienced Management Team

The Company's main management team has been focusing on the water treatment industry for more than 20 years. The employees have accumulated considerable experience in equipment development, equipment integration and environmental engineering technology diagnosis. Meanwhile, the Company is highly sensitive to market strategy and industrial positioning and is able to effectively cooperate with upstream and downstream cooperative manufacturers to provide high-quality equipment and services for fully meeting customer needs.

(b) R&D and design capabilities and technical standards

Since its establishment, the Company has been committed to the design of water treatment equipment, system integration and research and

development of water treatment process and technology for a long time. Over the years, due to our continued emphasis on research and development investment, we have successfully obtained numerous patents for inventions and utility models related to water treatment equipment and related process technologies. By the end of 2023, we have accumulated a total of 141 valid patents, including 7 invention patents. Additionally, we hold a total of 26 software copyrights. GSD (China) has also been obtained the certificate of "High-Tech Enterprise" in mainland China.

(c) High brand and technology awareness

The Company has been deeply engaged in water treatment business in mainland China for many years, and its own brand products and technology developed are widely used in landmark buildings in mainland China. Since its establishment, the company has been honored as a water industry user satisfaction equipment brand for many consecutive years, and its products and technology have been deeply trusted and affirmed by industry customers. This foreign subsidiary, GSD (China) Co., Ltd., has been recognized by multiple awards over the years: 2020 Green Ying Award - Excellent Enterprise in Environmental IoT Technology Innovation, 2022 "Smart Water Service Platform Innovation Award", 2023 "High Efficiency and Energy Saving Water Pump Famous Brand" and Green Ying Award - Smart device competitiveness leading company, establishing a strong brand image in the environmental protection industry.

Taiwan branch participated in the technical forums held by the Taiwan Water Resources Department, the Environmental Protection Department, the Construction Department, the Semiconductor Association and other units. The smart team won the first "Urban Data Realism Competition" held by the SME Division of the Ministry of Economy in 2020, the gold medal of the Open Data Application Group of the Ministry of Economy in 2021, and the "Green Technology Innovation Award Competition" held by the SME Division of the Ministry of Economy in 2022 and 2023, successfully established a reputation for our company's smart water services.

(d) Comprehensive product service and complete system integration

In the design of water treatment equipment system, the correct selection of equipment and the planning of appropriate process have great influence on the stable operation of the whole system. The Company has a deep industry background and has been engaged in water treatment for many years. It has

the comprehensive professional ability of design, supporting, debugging, system management and technical service, and can effectively integrate all equipment and environmental process. The Company has the ability to provide customized equipment, proposal and transformation scheme and process diagnosis and other value-added services according to the needs of customers. According to the scheme and diagnosis results, the relevant water treatment equipment is sold, and the customer needs are met in all aspects with the advantages of "Equipment + Environmental Process +AIoT".

(e) Complete sales network providing instant after-sale services

Mainland China has a vast territory, and the Company has a complete service network. Branches, district offices, and distributors in various regions can provide real-time sales and after-sales services; The Company has set up a free consultation hotline, where technical service personnel and customers can respond promptly online; When collaborating with distributors, the company not only strengthens their marketing capabilities, but also conducts training courses related to equipment maintenance and technical consultation. Product training course videos are set up on the company's internal website, and in addition to our employees, distributors and agents in various regions can also participate in online courses for learning. To improve service quality and strengthen trust in the company's products. And in 2019 and 2021, respectively, GSD established GSD Technologies Co., Ltd Taiwan branch and GSD Enviro Tech (Taiwan) Co., Ltd., providing customers with comprehensive services in conjunction with cross-strait teams. In 2022, the Vietnamese subsidiary was established. In 2023, the ASEAN "Product Application and Regional Development Center" (PARC Center) has been established. We extend our service reach to Southeast Asia.

E. Advantages, Disadvantages and Contingency Plans for the Development of the Vision

(1)Favorable Factors

(a)The Global Water Crisis

The water supply crisis is one of the major risks facing the world in the future, and the risk is increasing year by year. Human beings will face a decline in freshwater quality and quantity, leading to competition for resources such as water, food, and energy. The causes and scope of the water crisis are extensive and interconnected. According to the relevant

research reports and warnings put forward by the United Nations in recent years, it is pointed out that due to global warming, melting glaciers will endanger the fresh water supply in some regions in the short term, and in the medium and long term, it will change the intensity and frequency of global rainfall, increasing the opportunities for drought and flood. Therefore, countries around the world have invested in water treatment infrastructure and operating expenditures to strengthen their ability to manage water resources.

(b)Environmental Protection Policy Actively Promoted by Various Countries Governments

With the progress of the times, countries have paid more attention to environmental protection, and increasingly strict environmental protection laws and regulations. In recent years, the environmental protection regulations and standard requirements of governments and industries have gradually affected the development direction of the industry.

In China, in order to effectively increase the prevention and control of water pollution, the State Council of China issued the Action Plan for Water Pollution Prevention and Control in April 2015. Focusing on improving the quality of the water environment, it proposed to comprehensively control pollutant emissions, promote the transformation and upgrading of the economic structure, strive to save and protect water resources, promote the strengthening of urban domestic pollution control in sewage treatment, and accelerate the construction and transformation of urban sewage treatment facilities. By 2020, the quality of China's water environment will be gradually improved, with a significant reduction in severely polluted water bodies; By 2030, strive to improve the overall quality of China's water environment and preliminarily restore the functions of the water ecosystem.

According to China's 13th Five Year Plan, by 2020, modern information technology will be applied to strengthen the construction of urban sewage treatment facilities' operation and supervision capacity and form a sewage treatment supervision system. The results of the 13th Five Year Plan show that urban and rural sewage treatment has reached the expected goals. The Chinese government's emphasis on environmental protection policies will continue to be upgraded until the 14th Five Year Plan, and promote and implement precise and scientific pollution control. It is estimated that during the 14th Five Year Plan period, the upgrading and reconstruction

of sewage treatment will increase investment.

(c) Enhanced ESG awareness

Environmental, social, and corporate governance (ESG) has gradually become a universal value, and energy conservation and carbon reduction have become the key words of policies in various countries; In 2022, Taiwan announced its 2050 net zero transformation strategy and path, and in 2023, it proposed to increase the 2030 carbon reduction target from 20% to 24% \pm 1% through investment in the "Twelve Key Strategies". By promoting the 'Twelve Key Strategies', in addition to reducing carbon emissions equivalent to 29% by 2020, it can also create huge business opportunities. It is expected that from 2023 to 2030, it will drive private investment of over 4 trillion yuan and create a production value of 5.9 trillion yuan. In September 2020, China put forward the proposal of carbon neutrality, which is expected to reach its peak in 2030, reach carbon neutrality in 2060, and issue a white paper on China's green development in the new era on March 19, 2023, announcing that China will unswervingly follow the path of green development, emphasizing the synergy of pollution reduction and carbon reduction. In recent years, due to the abnormal climate caused by global warming, the difficulty of water resource management has increased worldwide, and the related demand has been continuously increasing, all of which are beneficial for the development of the industry and companies.

(d) Informatization of environmental protection industry

The 13th Five Year Plan in mainland China has achieved the expected goal of promoting pollution prevention and control. During the 14th Five Year Plan period, it will continue to upgrade to ecological civilization construction, relying on information technology to promote and implement precise and scientific pollution control. It is estimated that during the 14th Five Year Plan period, the growth of investment in smart water services will be superior to the overall industry growth. The Company has successively established intelligent teams in mainland China and Taiwan, and proposed a product line of equipment empowerment + AIoT process control. After multiple discussions and arguments, GSD have successfully established its reputation. The Company proposes to use intelligence as a means, combined with the advantages of equipment and environmental technology, in line with the

development trend of precise and scientific pollution control, which will be beneficial for the development of the company's intelligent business.

(2) Unfavorable Factors

(a) Increasingly Fiercer Market Competition

Due to the huge potential of water treatment industry, large domestic and foreign companies have entered the Chinese market, and even produced the phenomenon of national (government-owned enterprises and state-owned enterprises) entering and withdrawing from the people, and expanding the competitiveness of the industry. The scale of small and medium-sized water treatment enterprises in mainland China is different, which leads to the large price difference and easy to cause low price competition.

Solution :

With the advantages of stable product quality, customized technology, high coordination of delivery time, instant service and high performance, the Company deepens the cooperative relationship with customers to consolidate the source of orders. In addition, the Company also actively participate in R & D and design of water treatment equipment, equipment system integration, application of AIoT and environmental technology services, and diversify its product specifications to expand our product application and service scope, so as to strengthen GSD's competitiveness.

(b) Increase in Raw Material Cost

The main raw materials of the components purchased by the Company are cast iron, stainless steel and other metal materials. If the international raw materials are in short supply or the price increases, the Company may be adversely affected.

Solution :

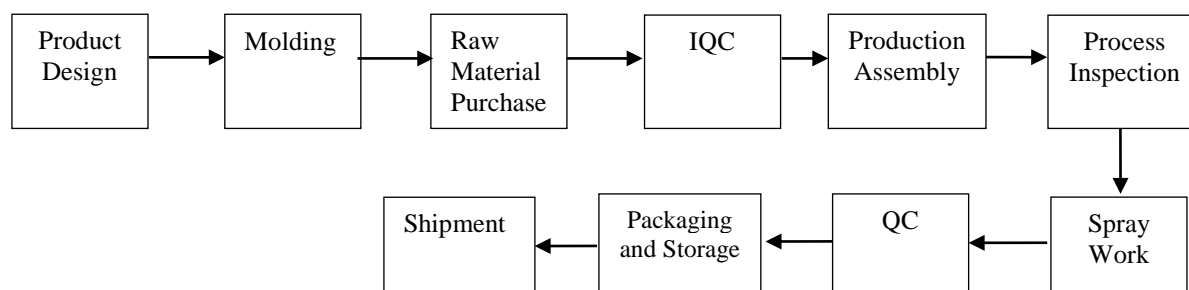
The Company determines the purchase price by signing a long-term contract with the supplier. In addition, the purchaser is required to check the market sale price every month. If the change range between the market quotation and the purchase price meets the negotiated range, the transaction price will be changed through agreement with the supplier. In addition to change the transaction price, the Company will also transfer the price difference to customers by adjusting the sales price to cover the raw material price fluctuation.

5.2.2 Usage and manufacturing processes for the Company's main products

A. Important Use of the Product

This Company mainly sells and produces environmental protection equipment, and provides related equipment installation and maintenance, environmental technology consulting, engineering design and other services. The main products include pumps, blowers, mixers and other full range of sewage treatment equipment, which are widely applied in sewage treatment in various industries. In addition to environmental protection, our products can also be used for air conditioning, cooling or firefighting equipment.

B. Product Production Process



5.2.3 Supply situation for the Company's major raw materials

The Company's main production bases are GSD (China)Co., Ltd. Pinghu Plant and Yangzhou GSD Plant. This Company maintains a stable and long-term cooperative relationship with main raw material suppliers, and strictly controls quality and delivery to ensure that the main raw materials are supplied without any concern. This Company's main raw materials supply in 2023 is as follows.

Main Raw Materials	Main Suppliers	Supply Status
Motor	P01 company, Yue Fa, Gaoqi, ZODA, Wolong Motor	Good
Body of Water Pump	Jiashan Tiansheng, Wuxi Shuangjun, Zhu Qing, Pingan, Xuelin	Good
Impeller	Nord Machinery, Yangzhou Feiyue, Pinghu Hudong, Third Ring Road, Lishui	Good
Other accessories	Lianyuan, Xinghua Liyun, Yangzhou Guanhua, Bosai, Huaxing	Good
Blower	Pinghu Hey-Wel, SeAH (Korea), Zhejiang Zhongyuan, Hey-Wel(Taiwan)	Good
Mixer	P02 company	Good

5.2.4 List of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years

1. The name, total amount and proportion of the supplier who has accounted for more than 10% of the total amount of purchases in one of the two recent years, and explanations for the increase or decrease.

Unit: NTD thousands

Item	2022				2023			
	Name	Amount	Ratio to the all year net purchase%	Relations to the issuer	Name	Amount	Ratio to the all year net purchase%	Relations to the issuer
1	P01	193,114	17.52	None	Pinghu Hey-Wel	105,730	10.05	Related Party (Note)
2	Pinghu Hey-Wel	116,661	10.58	Related Party (Note)	P02	89,680	8.53	None
3	P02	98,309	8.92	None	P01	88,370	8.40	None
	Others	694,323	62.98		Others	767,754	73.02	
	Net Purchase	1,102,407	100.00		Net Purchase	1,051,534	100.00	

Note: Chairman of Pinghu Hey-Wel is the juristic director's representative of this Company.

Among the main suppliers, P01 Company is the primary supplier of electrical machinery, Pinghu Heiwei is the main supplier of Roots blowers, and P02 Company is the main supplier of mixer. The net operating revenue of the Company in 2023 was NT\$1,774,243 thousand, a decrease of approximately 3.6% compared to NT\$1,840,584 thousand in 2022. The purchasing amount from P01 Company in 2023 decreased by 54%. This decrease is attributed not only to the decrease in operating income but also to our company's continuous increase in the proportion of self-branded electrical machinery over the past two years. This strategy aims to establish a more stable source of electrical machinery supply, resulting in a decrease in both the purchasing amount and proportion from P01. The decrease in purchase amount of Pinghu Heiwei is mainly due to the trend of energy conservation and carbon reduction, and the relatively poor energy efficiency of traditional Roots fans, resulting in a slight decline in sales volume; The decrease in the purchase amount and proportion of P02 company is due to a decrease in revenue and the replacement of some mixer accessories with in-house production.

2. Names of customers who have accounted for more than 10% of total sales in any of the last two years, their sales amount and proportion, and reasons for their increase or decrease:

The Company's sales customers are scattered and have not sold to the same customer for more than 10% of the total sales in the past two years.

5.2.5 Indication of the production volume for the 2 most recent fiscal years

Unit: PCS (pieces); NTD thousands

Main Products \ Year	2022			2023		
	Production Capacity	Production Quantity	Production Output	Production Capacity	Production Quantity	Production Output
Water Pump	Not Applicable	35,710	607,535	Not Applicable	32,107	560,270
Blower		89	9,827		89	4,288
Mixer		492	23,559		1,331	74,645
Others		51,195	71,229		69,251	132,948
Total		87,486	712,150		102,778	772,151

Note: The production of the Company is mainly based on assembly, and all kinds of products can be flexibly produced. Among the products sold by the Company, OEM model is mainly performed for blower production, with less on-site production.

In 2023, the Company's sales of water pumps decreased by 13% compared to the previous year, and the pump output also decreased by approximately 7.78% correspondingly. The Company's blower products are mainly outsourced, with a slight decrease in the output of in-house products. The Company's mixer products are mainly purchased from vendors. Since 2022, the Company started to assembled some mixer parts by itself, so the production volume and output increased. For other product categories, both production volume and output increased, with a larger increase in output value. This is primarily due to variations in the combination of other product categories.

5.2.6 Indication of the volume of units sold for the 2 most recent fiscal years

Unit: Thousand PCS (Pieces); NTD thousands

Year	2022				2023			
	Export Sales		Domestic Sales		Export Sales		Domestic Sales	
Main Products	Q'ty	Value	Q'ty	Value	Q'ty	Value	Q'ty	Value
Water Pump	3,125	48,995	33,974	1,092,157	2,715	72,028	30,558	948,766
Blower	152	14,132	2,528	237,711	78	3,308	2,414	192,688
Mixer	174	14,894	1,599	146,386	364	35,297	1,641	135,676
Others	12,238	30,841	318,944	255,468	12,138	87,093	83,508	299,387
Total	15,689	108,862	357,045	1,731,722	15,295	197,726	118,121	1,576,517

The sales in 2023 was NT\$1,774,243 thousands, a decrease of about 3.6% over

the sales of NT\$1,840,584 thousands in 2022. Compared to 2022, in 2023, the domestic sales amount decreased by 8.96% due to the slowing economic development pace in mainland China and the crowding-out effect of local fiscal expenditures. Specifically, the domestic sales amounts of pumps, blower, and mixer decreased by 13.13%, 18.94%, and 10.31% respectively. On the other hand, in terms of exports, benefiting from increased demand in other regions of Europe and Asia, the overall export amount in 2023 unexpectedly grew by 81.63%.

5.3. Human Resources

The number of employees employed for the 2 most recent fiscal years, and the current fiscal year up to the date of publication of the annual report.

Mar. 31, 2024, Unit : person/ %

Year		2022	2023	Mar. 31, 2024
Number of Employees	Administration and sales personnel	368	386	384
	R&D personnel	59	64	67
	Production personnel	162	159	160
	Total	589	609	611
Average Age		38.58	38.67	38.96
Average Years of Service		8.51	8.77	8.94
Distribution of Education Background (Credential)	PhD	0.34%	0.33%	0.33%
	Master	3.56%	3.12%	3.44%
	Bachelor	64.18%	67.32%	67.10%
	High School	22.92%	20.20%	19.97%
	Below High School	9.00%	9.03%	9.16%

The Company adheres to the principles outlined in the Universal Declaration of Human Rights and has formulated a human rights policy along with establishing the "Personnel and Labor Relations Management Measures". We emphasize a workplace free from discrimination and harassment, and our human resources utilization policy does not include any special requirements based on gender, race, or socioeconomic status. We are committed to ensuring equality in employment, employment conditions, compensation, benefits, training, performance evaluation, and promotion opportunities.

As of March 31, 2024, the total number of employees in our group is 611. Among them, approximately 63% are male, and about 37% are female. The lower representation of female employees is primarily due to the physically demanding nature of direct labor roles within our factories, which attracts fewer female applicants. If we only count the ratio of indirect staff, the gender ratio is approximately equal.

In terms of gender distribution in management positions, male supervisors account for around 63%, while female supervisors make up approximately 37%. The age distribution of our employees is as follows: approximately 15.9% are aged 30 and below, around 43.2% are between 30 and 40 years old, approximately 29.1% are between 40 and 50 years old, around 10.8% are between 50 and 60 years old, and approximately 1.0% are over 60 years old.

The Company employs a total of 7 individuals with disabilities, accounting for approximately 1.15% of all employees.

5.4. Environmental Protection Expenditure

In the most recent year and up to the date of publication of the annual report, the losses suffered due to pollution of the environment (including compensation and environmental protection audit results that violate environmental protection laws and regulations, and shall list the date of punishment, the number of the punishment letter, the provisions of the statute violation, the content of the statute violation, and the content of punishment) and disclose the current and future estimated loss or expenditure and their corresponding measures, if it is impossible to reasonably estimate, it shall explain the fact that it cannot be reasonably estimated): None

5.5. Labor Relationship

5.5.1 List the company's employee welfare measures, training, retirement systems and their implementation, as well as agreements between labor and management and various employee rights protection measures

A. Employee welfare measures

The main operating individuals of the Company are the actual operating companies in mainland China. All employees of the Company pay social security and provident fund in accordance with the law. A labor union is established in accordance with the law. The labor union is responsible for providing and implementing various welfare measures for employees, including subsidies, education and training for birthdays, weddings and funerals. In addition, the company also provides travel subsidies, and encourages employees to participate in in-factory skill competitions and out-of-factory skill tests to strive for self-realization. Taiwan branch and subsidiary's employees also enjoy labor insurance and health insurance in accordance with the law, the company subsidizes weddings and

funerals, three festival bonuses and other benefits. In addition to salaries, all employees of Taiwan and Mainland China have performance bonuses and year-end bonuses. They also have health checks and commercial insurance according to their duties and functions, and can participate in the subscription of company shares in accordance with regulations.

B. Further study and training

The Company has annual training plans for each department, aiming to identify gaps in manpower and skills through an annual review process. Based on this, corresponding training courses are developed and implemented systematically to enhance employees' quality and job skills, thereby improving work efficiency and quality. The training curriculum consists of two parts: soft cultural systems and professional training for job positions. Soft cultural systems cover aspects such as company mission, vision, culture, and operational philosophy. These are conveyed through weekly insights shared by the chairman, periodic company publications by the management department, and online book clubs. The professional training part is conducted by the HR department, offering general courses, while department-specific courses are developed by each department with comprehensive training materials and videos stored on our internal network platform, "Chuanyuan University." Employees can autonomously learn and leave assessment records for promotion consideration. The Company envisions "a fulfilling career, a fulfilling life" for employees, aspiring them to achieve extraordinary accomplishments within the company.

C. Retirement system and its implementation

The retirement system of the Company's major operating business shall be handled in accordance with local laws and regulations. The Company's main operating business is located in China. It pays social insurance (including pension, unemployment, medical treatment, maternity and work-related injury) for its employees in accordance with the social insurance law of the people's Republic of China. The employees receive retirement allowance in accordance with the law when they retire at the age of one year, and the retired reemployed personnel are insured with commercial insurance. The ratio and standard of endowment insurance payment of subsidiaries in China are as follows:

GSD (China) Co., Ltd. / GSD Environmental Technology Co., Ltd.

Endowment Insurance	Basic Insurance	
	Individual	The Company
Payment Ratio	8%	14%/16% (Note)
Payment Base	Average monthly salary of employees in the previous year	

Note: According to the regulations of the location of the branch, the endowment insurance allocation ratio is 16% in Suzhou / Beijing / Qingdao / Shanghai Branch, and 14% in GSD (China), CYHK and Guangzhou branches. Starting from April 2024, the endowment insurance allocation ratio will be adjusted to 15% in GSD (China), CYHK and Guangzhou branches.

Shanghai GSD Industrial Co., Ltd./ GSD Enviro Tech (Yangzhou) Co., Ltd./ CNCN (Beijing) Enviro Tech Co., Ltd.

Endowment Insurance	Basic Insurance	
	Individual	The Company
Payment Ratio	8%	16%
Payment Base	Average monthly salary of employees in the previous year	

D. Labor-management coordination and various employee rights measures

The Company has always attached great importance to the rights and interests of its employees. In addition to the relevant work rules prescribed by law to clearly regulate the working conditions, employees can express their opinions at any time through meetings, e-mails or mailboxes. The general manager's office conducts an annual employee satisfaction survey, formulates and adjusts relevant policies based on the survey results, and the labor-management communication channel is smooth. As of the publication date of the annual report, there have been no major labor disputes.

5.5.2 State the losses suffered by labor disputes in the most recent year and up to the date of publication of the annual report, and disclose the estimated amount and corresponding measures that may occur at present and in the future. If it is unable to reasonably estimate, it shall state the fact that it is unable to reasonably estimate.

The Company's labor relations are harmonious, and the company always respects the opinions of its colleagues. Employees can reflect their opinions

at any time through complaint telephone, fax or email. The labor communication channel is unimpeded, so no major labor disputes have occurred so far.

5.6. Information security management

5.6.1 Information security risk management framework, policies, specific management plans and resources invested in information security management, etc.

A. Risk Management Framework

The Information department is the responsible unit for information security risk management in the Company. According to regulations, it appoints one Information Security Supervisor and one Information Security Officer. They are responsible for formulating internal information security policies, executing plans, and coordinating the effective implementation of security policies within the group. The Company has established relevant regulations for information and communication security operations to safeguard information and communication security.

The implementation of the information security policy is included in the annual audit plan by audit department for regular reviews. The responsible unit for information security submits reports on the execution status of information security risk control to the board of directors on a regular basis each year.

B. Information security policy

Regulation establishment:

formulate information security management regulations and standardize information security management measures.

Software and hardware construction:

Build information security-related software and hardware equipment.

Personnel training:

Establish the awareness of information security of all colleagues.

C. Specific management measures

The Company has established usage norms for various aspects including information equipment usage, password management, corporate email usage, internet usage, information processing, software usage and licensing, deployment of antivirus and security protection software, remote access, information security incident management, and security requirements for

external network application services. All employees are required to adhere to these norms. Specific measures include:

- (1) The information equipment shall be managed by the administrative department, and the fixed assets shall be checked regularly every year.
- (2) All the computers of the company are installed with anti-virus software, and the virus code is updated regularly.
- (3) Establish the "information system data backup and restore plan", and the system will automatically backup day by day, and there is a remote backup mechanism to ensure the normal operation of the information system and the integrity of data preservation, and reduce the risk of data loss caused by natural or man-made disasters without warning. The information division conducts a system restoration test once a year.
- (4) Vulnerability Scanning: Regularly conduct vulnerability scans on network equipment, application systems, and products, and perform penetration testing on websites and systems.
- (5) Disaster Recovery Plan Drills: Conduct regular disaster recovery drill meetings to simulate disaster scenarios and exercises to continuously improve the effectiveness of the plan.
- (6) The Information department regularly conducts cybersecurity education and training sessions to teach employees how to identify phishing websites, ransomware tactics, and other threats.

D. Resources invested in information security

Human resource

At present, the Company and its subsidiaries have a total of 9 information personnel, with 1 assigned as the dedicated information security person and 1 as the dedicated information security officer.

Training

The records of training related to information security in 2023 are as follows.

Course	Total Hours	Note
Information security training	92	In addition to training courses, employees are also reminded to pay attention to them through announcements from time to time.

Certification

In Oct. 2023, the subsidiary, GSD (China) Co., Ltd. obtained ISO27001 certification.

In Nov. 2022, the subsidiary, GSD Environmental Technology CO., Ltd. obtained ISO27001 certification.

5.6.2 As of the publication date of the annual report, the possible impacts and countermeasures suffered due to major information security incidents:

In the most recent year and up to the date of publication of the annual report, the Company has not had any major information security incidents.

5.7. Important Contracts

Supply and marketing contracts, technical cooperation contracts, project contracts, long-term loan contracts, and other important contracts that are still valid and mature in the most recent year and are sufficient to affect the rights and interests of investors:

Agreement	Country Party	Period	Main Contents	Restriction
Supply Agreement	Shanghai Teco Motor Limited	2022/1/1~2024/12/31	Deals on Long-term Supply Terms	None
Supply Agreement	Pinghu Hey Wel Machine Limited	2022/1/1~2024/12/31	Deals on Long-term Supply Terms	None
Supply Agreement	Nanjing Beite Environmental Protection GE Manufacture Co., Ltd	2022/1/1~2024/12/31	Deals on Long-term Supply Terms	None
Project agreement	Jiangsu Hanjian Group Co., Ltd	2021/10/13~completed (2023/01)	GSD Enviro Tech (Yangzhou) project contract	None
Investment agreement	Pinghu Economic-Technological Development Zone Management Committee	From October 3, 2019	Agreement on land investment of Pinghu phase II	None
Investment agreement	Yangzhou Beishan (automobile) Industrial Park Management Committee	From December 10, 2020	Agreement on land investment of Yangzhou new factory	None
Mortgage contract	Industrial and Commercial Bank of China Yangzhou Branch	2023/09/18~2026/09/18	The real estate content and the maximum amount of creditor's rights and related rights and obligations of the agreed mortgage guarantee	None
Loan contract	Industrial and Commercial Bank of China Yangzhou Branch	2023/09/25~2024/09/25	The rights and obligations of using loan line	None
Loan contract	Cathay United Commercial Bank	2023/05/16~2024/05/16	The rights and obligations of using loan line	None
Loan contract	CTBC Commercial Bank	2023/11/30~2024/11/30	The rights and obligations of using loan line	None

Agreement	Country Party	Period	Main Contents	Restriction
Loan contract	Hangzhou Bank Jiaxing Pinghu Branch	2024/01/30~ 2024/12/26	The rights and obligations of using loan line	None
Financial lease contracts and mortgage contracts	Maxwealth Financial Leasing Co., Ltd.	2023/12/08~ 2025/12/08	The leasing financing asset and the obligations of repayment	None

VI. Overview of the Company's Financial Status

6.1. Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Comprehensive income statement

A. Consolidated Balance Sheet

Unit: NTD thousands

Year Items		Financial Information in the Recent 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		1,505,395	1,639,692	1,901,175	1,612,084	1,387,710
Property, Plant and Equipment		160,819	171,867	278,667	532,017	558,501
Intangible Assets		55,401	57,179	55,850	54,967	53,790
Other Assets		147,466	145,365	282,941	311,100	358,715
Total Assets		1,869,081	2,014,103	2,518,633	2,510,168	2,358,716
Current Liabilities	Before Distribution	554,143	649,259	657,104	627,322	888,098
	After Distribution	707,143	800,009	821,354	755,072	(Note 2)
Non-Current Liabilities		72,690	75,191	379,466	339,467	41,304
Total Liabilities	Before Distribution	626,833	724,450	1,036,570	966,789	929,402
	After Distribution	779,833	875,200	1,200,820	1,094,539	(Note 2)
Equity attributable to owners of the parent		1,228,639	1,279,749	1,482,063	1,524,515	1,419,382
Ordinary shares		340,000	340,000	370,000	370,000	370,000
Capital surplus		531,555	531,555	651,213	655,509	658,243
Retained Earnings	Before Distribution	469,120	535,478	598,141	616,281	535,397
	After Distribution	316,120	384,728	433,891	488,531	(Note 2)
Other Equity		(112,036)	(94,426)	(104,433)	(84,417)	(111,400)
Treasury Shares		-	(32,858)	(32,858)	(32,858)	(32,858)
Non-controlling Equity		13,609	9,904	-	18,864	9,932
Total Equity	Before Distribution	1,242,248	1,289,653	1,482,063	1,543,379	1,429,314
	After Distribution	1,089,248	1,138,903	1,317,813	1,415,629	(Note 2)

Note 1 : The consolidated financial information from 2019~2023 are audited by CPAs.

Note 2 : Distribution of 2023 earnings pending resolutions from the meeting of shareholders.

B. Consolidated Income Statement

Unit: NTD thousands

Item \ Year	Financial Information in the Recent 5 Years (Note)				
	2019	2020	2021	2022	2023
Operating Revenue	1,992,051	1,846,674	1,960,518	1,840,584	1,774,243
Gross Profit	771,093	739,951	751,949	660,284	569,600
Operating Income	240,532	262,105	203,227	115,651	(13,341)
Non-Operating Income and Expenses	42,099	28,844	52,899	86,034	56,988
Pre-Tax Income	282,631	290,949	256,126	201,685	43,647
Net profit before tax of Continued Business	227,154	215,511	212,274	173,925	38,182
gain(loss) from discontinued operations	-	-	-	-	-
Net Income	227,154	215,511	212,274	173,925	38,182
Other comprehensive income and loss	(45,087)	17,752	(10,089)	19,888	(27,231)
Total comprehensive income and loss for the year	182,067	233,263	202,185	193,813	10,951
Net profit attributable to Owners of the Company	230,905	219,358	215,623	182,390	46,866
Net profit attributable to Non-controlling equity	(3,751)	(3,847)	(3,349)	(8,465)	(8,684)
Total comprehensive income and loss to: Owners of the parent company	185,818	236,968	205,616	202,406	19,883
Total comprehensive income and loss to: Non-controlling equity	(3,751)	(3,705)	(3,431)	(8,593)	(8,932)
EPS	6.79	6.52	6.30	5.00	1.28

Note: The consolidated financial information from 2019~2023 are audited by CPAs.

6.1.2 Auditors' Opinions from 2019 to 2023

Year	Accounting Firm	CPAs	Audit Opinion
2019	Deloitte & Touche Taiwan	Yao-Lin Huang, Mei-Hui Wu	Unqualified Opinions
2020	Deloitte & Touche Taiwan	Yao-Lin Huang, Mei-Hui Wu	Unqualified Opinions
2021	Deloitte & Touche Taiwan	Yao-Lin Huang, Mei-Hui Wu	Unqualified Opinions
2022	Deloitte & Touche Taiwan	Mei-Hui Wu, Chih-Yuan, Chen	Unqualified Opinions
2023	Ernst & Young	Cheng-Chu Chen, Sheng-An Hsieh	Unqualified Opinions

6.2. Five-Year Financial Analysis

6.2.1 Financial Analysis

Item \ Year		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial Structure%	Debt Ratio	33.54	35.97	41.16	38.51	39.40
	Ratio of long-term capital to property, plant and equipment	817.65	794.13	668.01	353.91	263.32
Solvency%	Current Ratio	271.66	252.55	289.33	256.98	156.26
	Quick Ratio	243.07	229.39	257.61	225.61	133.40
	Interest earned ratio (Times)	305.23	312.84	98.02	52.32	12.28
Operating performance	Average Collection Turnover (Times)	4.45	4.29	4.45	3.88	4.07
	Average Collection Days	82	85	82	94	90
	Average Inventory Turnover (Times)	7.30	8.20	9.41	8.19	8.08
	Average Payables Turnover (Times)	4.36	3.38	3.36	3.12	3.26
	Average Inventory Turnover Days	50	45	39	45	45
	Property, Plant and Equipment Turnover Rate (Times)	13.48	11.1	8.7	4.54	3.25
	Total Asset Turnover Rate (Times)	1.11	0.95	0.87	0.73	0.73
Profitability	Return on Total Assets (%)	12.73	11.14	9.47	7.05	1.69
	Return on Equity (%)	18.82	17.02	15.32	11.5	2.57
	Per-Tax Income to paid in capital (%)	83.13	85.57	69.22	54.51	11.80
	Profit ratio (%)	11.40	11.67	10.83	9.45	2.15
	Earnings per share (NT\$)	6.79	6.52	6.3	5.0	1.28
Cash Flow	Cash Flow Ratio (%)	83.21	69.58	4.66	21.46	-0.44
	Cash Flow Adequacy Ratio (%)	198.68	224.25	138.29	96.26	83.28
	Cash Re-Investment Ratio (%)	22.4	19.36	(5.84)	-1.43	-7.75
Leverage	Operating Leverage	1.9	1.68	1.9	2.79	-15.73
	Financial Leverage	1.00	1.00	1.01	1.04	0.78

Reasons for changes in financial ratios in the last two years :

1. Ratio of long-term capital to property, plant and equipment ➔ The convertible bonds issued by the Company will be issued for three years in May 2024. Bondholders will have the right to exercise their put options. Therefore, in 2023, the company bonds were reclassified as current liabilities. Coupled with the lower profitability in 2023 compared to 2022, the shareholders' equity decreased compared to 2022, resulting in a 22% decrease in long-term funds in 2023 compared to 2022. This led to a decrease in the ratio of long-term funds to property, plant, and equipment.
2. Current ratio/ Quick ratio ➔ The convertible bonds issued by the Company will be issued for three years in May 2024. Bondholders will have the right to exercise their put options. Therefore, in 2023, the company bonds were reclassified as current liabilities. In 2023, the current liability increased by 42% compared with 2022, resulting in a decrease in current ratio and quick ratio.
3. Interest earned ratio ➔ Due to poor profitability in 2023, pre-tax net profit decreased by 78% compared to 2022. The difference in interest expenses between the two periods was not significant. Therefore, the interest earned ratio decreased from 52.32 times to 12.28 times.
4. Property, Plant and Equipment Turnover Rate ➔ With the construction of the Pinghu Phase II new plant and the new plant in Yangzhou were completed in 2022H2 and 2023Q1 respectively, the average amount of property, plant, and equipment in 2023 increased by 35% compared to 2022. Additionally, with a decrease in revenue in 2023 compared to

2022 by 3.6%, this led to a decrease in the property, plant, and equipment turnover ratio.

5. Return on Total Assets/ Return on Equity/ Per-Tax Income to paid in capital/ Earnings per share → Due to factors such as decreased sales volume and prices in the Mainland China market, increased fixed costs from the operation of new plants, and growth in R&D expenses for new products, the profitability in 2023 was poor. Both pre-tax and after-tax net profits decreased by approximately 78% compared to 2022. As a result, the return on assets, return on equity, pre-tax income to paid-in capital ratio, and earnings per share were all affected.
6. Cash Flow Ratio → Influenced by decreased profitability and the payment of income taxes in 2023, which were deferred in 2022 due to epidemic policies in China, the net cash flow from operating activities in 2023 amounted to a net outflow of NT\$3,911 thousands. Additionally, reclassifying company bonds as current liabilities increased the amount of current liabilities by 42%. As a result, this ratio decreased from 21.46% in 2022 to -0.44%.
7. Cash Flow Adequacy Ratio → Over the past two years, the net cash flow from operating activities has been less than the cash dividends paid, resulting in a negative value for this ratio. The change in the ratio is mainly due to a significant difference between the net cash flow from operating activities and the cash dividends paid in 2023.
8. Operating Leverage/ Financial Leverage → Influenced by decreased revenue but increased operating expenses, resulting in an operating loss of NT\$13,341 thousands in 2023. This led to a negative value for the operating leverage, and the calculation of financial leverage was distorted due to the operating loss.

Note 1: Financial Analysis Ratio takes the consolidated financial report audits or certified and attested by CPAs as calculation basis

Note 2: Calculation Formula of each financial ratio come as follows:

1. Financial Structure

(1)Debt Ratio=Total Amount of Debt/Total Amount of Assets

(2)Long-Term Fund to Property, Plant and Equipment Ratio=(Total Amount of Equity+ Non-Current Debts)/Net Value of Property, Plant and Equipment

2. Solvency

(1)Working Capital Ratio=Current Asset/Current Debt

(2)Quick Ratio=(Current Asset – Inventory – Prepayment for Purchases)/Current Debt

(3)Interest earned ratio (Times)=Earnings before income tax and interest expenses/interest expenses for the current period

3. Operating Performance

(1)Average Collection(including accounts receivable and notes receivable incurred in business activities)Turnover=Net Sales/balance of average collection turnover in each period (including accounts receivable and notes receivable incurred in business activities)

(2)Average Collection Days=365/Average Collection Turnover

(3)Average Inventory Turnover=Sales Cost/Average Inventory

(4)Accounts Payable Turnover Rate(including accounts receivable and notes receivable incurred in business activities)=Sales Cost/Balance of Average Accounts Payable in Each Period(including accounts receivable and notes receivable incurred in business activities)

(5)Average Turnover Days=365/Inventory Turnover

(6)Property, Plant and Equipment Turnover Rate=Net Sales/Net Average of Property, Plant and Equipment

(7)Total Asset Turnover Rate=Net Sales/Total Amount of Average Asset

4. Profitability

(1)Return on Total Assets=[Profit and Loss after Tax + Interest Expense×(1 – tax rate)]/Total Amount of Average Asset

(2)Return on Equity=Profit and Loss after Tax/Total Amount of Average Equity

(3)Net Profit Margin=Profit and Loss after Tax/Net Sales

(4)Income before Tax to Paid-In Capital Ratio=Income before Tax /Amount of Paid-In Capital

(5)EPS=Profit or Loss Attributed to Stockholders of this Company) – Dividend of Preferred Shares)/weighted Average of Issued Shares

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Flow in Business Activities / Current Debt

(2) Cash Flow Adequacy Ratio = Net Cash Flow in Business Activities in recent 5 years / recent 5 years (Capital Expense + Increase in Inventory + Cash Dividend)

(3) Cash Reinvestment Ratio = (Net Cash Flow in Business Activities – Cash Dividend) / (Gross of Property, Plant and Equipment + Long-Term Investment + Other Non-Current Assets + Operating Funds)

6. Leverage

(1) Operating Leverage = (Net Operating Revenue – Variable Operating Cost and Expense) / Operating Profit

(2) Financial Leverage = Operating Profit / (Operating Profit – Interest Expense)

6.3. Supervisors' or Audit committee's Report in the Most Recent Year

GSD Technologies Co., Ltd. Audit Committee's Review Report

The Board of Directors hereby submits tabulations of this Company's 2023 business report, consolidated financial statements and earning distribution proposal audited and attested by independent certified public accountants Cheng-Chu Chen and Sheng-An Hsieh of Ernst & Young. All tabulations have been reviewed by the audit committee and all are produced complying the relevant laws, therefore this report is prescribed in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of this Company Act. For your approval.

**Hereby presented to
GSD Technologies Co., Ltd. 2024 Annual Shareholders' Meeting**

GSD Technologies Co., Ltd.

**Convener of Audit Committee:
Chang, Yuan-Lung**

Feb. 27, 2024

6.4. Financial statement for the most recent fiscal year

Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: please refer to Appendix 1.

6.5. The audited individual financial statements for the most recent year

The individual financial statement for the most recent fiscal year, certified by a CPA, but not including the statements of major accounting items: Not Applicable.

6.6. The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2023 and as of the date of this annual report: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1. Analysis of Financial Status

Unit: NTD thousands

Items	2022	2023	Difference	
			Amount	%
Current Asset	1,612,084	1,387,710	(224,374)	(13.92)
Investments accounted for using the equity method	146,568	182,792	36,224	24.71
Property, plant and equipment	532,017	558,501	26,484	4.98
Intangible assets	54,967	53,790	(1,177)	(2.14)
Other assets	164,532	175,923	11,391	6.92
Total Assets	2,510,168	2,358,716	(151,452)	(6.03)
Current Liabilities	627,322	888,098	260,776	41.57
Non-Current Liabilities	339,467	41,304	(298,163)	(87.83)
Total Liabilities	966,789	929,402	(37,387)	(3.87)
Capital Stock	370,000	370,000	-	-
Additional Paid-In Capital	655,509	658,243	2,734	0.42
Retained Earnings	616,281	535,397	(80,884)	(13.12)
Other Equity	(84,417)	(111,400)	(26,983)	31.96
Treasury stock	(32,858)	(32,858)	-	-
Equity Attributed to owners of the Company	1,524,515	1,419,382	(105,133)	(6.90)
Non-Controlling Interests	18,864	9,932	(8,932)	(47.35)
Total shareholders' equity	1,543,379	1,429,314	(114,065)	(7.39)
Analysis and explanations of the changes of more than 20% whose amount reaches NTD 10 million in the most recent two fiscal years:				
1. The reason and effect of change on major items:				
(1) Investments accounted for using the equity method : In 2023, GSD-TW participation in the cash capital increase of Yuh Shan Environmental Engineering Co., Ltd., increased investment by NT\$25,940 thousands. Additionally, Yuh Shan reported a net profit after tax of NT\$95,546 thousands for the year 2023. With our shareholding ratio at 23.25%, the share of profit and loss from associated enterprises and joint ventures recognized under the equity method amounted to NT\$19,554 thousands. During 2023, GSD-TW received cash dividends of NT\$12,000 thousands. Overall, these activities resulted in an increase of NT\$36,224 thousands in the investment accounted for using the equity method.				

- (2)Current Liabilities/ Non-Current Liabilities : The convertible bonds issued by the Company will be issued for three years in May 2024. Bondholders will have the right to exercise their put options. Therefore, in 2023, the payable of CB amounting to NT\$294,141 thousands and the financial liabilities of NT\$12,750 thousands related to conversion rights (including put options) were reclassified as current liabilities. This led to an increase in current liabilities by 41.57% compared to 2022, while non-current liabilities decreased by 87.83%.
- (3)Other Equity : The other equity recorded by the Company represents the exchange differences arising from the translation of financial statements of foreign operations. At the end of 2023, compared to the end of 2022, the exchange rate of RMB against New Taiwan Dollar depreciated by 1.84%, leading to a 31.96% increase in exchange differences.
2. If the effect is significant, the future plan should be explained
- The above changes have no significant adverse effect on the Company, and there is no significant abnormality in the overall performance of the Company, so it is unnecessary to draw up a contingency plan.

7.2. Analysis of Operation Result

7.2.1 Financial Performance Comparison and Analysis Table

Unit: NTD Thousands

Item	2022	2023	Difference	
			Amount	%
Net Operating Revenue	1,840,584	1,774,243	(66,341)	(3.60)
Operating Cost	1,180,300	1,204,643	24,343	2.06
Operating Margin	660,284	569,600	(90,684)	(13.73)
Operating Expense	544,633	582,941	38,308	7.03
Other Profit and Net Expense and Loss	-	-	-	-
Operating Net Profit	115,651	(13,341)	(128,992)	(111.54)
Non-Operating Income and Expense	86,034	56,988	(29,046)	(33.76)
Income from continuing operations before income tax	201,685	43,647	(158,038)	(78.36)
Expense of Income Tax	(27,760)	(5,465)	22,295	(80.31)
Net Profit after Tax	173,925	38,182	(135,743)	(78.05)
Analysis and explanations of the changes of more than 20% whose amount reaches NTD 10 million in the most recent two fiscal years:				
(1)Operating Net Profit : Due to a decrease in both the quantity and price of sales in Mainland market, revenue decreased by 3.6% in 2023. However, the increase in operating costs, rather than a decrease, was due to the commencement of operations at the Pinghu Phase II plant and the new plant in Yangzhou, resulting in increased				

depreciation and fixed costs. Operating expenses also increased by 7.03%, attributable not only to the increased depreciation expenses from the two new plants but also to the investment in R&D of new products in 2023. With a decrease in revenue and an increase in both costs and expenses, the operating net profit decreased by NT\$128,992 thousands compared to 2022.

(2) Non-Operating Income and Expense : Non-operating income and expenses in 2023 decreased by NT\$29,046 thousands compared with 2022, mainly due to the gain on financial instruments as fair value through profit or loss decreased by NT\$31,598 thousands, which is mainly attributed to the valuation loss on the conversion rights (including put and call options) of the convertible bonds issued by the Company.

(3) Expense of Income Tax : 2023 income tax expenses decreased by NT\$22,295 thousands compared with 2022, mainly due to the decrease in pre-tax net profit of enterprises in mainland China.

7.2.2 Expected Sales Volume and its Accordance

The main business entities of GSD are GSD (China) Co., Ltd., which are mainly engaged in the manufacturing and sales of environmental protection equipment and provide relevant technical services. In recent years, we have actively expanded our business in Taiwan and Southeast Asia, reducing the proportion of domestic sales in China from over 90% to 70-80% by 2023.

Mainland China has announced the goal of carbon peak and carbon neutralization to the whole world. In Mainland China market, in addition to basic business operations, we will integrate with the market trend of pollution reduction and carbon reduction, continue to promote the sales of energy-saving products and solutions. In Taiwan, we will continue to participate in public projects tenders, increase equipment intelligence service, expand maintenance and replacement services for sewage treatment plants. In Vietnam, we will promote the agent clients, pay attention to the equipment needs for building plant of Taiwanese/Chinese-funded companies, and promote the air-conditioning auxiliary water pump market and environmental protection market.

According to the historical data of the company's operating revenue in the past year, with reference to the development trend of the future economic environment and the future forecast of the industry, the company expects that the sales volume and revenue in the next year will remain cautiously optimistic. In the future, we will continue to deepen the operation

management and reasonable cost control of the subsidiaries, so as to promote the Company's business growth and improve its profitability.

7.3. Analysis of Cash Flow

Analysis of the changes in cash flow in the recent year, improvement plan for insufficient liquidity and analysis of cash flow in the next year.

7.3.1 Cash Flow Analysis for the Recent Years

Item	2022	2023	Difference	
			Amount	%
Cash Inflow by Operating Activities	134,600	(3,911)	(138,511)	(102.91)
Cash Inflow (Outflow) by Investment Activities	(261,732)	(85,860)	175,872	(67.20)
Cash Inflow (Outflow) by Fundraising Activities	(149,203)	(81,787)	67,416	(45.18)
Description of major changes (changes in the previous and future periods are more than 50% and the amount of changes is more than 5% of the paid in capital):				
(1)The decrease in cash inflows from operating activities amounted to NT\$138,511 thousands, mainly due to reduced profits in 2023, increased cash outflows for contract assets and prepayments, and the payment of deferred income taxes in China, which were deferred in 2022 due to pandemic policies, but paid in 2023.				
(2)The decrease in cash outflows from investing activities is mainly due to the construction of Pinghu Phase II plant and the Yangzhou new plant from 2021 to 2022, which incurred significant expenditures on factory construction and equipment purchases. Pinghu Phase II plant was completed and put into operation in the third quarter of 2022, and the Yangzhou plant was also completed and put into operation in early 2023, leading to a reduction in cash outflows from investing activities in 2023.				
(3)The decrease in cash outflows from financing activities is mainly due to a decrease of NT\$36,500 thousands in cash dividends paid in 2023 compared to 2022. Additionally, there was an increase in both short-term and long-term borrowings in 2023, resulting in a decrease in the overall net cash outflow from financing activities.				

7.3.2 Rectification plans for liquidity shortages

The Company's business is in the growth and profit-making stage, and the demand for working capital is increasing, but the Company has sufficient capital and no lack of liquidity.

7.3.3 Analysis on the Cash Liquidity in the next year

Unit: NTD thousands

Beginning Cash Balance	Estimated cash inflow from operating activities for the entire year	Estimated cash outflow for the entire year	Estimated Amount of Cash Balance (Deficiency)	Compensation Measures under deficiency in estimated cash balance	
				Investment Plans	Financial Management Plans
757,484	2,047,544	(2,235,601)	569,427	—	—
1. Analysis of expected changes in cash flows in 2024: (1) Cash inflow from operating activities: mainly from cash inflow of business income. (2) Cash outflow: mainly used for operating expenses, repayment of convertible bond and loans and dividend distribution. 2. Remedial measures and liquidity analysis of expected cash shortage: not applicable.					

7.4. Major Capital Expenditure Items

After the completion of construction in Yangzhou new plant, the capital expenditures for 2023 were for the final payment of the Yangzhou new plant project and equipment purchases, none of which reached 20% of the paid-in capital or reached the amount of NT\$300 million.

7.5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 The Company's Re-Investment Policy

Re-investment policy of GSD is based on the core business considerations. In China, the Company focuses on the water treatment field of environmental protection market. In Taiwan, the Company takes smart water affairs as the development strategy and it is expected to use AIoT as the basis to expand the company's operation by developing smart water and involving in other environmental protection fields or circular economy. The Company entered the Southeast Asian market in 2022 by establishing GSD Enviro Tech Vietnam Company Limited, whose business are mainly on sales and

maintenance of water treatment equipment. In addition, the Company also established CNCN (Beijing) Enviro Tech Co., Ltd. in 2022, whose business are mainly on sludge drying and energy management related equipment sales. There is no new re-investment in 2023.

Among the investment companies, although CYHK have been established for a period, because their main business is the research and development of AIoT related technologies, it takes a long time from product development to commercialization, so they are still in a state of loss. Then, GSD-VN and CNTH, which have been established for less than two years, suffered losses due to the business benefit have not yet appeared during the start-up period. GSD Yangzhou has put into operation in early 2023. By the fourth quarter of 2023, it gradually reached a break-even point. It is anticipated that in 2024, it will be able to turn losses into profits. Except for the above-mentioned, all other investment companies were profitable. The Company has formulated “Investment Cycle”, “ Procedures for financial business between related enterprise groups”, “ Rules for supervision and management subsidiaries” and “ Regulations Governing the Acquisition and Disposal of Assets”, etc. and any relevant investment plan will be handled in accordance with the aforementioned rules and measures.

7.5.2 Main Reasons of Profit or Loss in the Re-Investments in the Most Recent Year and Rectification Plans

Unit: NTD thousands

Invested Company	Direct (Indirect) Shareholding Ratio	Recognized Investment Profit or Loss in the Most Recent Year	Reasons for Profit or Loss	Rectification Plans
Chuan Yuan Hydraulic Engineering Co., Ltd.	100%	71,651	Great Operation Status	NA
GSD Enviro Tech (Taiwan) Co., Ltd.	100%	4,034	Great Operation Status	NA
GSD Enviro Tech Vietnam Company Limited	85%	(2,395)	It is a newly established subsidiary on 2022/3/29, resulting in losses during the period of start-up.	In the future, it will actively expand the market to improve the loss situation.
Yuh Shan Environmental Engineering Co., Ltd.	23.25%	19,554	Great Operation Status	NA
GSD (China) Co., Ltd.	100%	90,415	Great Operation Status	NA

Invested Company	Direct (Indirect) Shareholding Ratio	Recognized Investment Profit or Loss in the Most Recent Year	Reasons for Profit or Loss	Rectification Plans
Shanghai GSD Industrial Co., Ltd.	100%	141	Great Operation Status	NA
GSD Environmental Technology Co., Ltd	60%	(3,768)	It is responsible for the AIoT technology research and development. The research expense is relatively high, so it is currently loss.	In 2023, the research results have been commercialized continuously, and it is expected that the loss will be reduced in the future.
CNCN (Beijing) Enviro Tech Co., Ltd.	60%	(8,624)	It is a newly established subsidiary on 2022/5/10, resulting in losses during the period of start-up.	In the future, it will actively expand the market to improve the loss situation.
GSD Enviro Tech (Yangzhou) Co., Ltd.	100%	(6,344)	It is established on 2020/12/29, the factory is under construction in 2022, and put in operation in February 2023.	By 2023Q1, it gradually reached a break-even point. It is expected to turn losses into profits in 2024.

7.5.3 Investment Plans for the Next Year

From 2020 to 2022, the Company has a large amount of factory construction and equity investment projects. The construction of the new factories has been put into operation in the 2022H2 and 2023Q1 respectively, and the investment benefits would gradually appear. As of the publication date of this annual report, the board of directors has not yet approved any new investment plan. However, the Company continues to pay attention to the development of the environmental protection industry in Southeast Asia and Taiwan. If there is a suitable target, it would submit the investment plan to the board of directors in accordance with the regulations to approve.

7.6. Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Interest rate

Year Item	2021		2022		2022	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
Interest income	21,787	1.11%	18,801	1.02%	14,576	0.82%
Interest expense	2,640	0.13%	3,930	0.21%	3,871	0.22%

The interest income and interest expense of the company in the latest three years accounted for a very low proportion of the net sales of the current year, so the change of market interest rate will not have a significant impact on the financial and business conditions of the Company.

The Company's capital planning is conservative and steady, and the working capital allocation is the first priority for security. Idle funds are mainly deposit fixed-term deposits and current deposits, so the interest income proportion is not high.

(2) Foreign exchange rates

Year Item	2021	2022	2023
	Amount	Amount	Amount
Exchange benefit (loss)	(2,941)	10,301	(4,059)
Proportion in Sales	(0.15%)	0.56%	(0.23%)

The Company's exchange benefits (losses) in the last three years accounted for a very low proportion of sales. The main market of the Company is in China, with the main payment in RMB, the income ratio of other currencies is less than 20%, and the exchange rate risk is small; the Company also controls the differences as far as possible to achieve the natural hedging effect and minimize the impact of exchange rate fluctuation.

(3) Inflation

Under the rapid change of global economic environment, as of the date of publication of the annual report, the Company has not had any significant impact on profit and loss due to the above inflation or deflation crisis. In the future, the Company will continue to maintain a close and good relationship with suppliers and downstream customers, pay attention to the fluctuation of market price at any time, timely adjust the purchasing strategy and sales quotation, and reduce the impact of inflation on the Company's profit and loss.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company has always been focused on the operation of the industry, and has not covered other high-risk industries. The financial policy is based on the principle of stability and conservatism, without making high leverage investment. The debt ratio in 2023 and 2022 is 39.40% and 38.51% respectively, with relatively low debt ratio and capital risk; the Company has only engaged in providing funds and endorsing guarantees among its subsidiaries or between subsidiaries under its control. There is no derivative commodity transaction in the last two years. In the future if necessary for transactions due to business operation, the relevant risks will be strictly controlled by handled in accordance with “Regulations Governing the Acquisition and Disposal of Assets”, “Rules for Loaning of Funds to others”, “Rules for Making of Endorsements/Guarantees” and “Procedures for dealing with derivative transactions”.

7.6.3 Future Research & Development Projects and Corresponding Budget

(1) Future R&D plan

The company's research and development are based on "equipment, environmental engineering and intelligent AIoT" as the core technology. The long-term R&D direction will be combined with the technology of microbiological and membrane-based products, taking into account "energy saving, emission reduction, carbon reduction and recycling", and develop products using non-chemical or eco-friendly materials.

The Company aims to realize the sustainable circulation of water resources and helps customers improve water resources management to achieve "water positive" (water positive), meaning through restoration and replenishment of water resources is more than the water used. The company dedicated to promote the realization of the SDGs of providing clean and affordable drinking water to all people by 2030.

(2) Expected R&D expenditure

In the past three years, the Company's R&D expenditure accounted for about 3% ~ 5% of the total revenue. The R&D investment amount was adjusted flexibly with the company's strategic development. In 2024, the R&D expenditure accounted for about 3% ~ 5% of the total revenue. The R&D expenses should be able to support future research plans and enhance the

Company's industrial competitiveness.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company is registered in the British Caymans and has no substantial economic activities. Its main place of operation is mainland China and Taiwan. The implementation of the Company's business is in accordance with the important policies and laws and regulations of the country where it is located. We should pay attention to the development trend of its important policies and the information of legal changes at any time. If there are any changes, we should consult lawyers, accountants and other relevant units or appoint them to make comments Evaluate and plan the corresponding measures, timely respond to changes in the market environment and take appropriate countermeasures. In the most recent fiscal year and up to the date of publication of the prospectus, there were no significant changes in policies and laws in the above regions that had a significant adverse impact on the company's financial business.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

In recent years, there have been frequent ransomware attacks, and the importance of information security has gradually increased. Please refer to page 126 for the Company's control measures for information security risks.

In the most recent year and up to the date of publication of the annual report, technological changes and industrial changes have not had material adverse effects on the Company's operation.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company adheres to the business philosophy of "Green, Safe and Development", and the enterprise spirit of "Implement Practice, Strive for Excellence" and altruism. Since its establishment, it has been operating in a formal manner and has a good corporate image. It has been repeatedly recognized by the local governments of this Company's locations. This Company will adhere to the business philosophy and continue to maintain a good corporate image. In the most recent year as of the date of annual report publication, there is no change in corporate image resulting in corporate crisis management.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company has no plans of merging other companies as of the date of annual report publication.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

In order to increasing production capacity and profit, the company has completed the construction of the Pinghu Phase II plant in 2022, and completed the construction of the new plant in Yangzhou and the relocation of the old plant in 2023Q1.

The possible risk of expansion included : (a)The overall economic downturn causes market demand to fall short of expectations, or (b) local government budgets are insufficient, delaying the replacement of sewage treatment equipment.

The Company's countermeasures include : (a)Conducting a prudent assessment in advance and fully considering the recycling benefits. (b)Improves the overall product competitiveness and added value to reduce the risk of market downturn by expanding the Southeast Asian market and providing energy-saving and carbon-reducing solutions for sewage treatment (rather than simply selling equipment)

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

1. Risks and Countermeasures of centralized purchase

The Company's purchasing objects are scattered according to the source and nature of raw materials. The proportion of the purchase to each supplier in the latest year and as of the date of publication of the annual report is less than 25%. The overall purchase is not concentrated on a single supplier, so there is no problem of centralized purchase.

2. Risks and Countermeasures of sales concentration

Regardless of domestic and foreign customers, the proportion of sales to all customers in the latest year and up to the date of publication of the annual report has not exceeded 10%, so there is no problem of concentrated sales.

7.6.10 Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding

greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

In 2023 and as of the date of annual report publication in 2024, there is only one independent director was replaced, which was because of the 4th BoD term expired and re-election the 5th BoD. The reporting and announcement matters of the new and old independent directors have been handled in accordance with the regulations. In 2023 and as of the date of annual report publication in 2024, there were only 108,000 shares held by director Lee, Tzuoh-shoou in the name of another person (LTS International Ltd.) were transferred based on family inheritance considerations. There have been no substantial transfer shares on other Directors and major shareholders.

7.6.11 Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

No change of this Company's ownership has been made in the most recent year and as of the date of annual report publication.

7.6.12 Litigation or non litigation

The Company and its directors, supervisors, general manager, substantial principals, major shareholders with a shareholding ratio of more than 10% and subordinate companies shall be listed. If the results may have a significant impact on the shareholders' rights and interests or the securities price, the facts, the subject amount, the date of commencement of the lawsuit, the main contents of the dispute shall be disclosed. The parties involved and the handling of the annual report as of the date of publication: the Company has not yet had such dispute in the latest year and as of the date of publication of the annual report.

7.6.13 Other important risks, and mitigation measures being or to be taken.

Financial Risks in Mainland China:

As countries around the world gradually adopt a coexisting approach with the virus, the impact of the COVID-19 pandemic on the Company has diminished. However, the post-pandemic era brings with it a slowdown in economic growth in Mainland China and financial risks stemming from the slump in the real estate sector. The Company has always focused on our core business and has not ventured into real estate investment. Regarding banking relationships, we carefully select banks with better credit ratings and employ

diversified deposits to avoid or mitigate the impact of financial risks in China. Up to the date of printing the annual report for the recent fiscal year, there have been no significant impacts on our company's finances due to these risks.

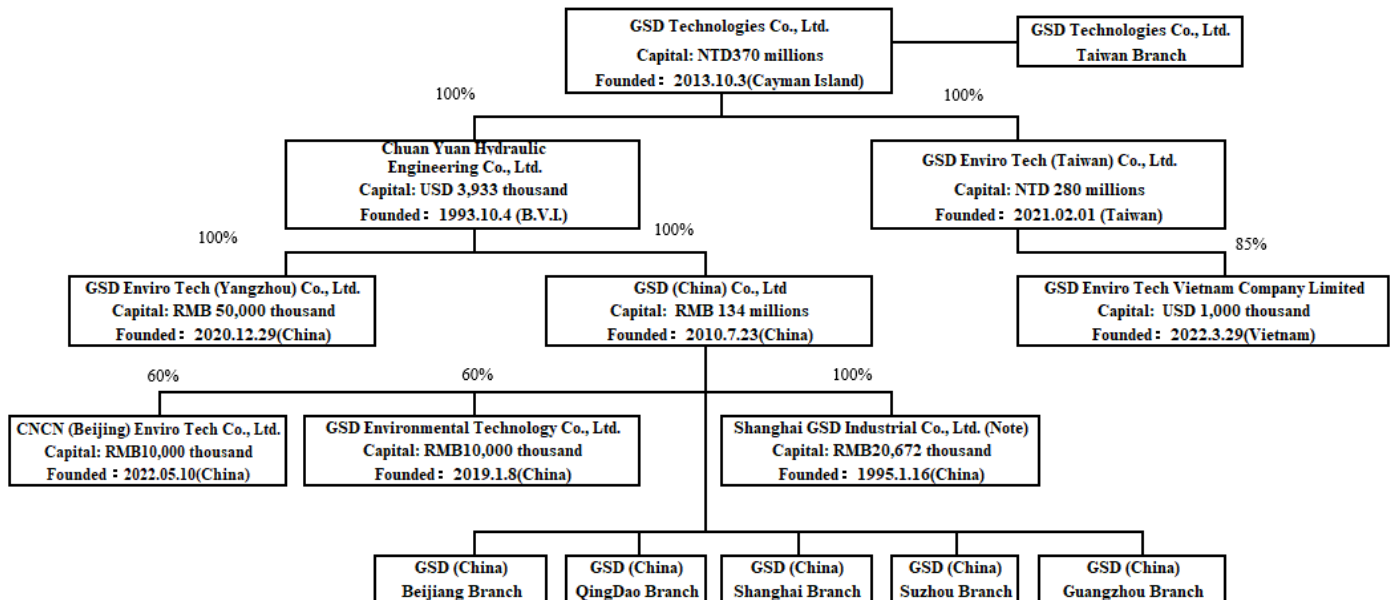
7.7. Other important matters

None

VIII. Special Disclosure

8.1. Summary of Affiliated Companies

A. Organization



(Note) The Board of Directors approved the merger of GSD (China) and GSD Shanghai and set July 1, 2023 as the record date for the merger. The registration of the merger is not yet completed as of the printing date of this report.

B. Brief Information of affiliates

Unit: Thousands

Company	Founded	Address	Paid-in capital	Business
Chuan Yuan Hydraulic Engineering Co. ltd.	1993.10.4	Portcullis Chambers 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VIRGIN ISLANDS, BRITISH	USD12,223	Holding, re-investment
GSD Enviro Tech (Taiwan) Co., Ltd.	2021.2.1	NO.15,17,19,Minli St., Gushan Dist., Kaohsiung city 804, Taiwan (R.O.C)	TWD280,000	Mainly for re-investment, the sales, installation, maintenance and provision of related technical services for environmental protection equipment.
GSD Enviro Tech Vietnam Company Limited	2022.3.29	502 Huong Lo 2,Phuong Binh TRI Dong , Quan Binh Tan, Ho Chi Minh City, Vietnam.	USD 1,000	Mainly for the sales, installation, maintenance and provision of related technical services for aquaculture and environmental protection equipment.

Company	Founded	Address	Paid-in capital	Business
GSD (China) Co., Ltd.	2010.7.23	No. 2399, Xinming Road, Pinghu Economic Development Zone, Zhejiang Province	RMB134,000	Mainly for the production, sales, installation, maintenance and provision of related technical services for environmental protection equipment and the agent of environmental protection related products such as pharmaceuticals and consumables.
GSD Enviro Tech (Yangzhou) Co., Ltd.	2020.12.29	No.3-1 Weichai Avenue, Beishan Automobile Industrial Park, Hanjiang District, Yangzhou City, China.	RMB50,000	Mainly for the production, sales, installation, maintenance and provision of related technical services for environmental protection equipment.
Shanghai GSD Industrial Co., Ltd.	1995.1.16	No.796, 1F, Yun Qiao Road, Pudong, Shanghai China	-	Mainly for the production, sales, installation, maintenance and provision of related technical services for environmental protection equipment and the agent of environmental protection related products such as pharmaceuticals and consumables.
GSD Environmental Technology Co., Ltd.	2019.1.8	No. 2399, Xinming Road, Pinghu Economic Development Zone, Zhejiang Province	RMB10,000	Mainly for technology development, technology transfer, technical consulting and technical services in the field of environmental protection technology, and related electronic and mechanical equipment and spare parts trading.
CNCN (Beijing) Enviro Tech Co., Ltd.	2022.5.10	Room 1704, 17th Floor, Building 1, Yard 1, Jinghai 6th Road, Beijing Economic and Technological Development Zone (Tongzhou), Beijing	RMB10,000	Mainly for the sales, installation, repair, and technical support services of sludge drying and energy management equipment.

C. The same shareholders data for companies presumed to have a relationship of control and subordination : None.

D. Information of Directors, Supervisors, and Presidents of affiliates.

March 31, 2024

Company	Title	Name	Holding shares	Holding percentage
Chuan Yuan Hydraulic Engineering Co. Ltd.	Chairman	Hsieh, Hung June (Legal representative of the Company)	3,932,735	100%
GSD Enviro Tech (Taiwan) Co., Ltd.	Chairman	Hsieh, Hung June (Legal representative of the Company)	28,000,000	100%
GSD Enviro Tech Vietnam Company Limited	Chair of shareholders meeting	Hsieh, Hung June	- (Note)	85%
	Legal representative & President	Chen, Shih Hsien		
GSD (China) Co., Ltd.	Chairman	Hsieh, Hung June	- (Note)	100%
	Director	Chen, Shih Hsien		
	Director	Wang, Qian		
	Supervisor	Hsieh, Mu-Chun		
	President	Wang, Qian		
GSD Enviro Tech (Yangzhou) Co., Ltd.	Chairman	Hsieh, Hung June	- (Note)	100%
	Director	Chen, Shih Hsien		
	Director	Wang, Qian		
	Supervisor	Hsieh, Mu-Chun		
	President	Wang, Qian		
Shanghai GSD Co., Ltd.	Chairman	Hsieh, Hung June	- (Note)	100%
	Director	Lee, Tzouh shoou		
	Director	Chen, Shih Hsien		
	Supervisor	Lin, Ming Tzu		
	President	Wang, Qian		
GSD Environmental Technology Co., Ltd.	Chairman	Wang, Qian	- (Note)	60%
	Director	Hsieh, Hung June		
	Director	Liu, Xiao		
	Supervisor	Hsieh, Mu-Chun		
	President	Liu, Xiao		
CNCN (Beijing) Enviro Tech Co., Ltd.	Chairman	Hsieh, Hung June	- (Note)	60%
	Director	Wang, Qian		
	Director	Wang, Sih Ping		
	Supervisor	Hsieh, Mu-Chun		
	President	Wang, Sih Ping		

Note: Limited company type, so no shares and par value.

E. Operating performance of affiliates

Dec. 31, 2023, Unit: NT\$ thousands

Company	Capital	Assets	Liabilities	Equity	Net sales	Operating profit	Net Profit	EPS
Chuan Yuan Hydraulic Engineering Co. Ltd.	372,432	1,206,613	23,651	1,182,962	-	(71)	74,837	N/A
GSD Enviro Tech (Taiwan) Co., Ltd.	280,000	360,969	71,633	289,336	195,349	(17,622)	4,034	N/A
GSD ENVIRO TECH VIETNAM COMPANY LIMITED	24,484	31,209	8,554	22,655	22,952	(3,151)	(2,817)	N/A
GSD (China) Co., Ltd.	579,818	1,409,703	413,229	996,474	1,566,206	64,169	90,415	N/A
GSD Enviro Tech (Yangzhou) Co., Ltd.	216,350	329,278	134,493	194,785	211,878	(5,115)	(5,929)	N/A
Shanghai GSD Co., Ltd.	-	-	-	-	21,454	(2,092)	123	N/A
GSD Environmental Technology Co., Ltd.	43,270	7,586	16,551	(8,965)	16,838	(6,375)	(6,279)	N/A
CNCN (Beijing) Enviro Tech Co., Ltd.	43,270	56,391	31,092	25,299	12,351	(16,090)	(14,374)	N/A

The total amount of assets, liabilities and equity listed in this table are translated at the exchange rate at the end of 2023 (1 RMB: 4.327 TWD); the sales, operating profit and net profit of this period are translated at the average exchange rate in 2023 (1 RMB: 4.396 TWD).

F. Consolidated financial statements of subsidiaries: refer to appendix 1.

G. Report of affiliates: None.

8.2. Private Placement Securities in the Most Recent Years

For the most recent year and up to the date of publication of the annual report, the handling of private placement of securities shall disclose the date and amount adopted by the shareholders' meeting or the board of directors, the basis and rationality of price setting, the method selected by the specific person, the necessary reasons for conducting private placement, the object of private placement, qualification conditions, the number of subscription, the

relationship with the company, the operation of the company, the actual subscription (or conversion) price The difference between the actual subscription (or conversion) price and the reference price, the impact of private placement on shareholders' equity, the situation of fund utilization, the progress of plan implementation and the appearance of plan benefits of private placement of securities from the time when the funds or prices are fully received to the time when the fund utilization plan is completed: None

8.3. The Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Years :None.

8.4. Other supplementary events: None

8.5. If any of the situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one : None.

8.6. Major Difference Between the Company's Articles of Association and the Regulations on the Protection of Shareholders' Equity of Taiwan.

The Company has stipulated the relevant contents for protecting the exercise of shareholders' rights and interests in accordance with the "checklist for the protection of shareholders' rights and interests in the country of registration of foreign issuers" (hereinafter collectively referred to as the "checklist for the protection of shareholders' rights and interests") announced by Taiwan Stock Exchange Co., Ltd. on March 11, 2022. In addition, to comply with the amendments of the "checklist for the protection of shareholders' rights and interests", announced by Taiwan Stock Exchange Co., Ltd. on January 9, 2023, the Company will revise the Articles of association at the annual shareholders meeting. In view of the differences between the Articles of association and the requirements of the "checklist for the protection of shareholders' rights and interests", the reasons, the provisions of the country of registration (if any) and the impact on the shareholders' rights and interests of the Republic of China are as follows:

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
Definition of "Special Resolution": means the shareholder meeting attended by two-thirds of the represented shareholders of total outstanding shares and resolved by half of the attending shareholders' voting. If the total shareholding of the attending shareholders is less than the above-mentioned quota, it can be attended by half of the represented shareholders of total outstanding shares and resolved by two-thirds of the attending shareholders' voting.	The Company Acts of the Cayman Islands regulated that in principle, a special resolution means the shareholder meeting attended by half of the represented shareholders of total outstanding shares and resolved by two-thirds of the attending shareholders' voting.	According to the Rule No. 0991701319 by Taiwan Stock Exchange on April 13, 2010, Article 39 and Article 2(1) of the Articles of Incorporation special resolution shall have half of the represented shareholders of total outstanding shares to attend the shareholding meeting in persons. For institutional shareholders, it shall authorize the legal representatives to attend the meeting. Or a resolution is made with the vote for of two-thirds shareholders attended by Power of Attorney. So it meets both the laws of the Cayman Islands and the Company Acts of Taiwan for the requirement of listing company's attendance and voting.
<ol style="list-style-type: none"> Without the resolutions of the shareholder meeting for the capital reduction, a company shall not eliminate its shareholding. And capital reduction shall base on the proportion of shares held by shareholders to reduce the shares. For capital reduction, the payment of returned shares can be made by property other than cash. The property for returned shares and the amount of the offset shall be subject to the resolutions of the shareholding meeting and the consent of the shareholders who receive the property. The value of the foregoing property and the amount of the offset shall be sent by the board of the director to CPAs for audit before the shareholding meeting 	Article 14 to 18 of the Company Acts of the Cayman Islands stipulate the strict procedure and substantive rules for the capital reduction and the relevant rules are mandatory which can't be changed by the articles of the Incorporation.	Article 14 to 18 of the Company Acts of the Cayman Islands stipulate the strict procedure and substantive rules for the capital reduction and the relevant rules are mandatory which can't be changed by the Articles of the Incorporation. For the regulation of capital reduction, this has large differences from the checklist for shareholder rights protection measures on November 30 2018. For the avoidance of doubt, with the opinions of the Cayman Islands' lawyers, the Company has revised Article 14 of the Articles of Incorporation so that the capital reduction will comply with the procedure and conditions of the laws of the Cayman Islands and the applicable public company rules. For the regulation of capital reduction from the November 30 2018 checklist for shareholder rights protection measures, it has stipulated on Article 24(1) of the Articles of Incorporation for local and foreign issuers that buy back the shareholding and eliminate it base on the proportion of the shareholding.
Companies adopt par value shares shall not convert them into no par value shares.	Section 8(1) of the Cayman Islands Company Act "Provided further that no exempted company shall divide its capital into both shares of a fixed amount and shares without nominal or par value." stipulates that exempted companies shall	All the GSD's shares issued adopt par value currently, the specification requirements in the left column is inapplicable with GSD. However, to avoid doubt, the Company proposed to amend article 7(5) to "The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to shares without par value."

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
	not contain both par value shares and no par value shares in its capital at the same time.	
<p>1. All general meetings to be held in physical locations shall be held in the R.O.C. If the shareholder meeting held in physical locations is convened outside the Republic of China, it shall be declared to TWSE within 2 days of the resolution of the board of director meeting or the permission of the governing institution applied by shareholders.</p> <p>2. When a company convenes the shareholder meeting outside the Republic of China, it shall entrust professional stock agency in the territory of the Republic of China to handle the matters of shareholder voting.</p>	There are no relevant regulations from the laws of the Cayman Islands.	As stated on Article 31 of the articles of association: all general meetings to be held in physical locations shall be held in the R.O.C., the shareholder meeting in the territory of the Republic of China during the period of initial listing without exception. So it is not necessary to stipulate the additional procedure for permission or declaration of shareholder meeting held outside the Republic of the China. In addition, although the Company shall hold the shareholder meeting in the territory of the Republic of China during the initial public listing, the Company still entrust the relevant matters of the shareholders voting to the professional stock agency in the territory of the Republic of the China.
If a shareholder holds more than 3% of the total number of issued shares for more than one year, he / she may record the proposed matters and reasons in writing and request the board of directors to convene an interim meeting of shareholders. Within 15 days after the request is made, if the board of directors fails to give notice of the meeting, the shareholders may, with the permission of the competent authority, convene the meeting on their own.	There is no local authority in the Cayman Islands responsible for examining whether shareholders can convene a shareholders' meeting on their own.	Since the Company is a company incorporated in accordance with the Company Law of the Cayman Islands, and there is no local authority in charge of examining whether shareholders can convene the shareholders' meeting on their own, referring to the intention of tssz No. 0991701319 of the Taiwan Stock Exchange on April 13, 2010, Article 32 of the articles of association of the Company stipulates: "for more than one year, the company holds more than 3% of the total issued shares The shareholders of the above-mentioned shares may specify in writing the reasons and reasons for convening the meeting and request the board of directors to convene the shareholders' meeting. If the board of directors does not give notice of the shareholders' meeting within 15 days after receiving the request, the shareholders of the request may convene the shareholders' meeting by themselves. Without the permission of the competent authority.
Shareholders who exercise their voting rights in written or electronic form shall be deemed to attend the shareholders' meeting in person.	In accordance with the legal opinion of Cayman Islands lawyers, a shareholder who exercises voting rights in writing or electronically	The latter paragraph of Article 57 of the Company's articles of association states: "when a shareholder exercises his or her voting rights in writing or by electronic means, it shall be deemed that he or she entrusts the chairman of the shareholders' meeting as his or her proxy to exercise his or her voting rights in accordance with the contents of the written or electronic document, but the chairman of the shareholders' meeting has no voting rights in

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
	shall not be deemed to be present in person, but shall be deemed to have appointed the chairman of the shareholders' meeting as the proxy.	respect of matters not mentioned or indicated in such contents, temporary motions or amendments to the original motion. For the avoidance of doubt, when the shareholders exercise their voting rights in the above-mentioned way, the temporary motion of the shareholders' meeting and the amendment to the original motion shall be deemed as abstention. Therefore, there is no significant difference between this article and the laws of the Republic of China in terms of actual operation, but in terms of interpretation, the chairman of the board of shareholders is the proxy of such shareholders who vote in written or electronic form, so as to meet the requirements of the Cayman Islands law that the resolution of the board of shareholders must be carried out by the participating shareholders in person or by the proxy at the same time on the spot.
<ol style="list-style-type: none"> 1. The charter may explicitly stipulate that the surplus earning distribution or loss off-setting proposal may be proposed at the close of each quarter or each half fiscal year. 2. The proposal of surplus earning distribution or loss off-setting for the first three quarters or half fiscal year, together with the business report and financial statements, shall be forwarded to supervisors for their auditing, and afterwards be submitted to the board of directors for approval. 3. When distributing surplus earning in accordance with the provision of the preceding paragraph the Company shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. 4. Distributing surplus earning in the form of new shares to be issued by the Company in accordance with the provision of Paragraph Two shall subject to resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the Company. If the total shareholding of the attending shareholders is less than the abovementioned quota, it can be attended by half of the represented shareholders of total outstanding shares and resolved by two-thirds of the attending shareholders' voting. Those who issue cash should be resolved by the board of directors. 5. Earning distribution or loss off-setting 	There are no relevant regulations from the laws of the Cayman Islands.	According to article 100(3), GSD is not adopting the quarterly or semi-annually earning distribution or loss off-setting policy now and requirements set in the left column shall not apply.

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
proposal by the Company in accordance with the provisions of the preceding four paragraphs shall be made based on the financial statements audited or reviewed by a certified public accountant.		
<ol style="list-style-type: none"> 1. If the Company has setup the supervisors, they shall be elected by the shareholder meeting. At least one of the supervisors shall have a domestic residence. 2. The term of the supervisor shall not exceed 3 years, but they can be reelected, but he may be eligible for reelection. 3. When all supervisors are dismissed, the board of directors shall hold the interim shareholder meeting within 60 days to elect. 4. The supervisors shall supervise the execution of the Company's business, investigate the situation of the operation and finance at any time, audit the booking and documents and ask board of director or managers to submit the report. 5. The supervisor shall audit the various records of shareholder prepared by the board of directors and report to the shareholder meeting. 6. The supervisors can represent the Company to assign CPA and lawyers to audit the matters they are responsible for. 7. The supervisor can attend the board of director meeting to state their opinions. Where the board of directors or directors conducts the operations in violation of laws, the articles or the resolutions of the shareholder meeting, the supervisors shall notify the board of director or director to stop their actions. 8. The supervisors shall perform the right of supervision independently. 9. The supervisor shall not serve as the director, manger or other employee of the Company. 	There are no relevant regulations from the laws of the Cayman Islands.	The Company adopt the audit committee system and do not setup the supervisor, so the regulations of the leftmost column is not applicable for the Company
<ol style="list-style-type: none"> 1. Shareholders who hold more than 1% of the total issued shares of the company for more than six months may request in writing the supervisor to file a lawsuit against the directors of the company, and the Taipei District Court of Taiwan may be the court of first instance. 2. Within 30 days after the shareholder's 	There are no relevant regulations from the laws of the Cayman Islands.	As the Company adopts the audit committee system and does not set up a supervisor, with reference to the provisions of paragraph 3, article 14-4 of the Taiwan Securities and exchange law , to replace the function of the supervisor in the leftmost column with an independent director, and Article 86 of the Company's articles of association provides that minority shareholders can request in writing any

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
<p>request, if the supervisor does not file a lawsuit, the shareholder may file a lawsuit for the company, and the Taipei District Court of Taiwan may be the court of first instance.</p> <p>3. The Supervisor of the company may convene a general meeting of shareholders when necessary for the benefit of the company in this revised draft of the articles of association, and will submit the resolution of the annual general meeting of shareholders.</p>		<p>independence of the audit committee The Company shall file a lawsuit with a court of competent jurisdiction (including Taipei District Court of Taiwan) against a director who damages the Company in the performance of his / her duties or violates the laws of the Cayman Islands, the listing (OTC) regulations or the articles of association of the company. If the independent director does not file a lawsuit within 30 days from the date of receiving the aforesaid request, the shareholder of the request may file a lawsuit for the company to the extent permitted by the Cayman act.</p> <p>In addition, in order to comply with the specifications in the far left column, the company has removed the requirement that the independent directors of the audit committee may convene a general meeting of shareholders when necessary for the benefit of the company in this revised draft of the articles of association, and will submit the resolution of the annual general meeting of shareholders.</p>
Shareholders who votes against or waives his voting right at the meeting may request the Company to repurchase all of his shares on the grounds of the resolution of the shareholders' meeting on division, merger, acquisition, or share conversion. Any and all votes waived by shareholders shall not be counted toward the number of votes represented by the shareholders present at a general meeting.	There are no relevant regulations from the laws of the Cayman Islands.	The articles of association of the company will be amended at this year's general meeting to meet the requirements of the leftmost column.
When the Company conducts merger, the Company shall specify in the notice of general meeting with descriptions of the essential contents of a Director's personal interest and the reason of approval or disapproval of the resolution in connection with the merger transaction. The essential contents may be posted on the website designated by the R.O.C. competent authorities or the Company, and such website shall be indicated in the above notice.	There are no relevant regulations from the laws of the Cayman Islands.	The articles of association of the Company will be amended at this year's general meeting to meet the requirements of the leftmost column.

It is found that the Company intends to adopt the amendment to the articles of association at the general meeting of shareholders in this year, so as to amend the articles of association in accordance with the protection of shareholders' rights and interests listed in the checklist of protection of shareholders' rights and interests; as for some differences, due to the stricter regulations or the substantive contents than those in Taiwan, which do not violate the contents of the checklist of protection of shareholders' rights and interests, it shall not produce any impact on the shareholders' rights and interests of the Company adverse effects.

Appendix 1

Consolidated Financial Statements for the year 2023

These financial statements are translated from the traditional Chinese version and are unaudited by a CPA.

GSD Technologies Co., Ltd. and Subsidiaries

Consolidated Financial Statements With Report of Independent Auditors For the Years Ended December 31, 2023 and 2022

Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road,
P.O. Box-32052, Grand Cayman KY1-1208, Cayman Island

Telephone: +886-7-5528802

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.

Independent Auditors' Report

To the Board of Directors and Stockholders of GSD Technologies Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of GSD Technologies Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company and its subsidiaries recognized revenue from sales of environmental protection equipment and related items in the amount of \$1,629,506 thousand for year ended December 31, 2023. Due to the diverse nature of sales contracts, determining the performance obligations and the point at which these obligations are satisfied is essential for revenue recognition. We therefore determined this a key audit matter.

Our audit procedures include (but are not limited to) understanding and assessing the appropriateness of the design and effectiveness of key internal control related to the timing of revenue recognition; performing test of details on selected samples including reviewing transaction terms of contracts to identify performance obligations and control transfer points, and examining relevant documentation to confirm the accuracy of the timing of revenue recognition; performing cutoff tests for sales revenue for certain period before and after the reporting date, analyzing whether transactions are properly recorded, and sampling to verify relevant transaction documentation for the accuracy of the timing of revenue recognition. We also assessed the adequacy of disclosures of operating revenue. Please refer to Notes 4 and 6 to the consolidated financial statements of the Company and its subsidiaries.

Other Matter

The consolidated financial statements for the year ended December 31, 2022 of the Company and its subsidiaries were audited by other independent auditors, and issued unqualified opinion on February 24, 2023.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Cheng-Chu

Hsieh, Sheng-An

Ernst & Young, Taiwan

February 27, 2024

Notice to Readers:

The accompanying consolidated financial statements are intended only to present the 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 consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of 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 BALANCE SHEETS
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$757,484	32	\$942,073	38
Contract assets, current	6(18)B	21,885	1	-	-
Notes receivables, net	4, 6(3)	64,489	3	36,992	1
Notes receivables - related parties, net	4, 6(3), 7	64	0	4	0
Trade receivables, net	4, 6(4)	326,137	14	378,002	15
Trade receivables - related parties, net	4, 6(4), 7	4,426	0	5,830	0
Other receivables	4, 6(5)	2,101	0	2,236	0
Other receivables - related parties	4, 6(5), 7	550	0	506	0
Current tax assets		109	0	133	0
Inventories, net	4, 6(6)	144,942	7	153,083	6
Prepayment		58,062	2	43,720	2
Other current assets	8	7,461	0	49,505	2
Total current asset		1,387,710	59	1,612,084	64
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4, 6(2)	8,005	0	-	-
Investments accounted for using the equity method	4, 6(7)	182,792	8	146,568	6
Property, plant and equipment	4, 6(8), 8	558,501	24	532,017	21
Right-of-use assets	4, 6(20)	105,590	4	113,738	5
Investment property, net	4, 6(9)	14,819	1	16,951	1
Intangible assets	4, 6(10)	53,790	2	54,967	2
Deferred tax assets	4, 6(24)	42,997	2	26,426	1
Refundable deposits		4,512	0	7,417	0
Total non-current assets		971,006	41	898,084	36
Total Assets		\$2,358,716	100	\$2,510,168	100
LIABILITIES AND EQUITY	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current liabilities					
Current borrowings	4, 6(11)	\$43,270	2	\$-	-
Current financial liabilities at fair value through profit or loss	4, 6(12)	12,750	1	-	-
Contract liabilities, current	6(18)B, 7	66,852	3	61,180	3
Notes payable		46,265	2	93,417	4
Accounts payable		282,777	12	267,636	11
Accounts payable - related parties	7	22,482	1	26,454	1
Other payables	6(15)	98,226	4	136,080	5
Current tax liabilities	4, 6(24)	5,372	0	33,365	1
Lease liabilities, current	4, 6(20)	7,309	0	9,190	0
Long term liabilities due within one year	4, 6(14)	294,141	13	-	-
Long-term borrowings, current portion	4, 6(15)	8,654	0	-	-
Total current liabilities		888,098	38	627,322	25
Non-current liabilities					
Financial liabilities at fair value through profit or loss, non-current	4, 6(12)	-	-	5,790	0
Bonds payable	4, 6(14)	-	-	291,704	12
Non-current portion of long-term borrowings		8,654	0	-	-
Deferred tax liabilities	4, 6(24)	25,773	1	32,630	1
Lease liabilities, non-current	4, 6(20)	6,639	0	9,101	1
Guarantee deposits	7	238	0	242	0
Total non-current liabilities		41,304	1	339,467	14
Total liabilities		929,402	39	966,789	39
Equity attributable to owners of parent	6(17)				
Capital					
Common stock		370,000	16	370,000	15
Capital surplus		658,243	28	655,509	26
Retained earnings					
Legal reserve		105,974	4	87,735	3
Special reserve		84,417	4	104,433	4
Undistributed earnings		345,006	15	424,113	17
Total retained earnings		535,397	23	616,281	24
Other equity		(111,400)	(5)	(84,417)	(4)
Treasury shares		(32,858)	(1)	(32,858)	(1)
Equity attributable to owner of parent		1,419,382	61	1,524,515	60
Non-controlling interests		9,932	0	18,864	1
Total equity		1,429,314	61	1,543,379	61
Total liabilities and equity		\$2,358,716	100	\$2,510,168	100

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

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

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

Accounting	Notes	For the years ended December 31			
		2023		2022	
		Amount	%	Amount	%
Operating revenues	4, 6(18), 7	\$1,774,243	100	\$1,840,584	100
Operating costs	4, 6(6), (21), 7	(1,204,643)	(68)	(1,180,300)	(64)
Gross profit		569,600	32	660,284	36
Operating expenses	4, 6(19), (20), (21), 7				
Sales and marketing expenses		(325,086)	(19)	(300,789)	(17)
General and administrative expenses		(161,515)	(9)	(168,483)	(9)
Research and development expenses		(88,672)	(5)	(74,072)	(4)
Expected credit (loss)		(7,668)	(0)	(1,289)	(0)
Total operating expenses		(582,941)	(33)	(544,633)	(30)
Operating (loss) income		(13,341)	(1)	115,651	6
Non-operating income and expenses	6(22)				
Interest income		14,576	1	18,801	1
Other income	7	34,394	2	12,699	1
Other gains and losses		(7,665)	(0)	32,253	2
Finance costs		(3,871)	(0)	(3,930)	(0)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	19,554	1	26,211	1
Total non-operating income and expenses		56,988	4	86,034	5
Income before income tax		43,647	3	201,685	11
Income tax expense	6(24)	(5,465)	(0)	(27,760)	(1)
Net income		38,182	3	173,925	10
Other comprehensive income (loss)	6(23)				
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations		(27,231)	(2)	19,888	1
Other comprehensive income (loss), net of tax		(27,231)	(2)	19,888	1
Total comprehensive income		\$10,951	1	\$193,813	11
Net income attributable to:					
Owners of the parent		\$46,866	3	\$182,390	10
Non-controlling interests		(8,684)	(0)	(8,465)	(0)
		\$38,182	3	\$173,925	10
Comprehensive income (loss) attributable to:					
Owners of the parent		\$19,883	1	\$202,406	11
Non-controlling interests		(8,932)	(0)	(8,593)	(0)
		\$10,951	1	\$193,813	11
Earnings per share (NTD)	6(26)				
Earnings per share - basic		\$1.28		\$5.00	
Earnings per share - diluted		\$1.28		\$3.78	

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity attributable to owners of parent								Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity	Treasury shares	Total		
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences from translating the financial statements of foreign operations				
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
Appropriations of earnings, 2021										
Legal reserve	-	-	21,342	-	(21,342)	-	-	-	-	-
Special reserve	-	-	-	10,008	(10,008)	-	-	-	-	-
Cash dividends	-	-	-	-	(164,250)	-	-	(164,250)	-	(164,250)
Changes in associates and joint ventures accounted for using the equity method	-	688	-	-	-	-	-	688	-	688
Net income (loss) for the year ended December 31, 2022	-	-	-	-	182,390	-	-	182,390	(8,465)	173,925
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	20,016	-	20,016	(128)	19,888
Total comprehensive income	-	-	-	-	182,390	20,016	-	202,406	(8,593)	193,813
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	3,608	-	-	-	-	-	3,608	5,412	9,020
Changes in non-controlling interest	-	-	-	-	-	-	-	-	22,045	22,045
Balance as of December 31, 2022	\$370,000	\$655,509	\$87,735	\$104,433	\$424,113	(\$84,417)	(\$32,858)	\$1,524,515	\$18,864	\$1,543,379
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
Appropriations of earnings, 2022										
Legal reserve	-	-	18,239	-	(18,239)	-	-	-	-	-
Cash dividends	-	-	-	-	(127,750)	-	-	(127,750)	-	(127,750)
Special reserve (reversed)	-	-	-	(20,016)	20,016	-	-	-	-	-
Changes in associates and joint ventures accounted for using the equity method	-	2,734	-	-	-	-	-	2,734	-	2,734
Net income (loss) for the year ended December 31, 2023	-	-	-	-	46,866	-	-	46,866	(8,684)	38,182
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	(26,983)	-	(26,983)	(248)	(27,231)
Total comprehensive (loss)	-	-	-	-	46,866	(26,983)	-	19,883	(8,932)	10,951
Balance as of December 31, 2023	\$370,000	\$658,243	\$105,974	\$84,417	\$345,006	(\$111,400)	(\$32,858)	\$1,419,382	\$9,932	\$1,429,314

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
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31		Accounting	For the years ended December 31	
	2023	2022		2023	2022
Cash flows from operating activities:			Cash flows from investing activities		
Net income before tax	\$43,647	\$201,685	Acquisition of financial assets at fair value through other comprehensive income	(8,133)	-
Adjustments for:			Acquisition of financial assets measured at amortized cost, current	(43,960)	-
The profit or loss items which did not affect cash flows:			Proceeds from disposal of financial assets at amortised cost	43,960	-
Depreciation	57,240	40,548	Acquisition of financial assets at fair value through profit or loss	(167,048)	-
Amortization	2,066	2,122	Proceeds from disposal of financial assets at fair value through profit or loss	167,390	-
Expected credit loss	7,668	1,289	Acquisition of investments accounted for using the equity method	(25,940)	-
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	6,837	(24,761)	Acquisition of property, plant and equipment	(80,405)	(278,813)
Finance cost	3,871	3,930	Proceeds from disposal of property, plant and equipment	447	10
Interest income	(14,576)	(18,801)	Increase in refundable deposits	-	(2,765)
Share of loss (profit) of associated and joint ventures accounted for using the equity method	(19,554)	(26,211)	Decrease in refundable deposits	2,812	-
Loss on disposal and abandonment of property, plant and equipment	189	702	Acquisition of intangible assets	(1,256)	(387)
Property, plant and equipment transferred to expenses	146	-	Interest received	14,273	20,223
Loss on disposal of intangible assets	-	39	Dividends received	12,000	-
Gain on lease modification	-	(899)	Net cash (used in) investing activities	(85,860)	(261,732)
Other items	1,982	(149)			
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Contract assets	(21,885)	-	Increase in short-term loans	70,509	-
Notes receivable	(27,391)	(4,007)	Decrease in short-term loans	(26,549)	(5,000)
Notes receivable - related parties	(60)	51,923	Proceeds from long-term debt	17,584	-
Trade receivables	44,701	261	Repayments of the principle portion of lease liabilities	(14,237)	(11,018)
Trade receivables - related parties	1,404	5,357	Cash dividends	(127,750)	(164,250)
Other receivables	334	1,885	Partial disposal of an investment in a subsidiary while control is retained	-	9,020
Other receivables - related parties	(44)	(25)	Interest paid	(1,344)	(1,515)
Inventories	6,631	(18,269)	Changes in non-controlling interests	-	22,045
Prepayments	(14,282)	29,697	Net cash (used in) financing activities	(81,787)	(150,718)
Other current assets	42,044	(41,327)			
Contract liabilities	5,672	(30,590)			
Notes payable	(47,152)	47,895			
Accounts payable	15,141	(31,934)			
Accounts payable - related parties	(3,972)	2,873			
Other payables	(37,933)	(24,505)	Effects of exchange rate changes on the balance of cash held in foreign currencies	(13,031)	15,860
Cash generated from operations	52,724	168,728	Net (decrease) in cash and cash equivalents	(184,589)	(260,475)
Income tax paid	(56,635)	(32,613)	Cash and cash equivalents at beginning of period	942,073	1,202,548
Net cash (used in) provided by operating activities	(3,911)	136,115	Cash and cash equivalents at end of period	\$757,484	\$942,073

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

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

(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 Company acquired 100% equity of Chuan Yuan Hydraulic Engineering Co., Ltd. and its investees, GSD (China) Co., Ltd. and Shanghai GSD Industrial Co., Ltd., on March 31, 2014 with cash and share swap based on acquisition method. The Company and its subsidiaries (“the Group”) engages mainly in manufacturing and selling environmental protection equipment and its consumables, and provides installation, repair, and technical support services.

The Company’s shares were listed on the Taiwan Stock Exchange (“TWSE”) on September 21, 2018.

The functional currency of the Company is the Chinese 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 Group for the years ended December 31, 2023 and 2022 were authorized for issue by the Company’s board of directors on February 27, 2024.

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, and 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	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants - Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 1, 2024

- (a) 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.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Group assessed that the new or amended standards and interpretations had no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (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.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts are Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 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) Lack of Exchangeability - Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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 assessed that the new or amended standards and interpretations had 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 years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by the FSC (“TIFRS”).

(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:

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts are Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (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

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:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		Note
			Dec. 31, 2023	Dec. 31, 2022	
The Company	Chuan Yuan Hydraulic Engineering Co., Ltd.	Investment activities	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%	2

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts are Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		Note
			Dec. 31, 2023	Dec. 31, 2022	
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%	3
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%	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%	6
GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	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%	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

(Note 1) Chuan Yuan Hydraulic Engineering Co., Ltd, a wholly owned subsidiary of the Group, was founded in 1993 in the British Virgin Islands.

(Note 2) 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.

(Note 3) 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.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts are Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (Note 4) 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.
- (Note 5) GSD Enviro Tech Vietnam Company Limited, an 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.
- (Note 6) 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 a wholly subsidiary of GSD (China) Co., Ltd. in 2011. Then on May 10, 2023, the Board of Directors approved the merger of GSD (China) Co., Ltd. and Shanghai GSD Industrial Co., Ltd. and set July 1, 2023 as the record date for the merger. After the merger, GSD (China) Co., Ltd. was the surviving company, and Shanghai GSD Industrial Co., Ltd. was the dissolved company. The registration of the merger is not yet completed.
- (Note 7) GSD Environmental Technology Co., Ltd., previously a 60% owned subsidiary of the Group, was founded in 2019, mainly for 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 GSD Environmental Technology Co., Ltd. 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), at CNY1,500 thousand, and transfer 10% of the equity to the managers of GSD Environmental Technology Co., Ltd., at CNY500 thousand. The equity transaction was completed on April 1, 2022.
- (Note 8) 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 of 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.

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- (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

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- (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.

All other liabilities are classified as non-current.

(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.

Financial assets measured at amortized cost

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 of 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:

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- (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 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.

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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 follows:

- (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.

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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”.

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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 of 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 of 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.

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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:

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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 affect 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 pro rata 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.

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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:

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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.

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(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.

Group as a lessee

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 of 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 amortized 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.

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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.

Group as a lessor

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.

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(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 of 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(2-10 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.

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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.

Provision for warranties

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 follows:

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.

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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 contracts 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 involves in environmental project contracting, 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.

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(22) Post-employment benefits

For the defined contribution plan, the subsidiaries and branch in Taiwan 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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- 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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- 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.

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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.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the competent tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

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(2) Trade receivables - estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and Cash equivalents

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Cash on hand and revolving funds	\$182	\$275
Demand deposits	290,124	319,224
Time deposits	467,178	622,574
Total	<u>\$757,484</u>	<u>\$942,073</u>

(2) Financial assets at fair value through other comprehensive income

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Equity instrument investments measured at fair value through other comprehensive income, non-current:		
Unlisted companies stocks	<u>\$8,005</u>	<u>\$-</u>

The Group classified certain of its financial assets as financial assets at fair value through other comprehensive income which were not pledged.

(3) Notes receivables and Notes receivables - related parties

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Notes receivables arising from operating activities	\$64,506	\$37,115
Less: loss allowance	(17)	(123)
Subtotal	64,489	36,992
Notes receivables - related parties	64	4
Less: loss allowance	(-)	(-)
Subtotal	64	4
Total	<u>\$64,553</u>	<u>\$36,996</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6 (19) for more details on loss allowance and Note 12 for more details on credit risk management.

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(4) Trade receivables and Trade receivables - related parties

	Dec. 31, 2023	Dec. 31, 2022
Trade receivables	\$355,252	\$403,562
Less: loss allowance	(29,115)	(25,560)
Subtotal	326,137	378,002
Trade receivables - related parties	4,426	5,830
Less: loss allowance	(-)	(-)
Subtotal	4,426	5,830
Total	<u>\$330,563</u>	<u>\$383,832</u>

Trade receivables were not pledged.

Trade receivables are generally on 0 to 135 day terms. The total carrying amounts as of December 31, 2023 and 2022 were \$359,678 thousand and \$409,392 thousand, respectively. Please refer to Note 6(19) for more details on loss allowance of trade receivables for the years ended December 31, 2023 and 2022, and Note 12 for more details on credit risk management.

(5) Other receivables and Other receivables - related parties

	Dec. 31, 2023	Dec. 31, 2022
Other receivables	\$3,070	\$3,134
Less: loss allowance	(969)	(898)
Subtotal	2,101	2,236
Other receivables - related parties	550	506
Less: loss allowance	(-)	(-)
Subtotal	550	506
Total	<u>\$2,651</u>	<u>\$2,742</u>

(6) Inventories

	Dec. 31, 2023	Dec. 31, 2022
Raw materials	\$83,734	\$99,079
Finished goods	49,970	36,344
Merchandise	11,238	17,660
Total	<u>\$144,942</u>	<u>\$153,083</u>

The cost of inventories recognized in expenses amounts:

	For the years ended Dec. 31	
	2023	2022
Cost of inventory sold	\$1,198,315	\$1,164,837
Losses on inventory obsolescence	-	13,446
Loss on inventory write-downs (reversal of inventory loss)	1,982	(149)
Unallocated manufacturing expenses (Note)	4,346	2,166
Total	<u>\$1,204,643</u>	<u>\$1,180,300</u>

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

No inventories were pledged.

(7) Investments accounted for using the equity method

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

Investees	Dec. 31, 2023		Dec. 31, 2022	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Yuh Shan Environmental Engineering Co., Ltd.	<u>\$182,792</u>	23.25%	<u>\$146,568</u>	23.53%

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 of Yuh Shan Environmental Engineering Co., Ltd. with a shareholding ratio of 23.53%, in the amount of \$108,000 thousand on June 30, 2021. The goodwill in the amount of \$11,042 thousand as a result of the acquisition was recognized as cost of investment in associates. In addition, on May 10, 2023, the board of directors of the Company resolved to participate in the cash capital increase of Yuh Shan Environmental Engineering Co., Ltd. Subsequently, on June 30, 2023, the Group subscribed to 741,176 shares with a total value of \$25,940 thousand, resulting in an ownership percentage of 23.25%.

The Group sold the equity of Yuh Shan Environmental Engineering Co., Ltd. on January 4, 2024. The number of shares sold was 178,176 shares, and the transaction price was \$8,018 thousand. After the transaction, the Group's shareholding in Yuh Shan Environmental Engineering Co., Ltd. dropped to 22.63%. The Group has received the full payment and completed the equity delivery of Yuh Shan Environmental Engineering Co., Ltd. on the same day, and recognized \$3,243 thousand in gains on disposals of investments.

The Group's investment 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. was \$182,792 thousand and \$146,568 thousand, as of December 31, 2023 and 2022, respectively. The aggregate financial information of the Group's investments in Yuh Shan Environmental Engineering Co., Ltd. is as follows:

	For the years ended Dec. 31	
	Dec. 31, 2023	Dec. 31, 2022
Profit from continuing operations	\$19,554	\$26,211
Other comprehensive income (post-tax)	(4)	(16)
Total comprehensive income	<u>\$19,550</u>	<u>\$26,195</u>

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

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(8) Property, plant and equipment

					Dec. 31, 2023	Dec. 31, 2022	
Owner occupied property, plant and equipment					<u>\$558,501</u>	<u>\$532,017</u>	
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As of Jan. 1, 2022	\$242,901	\$31,490	\$18,639	\$37,912	\$-	\$142,296	\$473,238
Additions	731	196	2,208	3,486	-	272,192	278,813
Disposals	(6,379)	(16,360)	(446)	(5,288)	-	-	(28,473)
Other changes	224,260	14,357	-	3,245	1,456	(246,986)	(3,668)
Exchange differences	2,849	470	318	503	-	2,034	6,174
As of Dec. 31, 2022	464,362	30,153	20,719	39,858	1,456	169,536	726,084
Additions	2,861	296	1,222	4,682	-	71,344	80,405
Disposals	-	(45)	(2,415)	(1,878)	(214)	-	(4,552)
Other changes	190,329	32,085	210	7,046	104	(229,918)	(144)
Exchange differences	(11,501)	(1,062)	(380)	(806)	-	(623)	(14,372)
As of Dec. 31, 2023	<u>\$646,051</u>	<u>\$61,427</u>	<u>\$19,356</u>	<u>\$48,902</u>	<u>\$1,346</u>	<u>\$10,339</u>	<u>\$787,421</u>
Depreciation and impairment:							
As of Jan. 1, 2022	\$130,654	\$23,837	\$11,790	\$28,290	\$-	\$-	\$194,571
Depreciation	16,427	1,484	2,838	5,274	81	-	26,104
Disposals	(6,276)	(15,801)	(446)	(5,238)	-	-	(27,761)
Other changes	(1,678)	127	-	(127)	-	-	(1,678)
Exchange differences	1,881	396	166	388	-	-	2,831
As of Dec. 31, 2022	141,008	10,043	14,348	28,587	81	-	194,067
Depreciation	28,970	4,130	1,801	7,284	512	-	42,697
Disposals	-	(39)	(1,933)	(1,867)	(77)	-	(3,916)
Other changes	226	-	-	(91)	(4)	-	131
Exchange differences	(3,002)	(249)	(263)	(545)	-	-	(4,059)
As of Dec. 31, 2023	<u>\$167,202</u>	<u>\$13,885</u>	<u>\$13,953</u>	<u>\$33,368</u>	<u>\$512</u>	<u>\$-</u>	<u>\$228,920</u>
Net carrying amounts as of:							
Dec. 31, 2023	<u>\$478,849</u>	<u>\$47,542</u>	<u>\$5,403</u>	<u>\$15,534</u>	<u>\$834</u>	<u>\$10,339</u>	<u>\$558,501</u>
Dec. 31, 2022	<u>\$323,354</u>	<u>\$20,110</u>	<u>\$6,371</u>	<u>\$11,271</u>	<u>\$1,375</u>	<u>\$169,536</u>	<u>\$532,017</u>

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

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(9) Investment property

	Buildings	Right-of-use assets	Total
Cost:			
As of Jan. 1, 2022	\$22,329	\$3,464	\$25,793
Other changes	3,668	676	4,344
Exchange differences	317	50	367
As of Dec. 31, 2022	26,314	4,190	30,504
Other changes	(951)	(175)	(1,126)
Exchange differences	(469)	(74)	(543)
As of Dec. 31, 2023	<u>\$24,894</u>	<u>\$3,941</u>	<u>\$28,835</u>
Depreciation and impairment:			
As of Jan. 1, 2022	\$9,629	\$775	\$10,404
Depreciation	1,092	-	1,092
Amortization	-	76	76
Other changes	1,678	159	1,837
Exchange differences	133	11	144
As of Dec. 31, 2022	12,532	1,021	13,553
Depreciation	1,145	-	1,145
Amortization	-	81	81
Other changes	(460)	(43)	(503)
Exchange differences	(241)	(19)	(260)
As of Dec. 31, 2023	<u>\$12,976</u>	<u>\$1,040</u>	<u>\$14,016</u>
Net carrying amounts as of:			
Dec. 31, 2023	<u>\$11,918</u>	<u>\$2,901</u>	<u>\$14,819</u>
Dec. 31, 2022	<u>\$13,782</u>	<u>\$3,169</u>	<u>\$16,951</u>

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 were \$30,996 thousand and \$33,444 thousand, as of December 31, 2023, and 2022, respectively.

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(10) Intangible assets

	Trademark	Computer software	Total
Cost:			
As of Jan. 1, 2022	\$45,133	\$22,442	\$67,575
Addition-acquired separately	-	387	387
Disposals	-	(715)	(715)
Exchange differences	665	301	966
As of Dec. 31, 2022	45,798	22,415	68,213
Addition-acquired separately	-	1,256	1,256
Disposals	-	(184)	(184)
Other changes	-	555	555
Exchange differences	(842)	(418)	(1,260)
As of Dec. 31, 2023	<u>\$44,956</u>	<u>\$23,624</u>	<u>\$68,580</u>
Amortization and impairment:			
As of Jan. 1, 2022	\$-	\$11,725	\$11,725
Amortization	-	2,046	2,046
Disposals	-	(676)	(676)
Exchange differences	-	151	151
As of Dec. 31, 2022	-	13,246	13,246
Amortization	-	1,985	1,985
Disposals	-	(184)	(184)
Exchange differences	-	(257)	(257)
As of Dec. 31, 2023	<u>\$-</u>	<u>\$14,790</u>	<u>\$14,790</u>
Net carrying amounts as of:			
Dec. 31, 2023	<u>\$44,956</u>	<u>\$8,834</u>	<u>\$53,790</u>
Dec. 31, 2022	<u>\$45,798</u>	<u>\$9,169</u>	<u>\$54,967</u>

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

	For the years ended Dec. 31	
	2023	2022
Operating expenses	<u>\$1,985</u>	<u>\$2,046</u>

(11) Short-term borrowings

	Dec. 31, 2023	Dec. 31, 2022
Secured bank loans	<u>\$43,270</u>	<u>\$-</u>

Interest rate and expiry date are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Annual interest rate	3.10%	-
Expiry date	Sep. 26, 2024	-

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Unused bank facility as follows:

	Dec. 31, 2023	Dec. 31, 2022
Unused bank facility	\$979,737	\$620,389

The buildings were pledged as collateral to obtain the secured bank loan. Please refer to Note 8 for more details on buildings under pledge.

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

	Dec. 31, 2023	Dec. 31, 2022
Held for trading:		
Derivatives not designated as hedging instruments		
Conversion right	\$12,750	\$5,790
Current	\$12,750	\$-
Non-current	-	5,790
Total	\$12,750	\$5,790

(13) Other payables

	Dec. 31, 2023	Dec. 31, 2022
Payables for salaries or bonuses	\$55,366	\$67,241
Payables for social insurance and provident fund	3,115	2,844
Payables for tax	7,168	22,252
Payables for employee benefits	1,626	5,796
Others	30,951	37,947
Total	\$98,226	\$136,080

(14) Bonds payable

	Dec. 31, 2023	Dec. 31, 2022
Domestic unsecured convertible bonds payable	\$294,141	\$291,704
Less: current portion	(294,141)	(-)
Net	\$-	\$291,704

Domestic unsecured convertible bonds payable

	Dec. 31, 2023	Dec. 31, 2022
Liability component:		
Principal amount	\$300,000	\$300,000
Premiums (discounts) on bonds payable	(5,859)	(8,296)
Subtotal	294,141	291,704
Less: current portion	(294,141)	(-)
Net	\$-	\$291,704
Embedded derivative	\$12,750	\$5,790
Equity component	\$-	\$-

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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: From May 17, 2021 to 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 December 31, 2023 and 2022 was \$60.70 and \$64.90, respectively.
- D. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

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

(15) Long-term borrowings

Details of long-term borrowings as of December 31, 2023 are as follows:

Lenders	Dec. 31, 2023	Interest Rate (%)	Maturity date and terms of repayment
Secured loan from Maxwealth Financial Leasing Co., Ltd.	\$17,308	4.5%	Repayable quarterly from December 11, 2023 to December 11, 2025 in 8 installments with interest.
Subtotal	17,308		
Less: current portion	(8,654)		
Total	<u>\$8,654</u>		

The machinery equipment was pledged as collateral to obtain the secured bank loan. Please refer to Note 8 for more details on machinery equipment under pledge.

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(16) Post-employment benefits

Defined benefits plan

The Group's branches and subsidiaries located in Taiwan adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Standards Act, the Group's branches and subsidiaries in Taiwan 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 Group's branches and subsidiaries in Taiwan 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 contribution plan for the years ended December 31, 2023 and 2022 were \$39,848 thousand and \$35,956 thousand, respectively.

(17) Equities

A. Common stock

The Company's authorized capital as of December 31, 2023 and 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 December 31, 2023 and 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

	Dec. 31, 2023	Dec. 31, 2022
Additional paid-in capital (a)	\$411,863	\$411,863
Share capital and capital surplus (b)	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 (c)	3,422	688
Adjustment of functional currency (d)	(11,023)	(11,023)
Total	<u>\$658,243</u>	<u>\$655,509</u>

(a) 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).

(b) The use of such capital surplus arose from the effect of foreign currency exchange is the same as (a).

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- (c) 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.
- (d) On January 1, 2016, the Company 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 years ended Dec. 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 years ended Dec. 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 wishes to distribute.

During the shares listing period, subject to law, the applicable listing rules and these articles, where the Company has annual profits at the end of a financial year, 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 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 in the applicable listing rules, any directors' compensation shall not be paid in the form of shares. The term "annual profits" as used herein shall refer to 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.

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During the share listing period, subject to law, the applicable listing rules and these articles and except as otherwise provided by the rights attached 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 shareholders 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 distributed.

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 shareholders shall be declared in NTD.

Details of the 2023 and 2022 earnings distribution and dividends per share as proposed and resolved by the board of directors' meeting and shareholders' meeting on February 27, 2024 and June 7, 2023 respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$4,687	\$18,239	\$-	\$-
Special reserve	\$26,983	(\$20,016)	\$-	\$-
Common stock - cash dividend	\$36,500	\$127,750	\$1.0	\$3.5

Information on the resolution of the board of directors and shareholders' meeting regarding the distribution of earnings can be obtained from the "Market Observation Post System" on the website of the TWSE.

Please refer to Note 6 (21) for details on employees' compensation and remuneration to directors.

E. Non-controlling interests

	For the years ended Dec. 31	
	2023	2022
Beginning balance	\$18,864	\$-
Increased non-controlling interests acquired in subsidiaries	-	22,045
Increased non-controlling interests resulting from the sale of a portion of subsidiary's equity.	-	5,412
Profit (loss) attributable to non-controlling interests	(8,684)	(8,465)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(248)	(128)
Ending Balance	\$9,932	\$18,864

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(18) Operating revenue

	For the years ended Dec. 31	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$1,629,506	\$1,840,410
Project contract revenue	144,737	174
Total	<u>\$1,774,243</u>	<u>\$1,840,584</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

(1) Disaggregation of revenue

For the years ended December 31, 2023

	Selling of environmental protection equipment Dept	Contracting of Environmental project Dept	Total
Sales of goods	\$1,629,506	\$-	\$1,629,506
Project contract revenue	-	144,737	144,737
Total	<u>\$1,629,506</u>	<u>\$144,737</u>	<u>\$1,774,243</u>

Timing of revenue recognition:

At a point in time	\$1,629,506	\$-	\$1,629,506
Over time	-	144,737	144,737
Total	<u>\$1,629,506</u>	<u>\$144,737</u>	<u>\$1,774,243</u>

For the years ended December 31, 2022

	Selling of environmental protection equipment Dept	Contracting of Environmental project Dept	Total
Sales of goods	\$1,840,410	\$-	\$1,840,410
Project contract revenue	-	174	174
Total	<u>\$1,840,410</u>	<u>\$174</u>	<u>\$1,840,584</u>

Timing of revenue recognition:

At a point in time	\$1,840,410	\$-	\$1,840,410
Over time	-	174	174
Total	<u>\$1,840,410</u>	<u>\$174</u>	<u>\$1,840,584</u>

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(2) Contract balances

A.Contract assets - current

	Dec. 31, 2023	Dec. 31, 2022
Contracting of environmental project	\$21,885	\$-

B.Contract liabilities - current

	Dec. 31, 2023	Dec. 31, 2022
Sales of goods	\$66,852	\$61,125
Contracting of environmental project	-	55
Total	\$66,852	\$61,180

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended Dec. 31	
	2023	2022
The opening balance transferred to revenue	(\$53,708)	(\$84,466)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	\$60,847	\$52,581

(3) Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to \$148,639 thousand as of December 31, 2023. The Group recognizes revenue in accordance with the stage of completion of the contracts. Those contracts are expected to be completed within the next 1 year.

(19) Expected credit losses/ (gains)

	For the years ended Dec. 31	
	2023	2022
Operating expenses - Expected credit losses/(gains)		
Notes receivables	(\$107)	\$51
Trade receivables	7,686	1,224
Other receivables	89	14
Total	\$7,668	\$1,289

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

The historical experience shows that contract assets, notes receivables-related parties, and trade receivables-related parties did not have items that were unrecoverable. Therefore, there was no loss allowance recognized for contract assets, notes receivables-related parties, and trade receivables-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 December 31, 2023 and 2022 is as follows:

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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 follows:

December 31, 2023

	Aging				
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Gross carrying amount	\$364,863	\$32,994	\$13,113	\$8,788	\$419,758
Expected credit loss	(3,865)	(8,993)	(7,486)	(8,788)	(29,132)
Carrying Amount	<u>\$360,998</u>	<u>\$24,001</u>	<u>\$5,627</u>	<u>\$-</u>	<u>\$390,626</u>

December 31, 2022

	Aging				
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Gross carrying amount	\$360,589	\$61,668	\$10,906	\$7,514	\$440,677
Expected credit loss	(4,947)	(7,108)	(6,114)	(7,514)	(25,683)
Carrying Amount	<u>\$355,642</u>	<u>\$54,560</u>	<u>\$4,792</u>	<u>\$-</u>	<u>\$414,994</u>

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

The movement of loss allowance in the note receivables, trade receivables and other receivables during the years ended December 31, 2023 and 2022 is as follows:

	Notes receivables	Trade receivables	Other receivables
As of Jan. 1, 2022	\$72	\$24,290	\$871
Addition/(reversal) for the current period	51	1,224	14
Actual amount written off	-	(303)	-
Exchange differences	-	349	13
As of Dec. 31, 2022	123	25,560	898
Addition/(reversal) for the current period	(107)	7,686	89
Actual amount written off	-	(3,609)	-
Exchange differences	1	(522)	(18)
As of Dec. 31, 2023	<u>\$17</u>	<u>\$29,115</u>	<u>\$969</u>

(20) 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 use rights which are 50 years.

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

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	Dec. 31, 2023	Dec. 31, 2022
Land use rights	\$89,842	\$93,564
Buildings	15,748	20,174
Total	<u>\$105,590</u>	<u>\$113,738</u>

During the years ended December 31, 2023 and 2022, the Group's additions to right-of-use assets amounted to \$7,169 thousand and \$17,208 thousand, respectively.

(b) Leases liabilities

	Dec. 31, 2023	Dec. 31, 2022
Leases liabilities	<u>\$13,948</u>	<u>\$18,291</u>
Current	\$7,309	\$9,190
Non-current	\$6,639	\$9,101

Please refer to Note 6 (22) (d) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 and refer to Noted 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended Dec. 31	
	2023	2022
Land use rights	\$2,166	\$2,184
Buildings	11,232	11,168
Total	<u>\$13,398</u>	<u>\$13,352</u>

C. Income and costs relating to leasing activities

	For the years ended Dec. 31	
	2023	2022
The expenses relating to short-term leases	\$8,068	\$7,849
The expenses relating to leases of low-value assets (Excluding the expenses relating to short-term leases of low-value assets)	\$814	\$705

D. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounted to \$23,924 thousand and \$20,910 thousand, respectively.

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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.

(21) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2023 and 2022:

	For the years ended Dec. 31							
	2023				2022			
	Operating costs	Operating expenses	Non-operating expense	Total amount	Operating costs	Operating expenses	Non-operating expense	Total amount
Employee benefits expense								
Salaries	\$42,901	\$204,320	\$-	\$247,221	\$35,147	\$207,715	\$-	\$242,862
Labor and health insurance, and social insurance and provident fund	\$9,209	\$41,990	\$-	\$51,199	\$5,777	\$24,246	\$-	\$30,023
Pension	\$7,025	\$32,823	\$-	\$39,848	\$3,518	\$32,438	\$-	\$35,956
Other employee benefits expense	\$13,937	\$86,226	\$-	\$100,163	\$11,139	\$96,394	\$-	\$107,533
Depreciation	\$19,064	\$37,031	\$1,145	\$57,240	\$10,153	\$29,303	\$1,092	\$40,548
Amortization	\$-	\$1,985	\$81	\$2,066	\$-	\$2,046	\$76	\$2,122

According to the Articles of Incorporation, no lower than 3% and no higher than 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.

Based on the profit of the years ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the years ended December 31, 2023 to be 3.25% of profit of the current year and 2.63% of profit of the current year, respectively. As such, employees' compensation and remuneration to directors for the years ended December 31, 2023 amounted to \$1,601 thousand and \$1,298 thousand, respectively. A resolution was passed at a board meeting held on February 27, 2024 to distribute \$1,601 thousand and \$1,298 thousand in cash as employees' compensation and remuneration to directors of 2023, respectively.

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The Company's actual distribution of employees' compensation and remuneration to directors for the years ended December 31, 2023 were \$5,796 thousand and \$3,703 thousand, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the years ended December 31, 2022.

(22) Non-operating income and expenses

A. Interest income

	For the years ended Dec. 31	
	2023	2022
Bank deposits	\$14,576	\$18,801

B. Other income

	For the years ended Dec. 31	
	2023	2022
Rental income	\$3,993	\$3,563
Government grants	30,401	9,136
Total	\$34,394	\$12,699

C. Other gains and losses

	For the years ended Dec. 31	
	2023	2022
(Losses) on disposal of property, plant and equipment	(\$189)	(\$702)
Gains from lease modification	-	899
Foreign exchange (losses) gains, net	(4,059)	10,301
(Losses) gains on financial assets/liabilities at fair value through profit or loss (Note)	(6,837)	24,761
Others	3,420	(3,006)
Total	(\$7,665)	\$32,253

Note: Profit (loss) arose from valuation adjustment for financial liabilities held for trading, and gains from financial assets held for trading.

D. Finance costs

	For the years ended Dec. 31	
	2023	2022
Interest on borrowings from bank	\$629	\$175
Interest on bonds payable	2,437	2,417
Interest on lease liabilities	805	1,338
Total	\$3,871	\$3,930

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(23) Components of other comprehensive income

For the years ended December 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	(\$27,231)	\$-	(\$27, 231)	\$-	(\$27, 231)

For the years ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Others comprehensive income	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	\$19,888	\$-	\$19,888	\$-	\$19,888

(24) Income tax

The major components of income tax income (expense) for the years ended December 31, 2023 and 2022 are as follows:

Income tax income (expense) recognized in profit or loss

	For the years ended Dec. 31	
	2023	2022
Current income tax expense:		
Current income tax charge	\$28,003	\$39,695
Adjustments in respect of current income tax of prior periods	902	2,873
Deferred tax expense:		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(14,473)	(14,808)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	(8,967)	-
Total income tax expense (income)	\$5,465	\$27,760

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A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended Dec. 31	
	2023	2022
Profit (loss) before tax from continuing operations	\$43,647	\$201,685
Tax at the domestic rates applicable to profits in the country concerned	\$35,685	\$33,723
Tax effect of revenues exempt from taxation	(12,613)	(5,777)
Tax effect of expenses not deductible for tax purposes	(769)	(466)
Tax effect of deferred tax assets/liabilities	9,539	7,968
Profit-seeking enterprise income tax on undistributed earnings	-	120
Tax effect of tax preference plus deduction	(18,484)	(10,681)
Adjustments in respect of current income tax of prior periods	902	2,873
Other income tax effects adjusted in accordance with the tax laws and regulations	172	-
Deferred tax effect relating to changes in tax rate	(8,967)	-
Total income tax expense recognized in profit or loss	\$5,465	\$27,760

Deferred tax assets (liabilities) relate to the following:

For the years ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Exchange difference	Ending Balance
Temporary differences				
Loss allowance	\$4,098	\$3,530	(\$129)	\$7,499
Provisional estimate of payables	6,530	5,344	(204)	11,670
Rental difference due to the application of IFRS16	76	(579)	8	(495)
Allowance for inventory valuation losses	3,656	2,780	(109)	6,327
Loss deduction	11,614	3,932	(38)	15,508
Unrealized gross profit	4	(4)	-	-
Unrealized exchange gains or losses	278	(174)	(1)	103
Depreciation difference of property, plant and equipment	-	267	(4)	263
Undistributed earnings of subsidiary	(28,405)	8,344	391	(19,670)
Prior period adjustments	(4,055)	-	74	(3,981)
Deferred tax income (expense)		\$23,440	(\$12)	
Net deferred tax assets (liabilities)	(\$6,204)			\$17,224
Information expressed in balance sheet as follows:				
Deferred tax assets	\$26,426			\$42,997
Deferred tax liabilities	(\$32,630)			(\$25,773)

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	Beginning balance	Recognized in profit or loss	Exchange difference	Ending Balance
Temporary differences				
Loss allowance	\$3,821	\$219	\$58	\$4,098
Provisional estimate of payables	7,842	(1,431)	119	6,530
Rental difference due to the application of IFRS16	185	(112)	3	76
Allowance for inventory valuation losses	3,610	(6)	52	3,656
Loss deduction	7,659	3,943	12	11,614
Unrealized gross profit	3	2	(1)	4
Unrealized exchange gains or losses	16	262	-	278
Undistributed earnings of subsidiary	(39,713)	11,931	(623)	(28,405)
Prior period adjustments	(3,997)	-	(58)	(4,055)
Deferred tax income (expense)		<u>\$14,808</u>	<u>(\$438)</u>	
Net deferred tax assets (liabilities)	<u>(\$20,574)</u>			<u>(\$6,204)</u>
Information expressed in balance sheet as follows:				
Deferred tax assets	<u>\$23,136</u>			<u>\$26,426</u>
Deferred tax liabilities	<u>(\$43,710)</u>			<u>(\$32,630)</u>

The information on individual unused tax losses within the Group is summarized as follows:

GSD Technologies Co., Ltd.-Taiwan Branch

Occurrence year	Loss amount	Unused balance		Last deduction year
		Dec. 31, 2023	Dec. 31, 2022	
2020	\$18,473	\$12,821	\$12,796	2030
2023	\$1,315	1,315	-	2033
		<u>\$14,136</u>	<u>\$12,796</u>	

GSD Enviro Tech (Taiwan) Co., Ltd.

Occurrence year	Loss amount	Unused balance		Last deduction year
		Dec. 31, 2023	Dec. 31, 2022	
2021	\$11,136	\$11,136	\$11,136	2031
2022	\$29,671	29,671	29,671	2032
2023	\$16,695	16,695	-	2033
		<u>\$57,502</u>	<u>\$40,807</u>	

GSD Enviro Tech Vietnam Company Limited

Occurrence year	Loss amount	Unused balance		Last deduction year
		Dec. 31, 2023	Dec. 31, 2022	
2022	\$3,331	\$3,331	\$3,331	2027
2023	\$1,650	1,650	-	2028
		<u>\$4,981</u>	<u>\$3,331</u>	

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GSD Enviro Tech. (Yangzhou) Co., Ltd.

Occurrence year	Loss amount	Unused balance		Last deduction year
		Dec. 31, 2023	Dec. 31, 2022	
2022	\$15,250	\$15,250	\$15,250	2027
2023	\$5,401	5,401	-	2028
		<u>\$20,651</u>	<u>\$15,250</u>	

GSD Environmental Technology Co., Ltd.

Occurrence year	Loss amount	Unused balance		Last deduction year
		Dec. 31, 2023	Dec. 31, 2022	
2019	\$9,310	\$9,310	\$9,310	2024
2020	\$9,468	9,468	9,468	2025
2021	\$9,045	9,045	9,045	2026
2022	\$18,488	18,488	18,488	2027
2023	\$6,247	6,247	-	2028
		<u>\$52,558</u>	<u>\$46,311</u>	

CNCN (Beijing) Enviro Tech Co., Ltd.

Occurrence year	Loss amount	Unused balance		Last deduction year
		Dec. 31, 2023	Dec. 31, 2022	
2022	\$3,904	\$3,459	\$3,459	2027
2023	\$9,749	9,749	-	2028
		<u>\$13,208</u>	<u>\$3,459</u>	

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the unused tax losses and deductible temporary differences were due to the expectation that there will be insufficient tax income for use in the future, and the total amount of unrecognized deferred tax assets was \$86,417 thousand and \$65,020 thousand, respectively.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Group's domestic branches and subsidiaries is as follows:

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

(25) 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.

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	For the years ended Dec. 31	
	2023	2022
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$46,866	\$182,390
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	36,500	36,500
Basic earnings per share (NT\$)	\$1.28	\$5.00
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$46,866	\$182,390
Effect from convertible bonds (in thousand NT\$)	-	(26,612)
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$46,866	\$155,778
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)	52	127
Convertible bonds (in thousands)	-	4,622
Weighted average number of ordinary shares outstanding after dilution (in thousands)	36,552	41,249
Diluted earnings per share (NT\$)	\$1.28	\$3.78

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.

(26) Changes in parent's interest in subsidiaries

Disposed of the issued shares of subsidiaries

In April 2022, the Group disposed of 40% of the voting shares of GSD Environmental Technology Co., Ltd., and decreased its ownership 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 within equity	\$3,608

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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

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
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
Pinghu Jiayuan Environmental Technology Partnership (Pinghu Jiayuan)	Substantive related party
Wang, Qian	Manager of major subsidiaries
Liu, Xiao	Manager of major subsidiaries

Significant transactions with the related parties

(a) Sales

	For the years ended Dec. 31	
	2023	2022
Pinghu Hey Wel	\$1,475	\$2,536
Hey-Wel Mechanical	2,114	2,487
Yuh Shan Environmental	1,017	112,335
Total	<u>\$4,606</u>	<u>\$117,358</u>

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

	For the years ended Dec. 31	
	2023	2022
Pinghu Hey Wel	\$105,730	\$116,661
Hey-Wel Mechanical	2,484	4,828
Total	<u>\$108,214</u>	<u>\$121,489</u>

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 those from a third party.

(c) Notes receivables - related parties

	Dec. 31, 2023	Dec. 31, 2022
Hey-Wel Mechanical	<u>\$64</u>	<u>\$4</u>

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(d) Trade receivables - related parties

	Dec. 31, 2023	Dec. 31, 2022
Pinghu Hey Wel	\$3,643	\$5,476
Hey-Wel Mechanical	783	354
Total	<u>\$4,426</u>	<u>\$5,830</u>

(e) Other receivables - related parties

	Dec. 31, 2023	Dec. 31, 2022
Pinghu Hey Wel	<u>\$550</u>	<u>\$506</u>

(f) Accounts payable - related parties

	Dec. 31, 2023	Dec. 31, 2022
Pinghu Hey Wel	\$19,219	\$23,615
Hey-Wel Mechanical	3,263	2,839
Total	<u>\$22,482</u>	<u>\$26,454</u>

(g) Guarantee deposits

	Dec. 31, 2023	Dec. 31, 2022
Pinghu Hey Wel	<u>\$238</u>	<u>\$242</u>

(h) Operating costs

	For the years ended Dec. 31	
	2023	2022
Pinghu Hey Wel	<u>\$507</u>	<u>\$522</u>

(i) Other operating expense

	For the years ended Dec. 31	
	2023	2022
Pinghu Hey Wel	<u>\$7</u>	<u>\$106</u>

(j) Rental income

	For the years ended Dec. 31	
	2023	2022
Pinghu Hey Wel	<u>\$3,993</u>	<u>\$3,563</u>

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 is collected on the tenth day of each month. As of December 31, 2023 and 2022, the gross lease payments to be received during the remaining period of the lease were \$13,515 thousand and \$18,485 thousand, respectively.

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(k) Other income

	For the years ended Dec. 31	
	2023	2022
Pinghu Hey Wel	\$2,245	\$1,804

(l) Property transactions

On April 1, 2022, the Group disposed of 40% of the shares of GSD Environmental Technology Co., Ltd. (GSD Environmental) to the related parties. The percentage of shares and transaction amount are as follows:

	Object of transaction	For the years ended Dec. 31, 2022	
		Accumulated Percentage of Shares Disposed	Accumulated Transaction Amount
Pinghu Jiayuan	Shares of GSD Environmental	30%	\$6,765
Wang, Qian	Shares of GSD Environmental	6%	1,353
Liu, Xiao	Shares of GSD Environmental	4%	902
Total			\$9,020

(m) Key management personnel compensation

	For the years ended Dec. 31	
	2023	2022
Short-term employee benefits	\$12,891	\$24,655
Post-employment benefits	275	278
Total	\$13,166	\$24,933

8. Assets pledged as security

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

Items	Carrying amount		Secured liabilities
	Dec. 31, 2023	Dec. 31, 2022	
Property, plant and equipment - buildings	\$239,681	\$62,374	Current borrowings
Property, plant and equipment - Construction in progress and equipment awaiting examination	10,339	-	Non-current portion of non-current borrowings
Right-of-use assets	52,884	36,689	Current borrowings
Investment properties	14,819	16,951	Current borrowings
Other current assets (restricted demand deposits)	3,569	33,148	Current borrowings
Total	\$321,292	\$149,162	

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2023, the following commitments and contingent liabilities were not included in the financial statements above:

1. The guaranteed bill or letter of guarantee issued for the sales performance or warranty of equipment amounted to \$21,431 thousand.

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2. For the purchase of non-self-produced equipment, the guaranteed bill or letter of guarantee issued by the manufacturer amounted to \$18,402 thousand.
3. Due to the project contracting, the guaranteed bill issued by the manufacturer amounted to \$43,766 thousand.
4. For the environmental construction cases contracted, the performance bond issued by the bank amounted to \$31,749 thousand in total.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Financial assets at fair value through other comprehensive income	\$8,005	\$-
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	757,302	941,798
Notes receivables (including related parties)	64,553	36,996
Trade receivables (including related parties)	330,563	383,832
Other receivable (including related parties)	2,651	2,742
Other current assets (restricted demand deposits)	3,569	33,148
Refundable deposits	4,512	7,417
Total	<u>\$1,171,155</u>	<u>\$1,405,933</u>

Financial liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Financial liabilities at amortized cost:		
Current borrowings	\$43,270	\$-
Notes payable	46,265	93,417
Accounts payable (including related parties)	305,259	294,090
Other payables	98,226	136,080
Bonds payable (including current portion with maturity less than 1 year)	294,141	291,704
Lease liabilities	13,948	18,291
Long-term borrowings (including current portion with maturity less than 1 year)	17,308	-
Guarantee deposits	238	242
Subtotal	<u>818,655</u>	<u>833,824</u>
Financial liabilities at fair value through profit or loss:		
Held for trading	12,750	5,790
Total	<u>\$831,405</u>	<u>\$839,614</u>

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(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 activities. 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 foreign 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 of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and NTD. The information of the sensitivity analysis is as follows:

When RMB appreciates/depreciates against foreign currency USD by 1%, the profit for the years ended December 31, 2023 and 2022 is increased/decreased by RMB154 thousand (approximately equivalent to NT\$667 thousand) and RMB230 thousand (approximately equivalent to NT\$1,013 thousand).

When RMB appreciates/depreciates against foreign currency NTD by 1%, the profit for the years ended December 31, 2023 and 2022 is increased/decreased by RMB635 thousand (approximately equivalent to NT\$2,746 thousand) and RMB565 thousand (approximately equivalent to NT\$2,493 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.

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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 of the end of the reporting period, including deposits 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 years ended December 31, 2023 and 2022 to increase/decrease by \$734 thousand and \$881 thousand, respectively.

(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 receivables and notes receivable) 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 counterparties 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 December 31, 2023 and 2022, the trade receivables from top ten customers represented 18.80% and 12.13% 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 Group's financial department 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 counterparties.

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 bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. 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 of Dec. 31, 2023					
Current borrowings	\$44,276	\$-	\$-	\$-	\$44,276
Accounts payable	\$449,750	\$-	\$-	\$-	\$449,750
Lease liabilities	\$7,983	\$6,674	\$542	\$-	\$15,199
Guarantee deposits	\$-	\$-	\$-	\$238	\$238
Bonds payable	\$302,250	\$-	\$-	\$-	\$302,250
Long-term borrowings	\$9,297	\$8,900	\$-	\$-	\$18,197

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	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of Dec. 31, 2022					
Accounts payable	\$523,587	\$-	\$-	\$-	\$523,587
Lease liabilities	\$9,836	\$7,051	\$2,646	\$-	\$19,533
Guarantee deposits	\$-	\$-	\$-	\$242	\$242
Bonds payable	\$-	\$300,000	\$-	\$-	\$300,000

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 of Dec. 31, 2023	\$7,983	\$7,216	\$-	\$-	\$15,199
As of Dec. 31, 2022	\$9,836	\$9,697	\$-	\$-	\$19,533

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the years ended December 31, 2023:

	Current borrowings	Long-term borrowings	Bonds payables	Leases liabilities	Total liabilities from financing activities
As of Jan. 1, 2023	\$-	\$-	\$291,704	\$18,291	\$309,995
Cash flows	43,960	17,584	-	(15,042)	46,502
Non-cash changes					
Other changes	(690)	(276)	-	9,894	8,928
Interest expense	-	-	2,437	805	3,242
As of Dec. 31, 2023	<u>\$43,270</u>	<u>\$17,308</u>	<u>\$294,141</u>	<u>\$13,948</u>	<u>\$368,667</u>

Reconciliation of liabilities for the years ended December 31, 2022:

	Current borrowings	Bonds payables	Leases liabilities	Total liabilities from financing activities
As of Jan. 1, 2022	\$5,000	\$289,287	\$24,169	\$318,456
Cash flows	(5,000)	-	(12,356)	(17,356)
Non-cash changes				
Other changes	-	-	5,140	5,140
Interest expense	-	2,417	1,338	3,755
As of Dec. 31, 2022	<u>\$-</u>	<u>\$291,704</u>	<u>\$18,291</u>	<u>\$309,995</u>

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(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 Taipei Exchange, 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 of		Fair value as of	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Financial liabilities				
Bonds payable	\$294,141	\$291,704	\$287,430	\$282,120

- (c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (9) for fair value measurement hierarchy for financial instruments of the Group.

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(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 of Dec. 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Measured at fair value through other comprehensive income				
Equity instrument at fair value through other comprehensive income	\$-	\$-	\$8,005	\$8,005
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Held for trading	\$-	\$12,750	\$-	\$12,750

As of Dec. 31, 2022

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

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

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Information on movements of fair value measurements in Level 3 of the fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets:		Total
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	
	Financial products	Stocks	
Beginning balances as of Jan. 1, 2023	\$-	\$-	\$-
Total gains (losses) recognized for the years ended Dec. 31, 2023:			
Amount recognized in profit or loss (presented in “other profit or loss”)	342	-	342
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	-	-
Acquisition/issues for the years ended Dec. 31, 2023	167,048	8,133	175,181
Disposal/Settlement for the years ended Dec. 31, 2023	(167,390)	(-)	(167,390)
Exchange differences	-	(128)	(128)
Ending balances as of Dec. 31, 2023	\$-	\$8,005	\$8,005

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Net asset value approach	Net asset value approach	Not applicable	Not applicable	Not applicable

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- (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 of Dec. 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties				
(Please refer to Note 6 (9))	\$-	\$-	\$14,819	\$14,819

As of Dec. 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties				
(please refer to Note 6 (9))	\$-	\$-	\$16,951	\$16,951

(10) Significant assets and liabilities denominated in foreign currencies

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

	As of Dec. 31, 2023		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$2,418	7.0827 (USD : RMB)	\$74,085
NTD	\$25,938	0.2311 (NTD : RMB)	\$25,938
<u>Financial liabilities</u>			
Monetary items:			
USD	\$240	7.0827 (USD : RMB)	\$7,363
NTD	\$300,686	0.2311 (NTD : RMB)	\$300,686
Foreign exchange gains or losses on monetary financial assets and financial liabilities (for the years ended Dec. 31, 2023)			
USD and NTD			(\$4,059)

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	As of Dec. 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$3,713	6.9646 (USD : RMB)	\$113,920
NTD	\$63,932	0.2269 (NTD : RMB)	\$63,932
<u>Financial liabilities</u>			
Monetary items:			
USD	\$412	6.9646 (USD : RMB)	\$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 years ended Dec. 31, 2022)			
USD and NTD			\$10,301

(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 years ended December 31, 2023:

- A. Financing provided to others: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
- C. Securities held: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20 percent of the capital stock: Please refer to Attachment 4.
- 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: Please refer to Attachment 5.
- 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 6.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(continued)
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(2) Information on investees

- A. The investees have significant influence or controller directly or indirectly: Please refer to Attachment 7.
- 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 years ended December 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 8.
- 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 9.

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.

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(2) Segment revenue and results

For the years ended December 31, 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	\$15,776	\$194,470	\$-	\$22,952	\$1,528,215	\$490	\$206	\$1,364	\$10,770	\$-	\$1,774,243
Inter-segment	2	879	-	-	37,991	211,388	21,248	15,474	1,581	(288,563)	-
Total revenue	<u>\$15,778</u>	<u>\$195,349</u>	<u>\$-</u>	<u>\$22,952</u>	<u>\$1,566,206</u>	<u>\$211,878</u>	<u>\$21,454</u>	<u>\$16,838</u>	<u>\$12,351</u>	<u>(\$288,563)</u>	<u>\$1,774,243</u>
Segment profit	<u>(\$24,358)</u>	<u>(\$17,622)</u>	<u>(\$71)</u>	<u>(\$3,151)</u>	<u>\$64,169</u>	<u>(\$5,115)</u>	<u>(\$2,092)</u>	<u>(\$6,375)</u>	<u>(\$16,090)</u>	<u>(\$2,636)</u>	<u>(\$13,341)</u>

For the years ended December 31, 2022

	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	\$169,020	\$33,752	\$-	\$13,867	\$1,621,249	\$-	\$2,582	\$114	\$-	\$-	\$1,840,584
Inter-segment	10	2,653	-	-	26,990	-	223,163	2,028	214	(255,058)	-
Total revenue	<u>\$169,030</u>	<u>\$36,405</u>	<u>\$-</u>	<u>\$13,867</u>	<u>\$1,648,239</u>	<u>\$-</u>	<u>\$225,745</u>	<u>\$2,142</u>	<u>\$214</u>	<u>(\$255,058)</u>	<u>\$1,840,584</u>
Segment profit	<u>\$5,574</u>	<u>(\$31,037)</u>	<u>(\$65)</u>	<u>(\$4,073)</u>	<u>\$166,758</u>	<u>(\$17,573)</u>	<u>\$22,042</u>	<u>(\$18,847)</u>	<u>(\$4,071)</u>	<u>(\$3,057)</u>	<u>\$115,651</u>

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
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The following table presents segment assets and liabilities of the Group's operating segments as of December 31, 2023 and 2022:

Segment assets

	GSD Enviro										
	GSD	GSD Enviro	Chuan Yuan	Tech		GSD Enviro	Shanghai	GSD	CNCN		
	Technologies	Tech	Hydraulic	Vietnam	GSD	Tech.	GSD	Environmental	(Beijing)	Adjustment	
	Co., Ltd.	Co., Ltd.	Engineering	Company	(China)	(Yangzhou)	Industrial	Technology	Enviro Tech	and	
	Co., Ltd.	Co., Ltd.	Co., Ltd.	Limited	Co., Ltd.	Co., Ltd.	Co., Ltd	Co., Ltd.	Co., Ltd.	elimination	Consolidated
Dec. 31, 2023	\$1,747,735	\$360,972	\$1,195,150	\$31,206	\$1,446,621	\$329,687	\$-	\$7,586	\$56,391	(\$2,816,632)	\$2,358,716
Dec. 31, 2022	\$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

Segment liabilities

	GSD Enviro										
	GSD	GSD Enviro	Chuan Yuan	Tech		GSD Enviro	Shanghai	GSD	CNCN		
	Technologies	Tech	Hydraulic	Vietnam	GSD	Tech.	GSD	Environmental	(Beijing)	Adjustment	
	Co., Ltd.	Co., Ltd.	Engineering	Company	(China)	(Yangzhou)	Industrial	Technology	Enviro Tech	and	
			Co., Ltd.	Limited	Co., Ltd.	Co., Ltd.	Co., Ltd	Co., Ltd.	Co., Ltd.	elimination	Consolidated
Dec. 31, 2023	\$328,301	\$71,633	\$23,651	\$8,551	\$413,229	\$134,493	\$-	\$16,551	\$31,092	(\$98,099)	\$929,402
Dec. 31, 2022	\$344,486	\$27,452	\$32,460	\$14,409	\$546,452	\$28,437	\$48,589	\$16,025	\$1,307	(\$92,828)	\$966,789

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Other reconciliations of reportable segments

	For the years ended Dec. 31	
	2023	2022
Total profit or loss for reportable segments	(\$13,341)	\$115,651
Non-operating income and expenses:		
Interest income	14,576	18,801
Other income	34,394	12,699
Other gain and losses	(7,665)	32,253
Finance costs	(3,871)	(3,930)
Share of profit of associates and joint ventures accounted for using equity method	19,554	26,211
Profit before tax from continuing operations	<u>\$43,647</u>	<u>\$201,685</u>

(3) Geographical information

A. Revenues from external customers:

	For the years ended Dec. 31	
	2023	2022
China	\$1,365,516	\$1,515,726
Taiwan	207,506	227,403
Other countries	201,221	97,455
Total	<u>\$1,774,243</u>	<u>\$1,840,584</u>

Net sales are classified by countries where the customers are located in.

B. Non-current assets:

	For the years ended Dec. 31	
	2023	2022
China	\$722,735	\$703,978
Taiwan	3,905	4,348
Other countries	10,572	16,764
Total	<u>\$737,212</u>	<u>\$725,090</u>

(4) Major customers

The Group did not have sales revenue with an individual external customer that accounts for more than 10% of its operating revenue, so the relevant information is not disclosed.

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Attachment 1

Financing provided to others:

No. (Note 1)	Lender	Counterparty	Account	Related party	Maximum balance for the period (Note 2)	Ending balance	Amount actually provided	Interest rate	Nature for financing	Transaction amounts	Reason for short-term financing	Loss allowance	Collateral		Limit of financing amount for individual counterparty (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
0	GSD Technologies Co., Ltd.	GSD (China) Co., Ltd.	Other receivables	Yes	\$43,270 (RMB 10,000 thousand)	\$-	\$-	-	Short-term financing	-	For counterparty to build factories and purchase equipment	\$-	None	-	\$425,815	\$567,753
0	GSD Technologies Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	Other receivables	Yes	\$30,705 (USD 1,000 thousand)	\$-	\$-	Least 3%	Short-term financing	-	For operational turnaround	\$-	None	-	\$283,876	\$567,753
0	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Other receivables	Yes	\$86,540 (RMB 20,000 thousand)	\$43,270 (RMB 10,000 thousand)	\$-	-	Short-term financing	-	For operational turnaround	\$-	None	-	\$425,815	\$567,753
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Other receivables	Yes	\$86,540 (RMB 20,000 thousand)	\$43,270 (RMB 10,000 thousand)	\$23,799	3%	Short-term financing	-	For operational turnaround and purchase of equipment	\$-	None	-	\$298,942	\$398,590
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	Other receivables	Yes	\$21,635 (RMB 5,000 thousand)	\$21,635 (RMB 5,000 thousand)	\$8,654	3%	Short-term financing	-	For operational turnaround	\$-	None	-	\$199,295	\$398,590
1	GSD (China) Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	Other receivables	Yes	\$43,270 (RMB 10,000 thousand)	\$43,270 (RMB 10,000 thousand)	\$-	3%	Short-term financing	-	For operational turnaround	\$-	None	-	\$199,295	\$398,590

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

a. The Company is coded "0".

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

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

Note 3: The limits for lending to each borrower are as follows:

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The limits of financing amounts of the Company are 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 a single borrower are as follows:

- a. For companies that have business with the Company, 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 Company.
- b. For companies in which the Company holds, directly or indirectly, more than 50% of voting shares, the loan to individual borrower shall not exceed 20% of the net worth of the Company.
- c. For companies that directly or indirectly hold more than 50% of the voting shares of the Company, the loan to individual borrower shall not exceed 20% of the net worth of the Company.
- d. For companies in which the Company holds, directly or indirectly, 100% of voting shares, the loan to individual borrower shall not exceed 30% of the net worth of the Company.

The limits of financing amounts of GSD (China) Co., Ltd. are 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 are 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 GSD (China) Co., Ltd.
- b. For companies in which GSD (China) Co., Ltd. holds, directly or indirectly, more than 50% of voting shares, the loan to individual borrower shall not exceed 20% of the net worth of 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 GSD (China) Co., Ltd.
- d. For companies in which GSD (China) Co., Ltd. holds, directly or indirectly, 100% of voting shares, the loan to individual borrower shall not exceed 30% of the net worth of GSD (China) Co., Ltd.
- e. For companies which are 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 GSD (China) Co., Ltd.
- f. For companies which are 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 GSD (China) Co., Ltd.

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Attachment 2

Endorsement/Guarantee provided to others as of December 31, 2023:

No. (Note 1)	Endorser/ Guarantor	Endorsee		Limit of guarantee/ endorsement amount for a single party (Note 4)	Maximum balance for the period (Note 3)	Ending balance	Actual amount drawn	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Endorsement amount to company in China
		Company name	Relationship (Note 2)										
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	1	\$99,647	\$86,540	\$86,540	\$-	\$-	8.68%	\$498,237	N	N	Y
1	GSD (China) Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	2	\$99,647	\$86,540	\$86,540	\$17,308	\$-	8.68%	\$498,237	N	N	Y
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	2	\$99,647	\$43,270	\$43,270	\$-	\$-	4.34%	\$498,237	N	N	Y

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

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between the endorser and the endorsee shall be disclosed as one of the following:

1. A company that has business with the Company.
2. A company in which the Company holds, directly or indirectly, more than 50% of voting shares.

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3. A company that directly or indirectly holds more than 50% of the voting shares of the Company.
4. A company in which the Company holds, directly or indirectly, more than 90% of voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-sale homes pursuant to the Consumer Protection Act for each other.

Note 3: The balance for the period is calculated based on the exchange rate on December 31, 2023.

Note 4: The limits of endorsement/guarantee amounts provided by GSD (China) Co., Ltd. for a single enterprise as set out in the “Rules for Making of Endorsements/Guarantees” are as follows:

1. The total amount of endorsement/guarantee provided to others provided by GSD (China) Co., Ltd. and its subsidiaries shall not exceed 50% of the current net worth of GSD (China) Co., Ltd.
2. The amount of accumulated balance of endorsement/guarantee provided by GSD (China) Co., Ltd. or its subsidiaries for a single enterprise shall not exceed 10% of the current net worth of GSD (China) Co., Ltd. However, this limit does not apply to inter-company endorsement/guarantee where GSD (China) Co., Ltd. directly and indirectly holds 100% of the voting shares.
3. Where an endorsement/guarantee is made due to needs arising from business transactions, the total amount of accumulated balance of such endorsement/guarantee provided to a counterparty shall not exceed the total transaction amount (whichever is higher between purchases and sales) between the counterparty and GSD (China) Co., Ltd. in the most recent year.
4. The amount of accumulated balance of endorsement/guarantee provided by GSD (China) Co., Ltd. and its subsidiaries for a single enterprise shall not exceed 20% of the current net worth of GSD (China) Co., Ltd. However, this limit does not apply to inter-company endorsement/guarantee where GSD (China) Co., Ltd. directly and indirectly holds 100% of the voting shares.

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Attachment 3

Securities held as of December 31, 2023. (Excluding subsidiaries, associates and joint ventures):

Securities held by	Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2023				Note
					Shares (in thousand shares)	Carrying amount	Percentage of ownership (%)	Fair value (thousands of NTD)	
GSD (China) Co., Ltd.	Unlisted companies stock	Sichuan Guohuan Jinze Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income - non-current	2,000	\$8,005	10.00%	\$8,005	-

Note 1: The term “securities” in this table refers to stocks, bonds, beneficiary certificate, and derivative securities arising from the aforementioned items within the scope of IFRS9 “Financial Instruments”.

Note 2: Please refer to Attachments 7 and 8 for information related to investments in subsidiaries, affiliated associates and joint ventures.

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Attachment 4

Individual securities acquired or disposed of with accumulated amount reaching NT\$300 million or 20 percent of paid-in capital or more:

Purchaser/ Seller	Securities Type and Name	Financial statement account	Counterparty	Relationship	As of January 1, 2023		Purchased		Sold				As of December 31, 2023	
					Shares	Amount	Shares	Amount	Shares	Amount	Book cost	Gain (loss) on disposal	Shares	Amount
GSD (China) Co., Ltd.	Structured deposits - Structured products for RMB	Financial assets at fair value through profit or loss - current	CTBC Bank Co., Ltd. Shanghai Branch	-	-	\$-	-	\$167,048	-	\$167,390	\$167,048	\$342	-	\$-

Note 1: The term “securities” in this table refers to stocks, bonds, beneficiary certificate, and derivative securities arising from the aforementioned items within the scope of IFRS9 “Financial Instruments”.

Note 2: Paid-in capital refers to herein is the paid-in capital of parent company.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 5

Related party transactions for purchases and sales reaching NT\$100 million or 20 % of the paid-in capital for the years ended December 31, 2023:

Purchaser/seller	Counterparty	Relationship	Transaction details				Abnormal transaction (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Terms	Unit price	Terms	Balance	Percentage of total notes/accounts receivable (payable)	
GSD (China) Co., Ltd.	Pinghu Heiwei Environmental Protection Equipment Co., Ltd.	Substantive related party	Purchases	\$105,730	10%	60 days	-	-	(\$19,219)	5%	
GSD Enviro Tech. (Yangzhou) Co., Ltd.	GSD (China) Co., Ltd.	Associate	Sales	(\$211,388)	12%	60 days	-	-	\$54,313	14%	

Note 1: If terms of related party transactions are different from normal term, the details and the reason for the difference shall be declared in the column of unit price and terms.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, the reasons, contractual provisions, related amounts, and differences in types of transactions compared to normal transactions shall be declared in the column of note.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 6

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
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	c	Other receivables - related parties	\$23,799	Contractual payment	1.01%
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	c	Sales	\$10,317	60 days	0.58%
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	c	Other receivables - related parties	\$8,654	Contractual payment	0.37%
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	c	Sales	\$1,487	Contractual payment	0.08%
1	GSD (China) Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	c	Trade receivables - related parties	\$4,327	Contractual payment	0.18%
1	GSD (China) Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	c	Sales	\$3,912	Contractual payment	0.22%
1	GSD (China) Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	c	Trade receivables - related parties	\$1,704	90 days after bill of lading date	0.07%
1	GSD (China) Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	c	Sales	\$7,367	90 days after bill of lading date	0.42%
1	GSD (China) Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	c	Sales	\$14,366	90 days after bill of lading date	0.81%
2	Shanghai GSD Industrial Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	c	Sales	\$21,247	90 days	1.20%
3	GSD Enviro Tech. (Yangzhou) Co., Ltd.	GSD (China) Co., Ltd.	c	Trade receivables - related parties	\$54,313	60 days	2.30%
3	GSD Enviro Tech. (Yangzhou) Co., Ltd.	GSD (China) Co., Ltd.	c	Sales	\$211,388	60 days	11.91%
4	GSD Environmental Technology Co., Ltd.	GSD (China) Co., Ltd.	c	Sales	\$15,138	Contractual payment	0.85%
5	CNCN (Beijing) Enviro Tech Co., Ltd.	GSD (China) Co., Ltd.	c	Sales	\$1,060	Contractual payment	0.06%

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: Transaction amounts reaching \$1,000 thousand shall be disclosed.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Attachment 7

Names, locations, and related information of investee companies:

Investor company	Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 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	BVI	Investment holding, investment	\$372,432 (USD12,223 thousand)	\$372,432 (USD12,223 thousand)	3,932,735	100.00%	\$1,182,962	\$74,837	\$71,651	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	\$280,000	\$180,000	28,000,000	100.00%	\$289,336	\$4,034	\$4,034	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.	\$133,941	\$108,000	6,741,176	23.25%	\$182,792	\$95,546	\$19,554	Associate
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%	\$19,257	(\$2,817)	(\$2,395)	Subsidiary

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

Note 2: The shares of profit of other entities were recognized by the reported figures of their financial statements audited by CPAs.

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

Note 4: Please refer to Attachment 8 for information on investments in mainland China.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 8

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 December 31, 2023	Net Income (loss) of Investee Company	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (Note 2)	Carrying Amount as of December 31, 2023 (Note 4)	Accumulated Inward Remittance of Earnings as of December 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	\$579,818 (RMB 134,000 thousand)	Indirect investment in mainland China through a third region	Not applicable	\$-	\$-	Not applicable	\$90,415	100.00%	\$90,415	\$996,474	\$-
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	\$-	Indirect investment in mainland China through GSD (China) Co., Ltd.	Not applicable	\$-	\$-	Not applicable	\$123	-	\$141	\$-	\$-
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	\$43,270 (RMB 10,000 thousand)	Indirect investment in mainland China through GSD (China) Co., Ltd.	Not applicable	\$-	\$-	Not applicable	(\$6,279)	60.00%	(\$3,768)	(\$5,379)	\$-
CNCN (Beijing) Enviro Tech Co., Ltd.	Selling of sludge drying and energy management equipment and providing installation, repair, and technical support services	\$43,270 (RMB 10,000 thousand)	Indirect investment in mainland China through GSD (China) Co., Ltd.	Not applicable	\$-	\$-	Not applicable	(\$14,374)	60.00%	(\$8,624)	\$15,180	\$-
GSD Enviro Tech (Yangzhou) Co., Ltd.	Manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	\$216,350 (RMB 50,000 thousand)	Indirect investment in mainland China through a third region	Not applicable	\$-	\$-	Not applicable	(\$5,929)	100.00%	(\$6,344)	\$194,785	\$-

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

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

- a. Direct investment in Mainland China.
- b. Indirect 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: For the investment income (loss) recognized in current period, the investment income (loss) were determined based on the following:

- a. The financial statements reviewed by an international accounting firm in cooperation with an R.O.C. accounting firm.
- b. The financial statements 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 at the spot rates on the financial report date.

Note 4: Eliminated in full upon consolidation.

Note 5: On May 10, 2023, the Board of Directors approved the merger of GSD (China) Co., Ltd. and Shanghai GSD Industrial Co., Ltd. and set July 1, 2023 as the record date for the merger. After the merger, GSD (China) Co., Ltd. was the surviving company, and Shanghai GSD Industrial Co., Ltd. was the dissolved company. The registration of the merger is not yet completed.

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Attachment 9

Information on major shareholders:

Shares	Number of Shares	Percentage of Ownership (%)
Major shareholders		
H.J. Hsieh International Co., Ltd.	5,645,736	15.25%
Li Yi Co., Ltd.	3,411,892	9.22%
Advantech Corporate Investment	2,568,358	6.94%
CDIB Venture Capital Corporation	2,306,603	6.23%

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.

GSD Technologies Co. Ltd.

Chairman: Hsieh, Hung-June

April 30, 2024