GSD Technologies Co., Ltd. and Subsidiaries

Consolidated Financial Statements

With Report of Independent Auditors

For the Years Ended December 31, 2024 and 2023

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

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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, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, and their consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, 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 2024 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 $1,637,172 thousand for year ended December 31, 2024. 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.

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 2024 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, 2025

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 BANLANCE SHEETS

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
Current assets					
Cash and cash equivalents	4, 6(1)	$417,060	20	$757,484	32
Financial assets measured at amortized cost, current	4, 6(3)	97,848	5	-	-
Contract assets, current	6(19)B	10,192	0	21,885	1
Notes receivables, net	4, 6(4), 8	54,310	3	64,489	3
Notes receivables - related parties, net	4, 6(4), 7	11	0	64	0
Trade receivables, net	4, 6(5)	339,299	16	326,137	14
Trade receivables - related parties, net	4, 6(5), 7	4,316	0	4,426	0
Other receivables	4, 6(6)	2,348	0	2,101	0
Other receivables - related parties	4, 6(6), 7	563	0	550	0
Current tax assets		3,483	0	109	0
Inventories, net	4, 6(7)	117,033	6	144,942	7
Prepayment		60,288	3	58,062	2
Other current assets	4, 8	5,172	0	7,461	0
Total current asset		1,111,923	53	1,387,710	59
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4, 6(2)	8,284	0	8,005	0
Investments accounted for using the equity method	4, 6(8), 8	197,193	9	182,792	8
Property, plant and equipment	4, 6(9), 8	544,553	26	558,501	24
Right-of-use assets	4, 6(21)	117,745	6	105,590	4
Investment property, net	4, 6(10)	14,096	1	14,819	1
Intangible assets	4, 6(11)	57,452	3	53,790	2
Deferred tax assets	4, 6(25)	42,950	2	42,997	2
Refundable deposits		6,072	0	4,512	0
Total non-current assets		988,345	47	971,006	41
Total Assets		$2,100,268	100	$2,358,716	100

LIABILITIES AND EQUITY	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
Current liabilities					
Current borrowings	4, 6(12)	$58,214	3	$43,270	2
Current financial liabilities at fair value through profit or loss	4, 6(13)	-	-	12,750	1
Contract liabilities, current	6(19)B	71,024	3	66,852	3
Notes payable		19,947	1	46,265	2
Accounts payable		215,905	10	282,777	12
Accounts payable - related parties	7	23,124	1	22,482	1
Other payables	6(14)	82,619	4	98,226	4
Current tax liabilities	4, 6(25)	182	0	5,372	0
Lease liabilities, current	4, 6(21)	8,988	0	7,309	0
Long term liabilities due within one year	4, 6(15)	80,477	4	294,141	13
Long-term borrowings, current portion	4, 6(16)	14,520	1	8,654	0
Total current liabilities		575,000	27	888,098	38
Non-current liabilities					
Non-current portion of long-term borrowings	4, 6(16)	8,345	1	8,654	0
Deferred tax liabilities	4, 6(25)	20,529	1	25,773	1
Lease liabilities, non-current	4, 6(21)	17,070	1	6,639	0
Guarantee deposits	7	2,485	0	238	0
Total non-current liabilities		48,429	3	41,304	1
Total liabilities		623,429	30	929,402	39
Equity attributable to owners of parent	6(18)				
Capital					
Common stock		370,000	18	370,000	16
Capital surplus		659,930	31	658,243	28
Retained earnings					
Legal reserve		110,661	5	105,974	4
Special reserve		111,400	5	84,417	4
Undistributed earnings		328,050	16	345,006	15
Total retained earnings		550,111	26	535,397	23
Other equity		(71,767)	(3)	(111,400)	(5)
Treasury shares		(32,858)	(2)	(32,858)	(1)
Equity attributable to owner of parent		1,475,416	70	1,419,382	61
Non-controlling interests		1,423	0	9,932	0
Total equity		1,476,839	70	1,429,314	61
Total liabilities and equity		$2,100,268	100	$2,358,716	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GSD TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2024 and 2023

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

Accounting	Notes	For the years ended December 31			
		2024		2023	
		Amount	%	Amount	%
Operating revenues	4, 6(19)	$1,818,199	100	$1,774,243	100
Operating costs	4, 6(7), (22), 7	(1,299,869)	(72)	(1,204,643)	(68)
Gross profit		518,330	28	569,600	32
Operating expenses	4, 6(20), (21), (22), 7				
Sales and marketing expenses		(323,508)	(18)	(325,086)	(19)
General and administrative expenses		(157,881)	(9)	(161,515)	(9)
Research and development expenses		(72,660)	(4)	(88,672)	(5)
Expected credit gains (loss)		5,396	1	(7,668)	(0)
Total operating expenses		(548,653)	(30)	(582,941)	(33)
Operating (loss) income		(30,323)	(2)	(13,341)	(1)
Non-operating income and expenses	6(23)				
Interest income		10,629	1	14,576	1
Other income	7	15,162	1	34,394	2
Other gains and losses		21,962	1	(7,665)	(0)
Finance costs		(5,520)	(1)	(3,871)	(0)
Share of profit of associates and joint ventures accounted for using equity method	6(8)	30,543	2	19,554	1
Total non-operating income and expenses		72,776	4	56,988	4
Income before income tax		42,453	2	43,647	3
Income tax expense	6(25)	16	0	(5,465)	(0)
Net income		42,469	2	38,182	3
Other comprehensive income (loss)	6(24)				
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations		39,869	2	(27,231)	(2)
Other comprehensive income (loss), net of tax		39,869	2	(27,231)	(2)
Total comprehensive income		$82,338	4	$10,951	1
Net income attributable to:					
Owners of the parent		$51,214	3	$46,866	3
Non-controlling interests		(8,745)	(1)	(8,684)	(0)
		$42,469	2	$38,182	3
Comprehensive income (loss) attributable to:					
Owners of the parent		$90,847	5	$19,883	1
Non-controlling interests		(8,509)	(1)	(8,932)	(0)
		$82,338	4	$10,951	1
Earnings per share (NTD)	6(26)				
Earnings per share - basic		$1.40		$1.28	
Earnings per share - diluted		$1.08		$1.28	

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity attributable to owners of parent								Non-controlling interests	Total equity
			Retained earnings			Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from translating the financial statements of foreign operations	Treasury shares	Total		
Balance as of January 1, 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	-	-	-	(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 income (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
Balance as of January 1, 2024	$370,000	$658,243	$105,974	$84,417	$345,006	($111,400)	($32,858)	$1,419,382	$9,932	$1,429,314
Appropriations of earnings, 2023										
Legal reserve	-	-	4,687	-	(4,687)	-	-	-	-	-
Special reserve	-	-	-	26,983	(26,983)	-	-	-	-	-
Cash dividends	-	-	-	-	(36,500)	-	-	(36,500)	-	(36,500)
Changes in associates and joint ventures accounted for using the equity method	-	1,687	-	-	-	-	-	1,687	-	1,687
Net income (loss) for the year ended December 31, 2024	-	-	-	-	51,214	-	-	51,214	(8,745)	42,469
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	39,633	-	39,633	236	39,869
Total comprehensive income (loss)	-	-	-	-	51,214	39,633	-	90,847	(8,509)	82,338
Balance as of December 31, 2024	$370,000	$659,930	$110,661	$111,400	$328,050	($71,767)	($32,858)	$1,475,416	$1,423	$1,476,839

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31	
	2024	2023
Cash flows from operating activities:		
Net income before tax	$42,453	$43,647
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	56,325	57,240
Amortization	2,067	2,066
Expected credit (gain) loss	(5,396)	7,668
Net (gain) loss of financial assets and liabilities at fair value through profit or loss	(3,271)	6,837
Finance cost	5,520	3,871
Interest income	(10,629)	(14,576)
Share of profit of associated and joint ventures accounted for using the equity method	(30,543)	(19,554)
Loss on disposal and abandonment of property, plant and equipment	133	189
Property, plan and equipment transferred to expenses	6	146
(Gains) on disposal of investments accounted for using the equity method	(3,243)	-
(Gain) on bond redemption	(5,121)	-
Other items	6,281	1,982
Changes in operating assets and liabilities:		
Contract assets	11,693	(21,885)
Notes receivable	10,191	(27,391)
Notes receivable - related parties	53	(60)
Trade receivables	(8,761)	44,701
Trade receivables - related parties	110	1,404
Other receivables	164	334
Other receivables - related parties	(13)	(44)
Inventories	20,740	6,631
Prepayments	(2,226)	(14,282)
Other current assets	2,289	42,044
Contract liabilities	4,172	5,672
Notes payable	(26,318)	(47,152)
Accounts payable	(66,872)	15,141
Accounts payable - related parties	642	(3,972)
Other payables	(15,564)	(37,933)
Cash generated from operations	(15,118)	52,724
Income tax paid	(13,531)	(56,635)
Net cash (used in) operating activities	(28,649)	(3,911)

Accounting	For the years ended December 31	
	2024	2023
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	-	(8,133)
Acquisition of financial assets measured at amortized cost, current	(97,344)	(43,960)
Proceeds from disposal of financial assets at amortised cost	-	43,960
Acquisition of financial assets at fair value through profit or loss	(80,172)	(167,048)
Proceeds from disposal of financial assets at fair value through profit or loss	80,673	167,390
Acquisition of investments accounted for using the equity method	-	(25,940)
Proceeds from disposal of investments accounted for using the equity method	8,018	-
Acquisition of property, plant and equipment	(8,340)	(80,405)
Proceeds from disposal of property, plant and equipment	26	447
Increase in refundable deposits	(1,421)	-
Decrease in refundable deposits	-	2,812
Acquisition of intangible assets	(3,793)	(1,256)
Interest received	10,277	14,273
Dividends received	13,126	12,000
Net cash (used in) investing activities	(78,950)	(85,860)
Cash flows from financing activities:		
Increase in short-term loans	173,637	70,509
Decrease in short-term loans	(160,275)	(26,549)
Repayments of bonds	(220,240)	-
Proceeds from long-term debt	31,178	17,584
Repayments of the long-term debt	(26,252)	-
Increase in guarantee deposits	2,227	-
Repayments of the principle portion of lease liabilities	(10,738)	(14,237)
Cash dividends	(36,500)	(127,750)
Interest paid	(4,209)	(1,344)
Net cash (used in) financing activities	(251,172)	(81,787)
Effects of exchange rate changes on the balance of cash held in foreign currencies	18,347	(13,031)
Net (decrease) in cash and cash equivalents	(340,424)	(184,589)
Cash and cash equivalents at beginning of period	757,484	942,073
Cash and cash equivalents at end of period	$417,060	$757,484

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

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

1. History And Organization

GSD Technologies Co., Ltd. ("the Company") was founded in the British Cayman Islands on October 3, 2013. The 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, 2024 and 2023 were authorized for issue by the Company's board of directors on February 27, 2025.

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, 2024. 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) 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 abovementioned standards and interpretations issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2025. The Group assessed that the new or amended standards and interpretations had no material impact on the Group.

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

(3) Standards or interpretations issued, revised or amended, by 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	IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
g	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 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) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)
IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures
IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements
IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(d) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(e) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

(1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
(2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

(3) Clarify the treatment of non-recourse assets and contractually linked instruments.
(4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(f) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendments to IFRS 1
The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(2) Amendments to IFRS 7
The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(3) Amendments to Guidance on implementing IFRS 7
The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(4) Amendments to IFRS 9
The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term "transaction price".

(5) Amendments to IFRS 10
The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(6) Amendments to IAS 7
The amendments remove a reference to "cost method" in paragraph 37 of IAS 7.

(g) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

(1) Clarify the application of the 'own-use' requirements.
(2) Permit hedge accounting if these contracts are used as hedging instruments.
(3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

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, 2024 and 2023 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:

(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.

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%) Dec. 31, 2024	Percentage of ownership (%) Dec. 31, 2023	Note
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, technical support services, and contracting of environmental engineering	100%	100%	2
Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD (China) Co., Ltd.	Manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	100%	100%	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%	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, and contracting of environmental engineering.

(Note 3) GSD (China) Co., Ltd., a wholly owned subsidiary of the Group, was founded in 2010, mainly for manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services.

(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 deregistration was completed on July 12, 2024.

(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.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(5) Translation of financial statements in foreign currency

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

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

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

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

(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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 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:

(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.

<u>Financial asset measured at fair value through profit or loss</u>

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.

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as 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.

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:

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

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

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

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

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

(10) Inventories

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

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

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

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

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

(11) Investments accounted for using the equity method

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

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not 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.

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

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

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

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

(12) Property, plant and equipment

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

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

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

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

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

(13) Investment property

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

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

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

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

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

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

(14) Leases

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

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

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

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

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

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

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

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

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

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

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

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.

(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.

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.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

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 are recognized based on the consideration stated in the contract.

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

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

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

Project contract revenue

The Group 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.

(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.

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.

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

(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.

(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

	Dec. 31, 2024	Dec. 31, 2023
Cash on hand and revolving funds	$212	$182
Demand deposits	239,846	290,124
Time deposits(Note)	177,002	467,178
Total	$417,060	$757,484

Note: The contract will expire within three months and it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

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

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

	Dec. 31, 2024	Dec. 31, 2023
Equity instrument investments measured at fair value through other comprehensive income, non-current:		
Unlisted companies stocks	$8,284	$8,005

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

(3) Financial assets measured at amortized cost

	Dec. 31, 2024	Dec. 31, 2023
Financial assets at amortized cost, current:		
Time deposits	$97,848	$-

The Group classified certain of its financial assets as financial assets measured at amortized cost, which were not pledged. Please refer to Note 12 for details on credit risk.

(4) Notes receivables and Notes receivables - related parties

	Dec. 31, 2024	Dec. 31, 2023
Notes receivables arising from operating activities	$54,315	$64,506
Less: loss allowance	(5)	(17)
Subtotal	54,310	64,489
Notes receivables - related parties	11	64
Less: loss allowance	(-)	(-)
Subtotal	11	64
Total	$54,321	$64,553

Please refer to Note 8 for more details on notes receivables on pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6 (20) for more details on loss allowance and Note 12 for more details on credit risk management.

(5) Trade receivables and Trade receivables - related parties

	Dec. 31, 2024	Dec. 31, 2023
Trade receivables	$361,341	$355,252
Less: loss allowance	(22,042)	(29,115)
Subtotal	339,299	326,137
Trade receivables - related parties	4,316	4,426
Less: loss allowance	(-)	(-)
Subtotal	4,316	4,426
Total	$343,615	$330,563

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

Trade receivables were not pledged.

Trade receivables are generally on 0 to 135 day terms. The total carrying amounts as of December 31, 2024 and 2023 were $365,657 thousand and $359,678 thousand, respectively. Please refer to Note 6(20) for more details on loss allowance of trade receivables for the years ended December 31, 2024 and 2023, and Note 12 for more details on credit risk management.

(6) Other receivables and Other receivables - related parties

	Dec. 31, 2024	Dec. 31, 2023
Other receivables	$3,323	$3,070
Less: loss allowance	(975)	(969)
Subtotal	2,348	2,101
Other receivables - related parties	563	550
Less: loss allowance	(-)	(-)
Subtotal	563	550
Total	$2,911	$2,651

(7) Inventories

	Dec. 31, 2024	Dec. 31, 2023
Raw materials	$45,454	$83,734
Finished goods	63,387	49,970
Merchandise	8,192	11,238
Total	$117,033	$144,942

The cost of inventories recognized in expenses amounts:

	For the years ended Dec. 31	
	2024	2023
Cost of inventory sold	$1,289,174	$1,198,315
Loss on inventory write-downs	6,292	1,982
Unallocated manufacturing expenses (Note)	4,403	4,346
Total	$1,299,869	$1,204,643

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.

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

(8) 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, 2024 Carrying amount	Dec. 31, 2024 Percentage of ownership (%)	Dec. 31, 2023 Carrying amount	Dec. 31, 2023 Percentage of ownership (%)
Investments in associates:				
Yuh Shan Environmental Engineering Co., Ltd.	$197,193	22.38%	$182,792	23.25%

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 thousand 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 thousand 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.

For the nine-month period ended September 30, 2024, the employee stock option was exercised for a total of 323 thousand shares issued by Yuh Shan Environmental Engineering Co., Ltd. As a result of this exercise, the Group’s shareholding in Yuh Shan Environmental Engineering Co., Ltd. declined to 22.38%.

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 $197,193 thousand and $182,792 thousand, as of December 31, 2024 and 2023, 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 2024	For the years ended Dec. 31 2023
Profit from continuing operations	$30,543	$19,554
Other comprehensive income (post-tax)	71	(4)
Total comprehensive income	$30,614	$19,550

The Group had no contingent liabilities, capital commitments or guarantees for the above-mentioned associates as of December 31, 2024 and 2023.

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

(9) Property, plant and equipment

	Dec. 31, 2024	Dec. 31, 2023
Owner occupied property, plant and equipment	$544,553	$558,501

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As of Jan. 1, 2023	$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	646,051	61,427	19,356	48,902	1,346	10,339	787,421
Additions	-	934	181	3,138	-	4,087	8,340
Disposals	-	(542)	(539)	(985)	(47)	-	(2,113)
Other changes	(19)	-	-	13	(13)	(13)	(32)
Exchange differences	22,411	2,146	612	1,547	-	383	27,099
As of Dec. 31, 2024	$668,443	$63,965	$19,610	$52,615	$1,286	$14,796	$820,715
Depreciation and impairment:							
As of Jan. 1, 2023	$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	167,202	13,885	13,953	33,368	512	-	228,920
Depreciation	26,912	5,115	1,591	7,214	445	-	41,277
Disposals	-	(464)	(539)	(918)	(33)	-	(1,954)
Other changes	-	-	-	-	(7)	-	(7)
Exchange differences	5,881	510	471	1,064	-	-	7,926
As of Dec. 31, 2024	$199,995	$19,046	$15,476	$40,728	$917	$-	$276,162
Net carrying amounts as of:							
Dec. 31, 2024	$468,448	$44,919	$4,134	$11,887	$369	$14,796	$544,553
Dec. 31, 2023	$478,849	$47,542	$5,403	$15,534	$834	$10,339	$558,501

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

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

(10) Investment property

	Buildings	Right-of-use assets	Total
Cost:			
As of Jan. 1, 2023	$26,314	$4,190	$30,504
Other changes	(951)	(175)	(1,126)
Exchange differences	(469)	(74)	(543)
As of Dec. 31, 2023	24,894	3,941	28,835
Other changes	-	-	-
Exchange differences	869	137	1,006
As of Dec. 31, 2024	$25,763	$4,078	$29,841
Depreciation and impairment:			
As of Jan. 1, 2023	$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	12,976	1,040	14,016
Depreciation	1,152	-	1,152
Amortization	-	81	81
Other changes	-	-	-
Exchange differences	459	37	496
As of Dec. 31, 2024	$14,587	$1,158	$15,745
Net carrying amounts as of:			
Dec. 31, 2024	$11,176	$2,920	$14,096
Dec. 31, 2023	$11,918	$2,901	$14,819

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 $31,302 thousand and $30,996 thousand, as of December 31, 2024, and 2023, respectively.

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

(11) Intangible assets

	Trademark	Computer software	Total
Cost:			
As of Jan. 1, 2023	$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	44,956	23,624	68,580
Addition-acquired separately	-	3,793	3,793
Disposals	-	-	-
Other changes	-	-	-
Exchange differences	1,570	779	2,349
As of Dec. 31, 2024	$46,526	$28,196	$74,722
Amortization and impairment:			
As of Jan. 1, 2023	$-	$13,246	$13,246
Amortization	-	1,985	1,985
Disposals	-	(184)	(184)
Exchange differences	-	(257)	(257)
As of Dec. 31, 2023	-	14,790	14,790
Amortization	-	1,986	1,986
Disposals	-	-	-
Exchange differences	-	494	494
As of Dec. 31, 2024	$-	$17,270	$17,270
Net carrying amounts as of:			
Dec. 31, 2024	$46,526	$10,926	$57,452
Dec. 31, 2023	$44,956	$8,834	$53,790

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

	For the years ended Dec. 31	
	2024	2023
Operating expenses	$1,986	$1,985

(12) Current borrowings

	Dec. 31, 2024	Dec. 31, 2023
Unsecured bank loan	$13,434	$-
Secured bank loans	44,780	43,270
Total	$58,214	$43,270

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

Interest rate and expiry date are as follows:

	Dec. 31, 2024	Dec. 31, 2023
Annual interest rate	2.75%～4.53%	3.10%
Expiry date	May. 14, 2025～ Nov. 3, 2025	Sep. 26, 2024

Unused bank facility as follows:

	Dec. 31, 2024	Dec. 31, 2023
Unused bank facility	$1,049,421	$979,737

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

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

	Dec. 31, 2024	Dec. 31, 2023
Held for trading:		
Derivatives not designated as hedging instruments		
Conversion right	$-	$12,750

(14) Other payables

	Dec. 31, 2024	Dec. 31, 2023
Payables for salaries or bonuses	$46,126	$55,366
Payables for social insurance and provident fund	3,269	3,115
Payables for tax	10,659	7,168
Payables for employee benefits	1,702	1,626
Others	20,863	30,951
Total	$82,619	$98,226

(15) Bonds payable

	Dec. 31, 2024	Dec. 31, 2023
Domestic unsecured convertible bonds payable	$80,477	$294,141
Less: current portion	(80,477)	(294,141)
Net	$-	$-

Domestic unsecured convertible bonds payable

	Dec. 31, 2024	Dec. 31, 2023
Liability component:		
Principal amount	$81,400	$300,000
Discounts on bonds payable	(923)	(5,859)
Subtotal	80,477	294,141
Less: current portion	(80,477)	(294,141)
Net	$-	$-
Embedded derivative	$-	$12,750
Equity component	$-	$-

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

Issue amount: $300,000 thousand

Period: 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, 2024 and 2023 was $59.20 and $60.70, respectively.

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

The Company's bondholders sold back convertible bonds with a face value of $218,600 thousand (additional interest of $1,640 thousand) in May 2024. As such, the Company generated a gain on bond redemption of $5,121 thousand (included under other gains and losses).

The bonds have not yet been converted, as of December 31, 2024 and 2023, respectively.

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

(16) Long-term borrowings

Details of long-term borrowings as of December 31, 2024 and 2023 are as follows:

Lenders	Dec. 31, 2024	Interest Rate (%)	Maturity date and terms of repayment
Secured loan from Maxwealth Financial Leasing Co., Ltd.	$8,956	4.5%	Repayable quarterly from December 11, 2023 to December 11, 2025 in 8 installments with interest.
Unsecured loan from CTBC Bank Co., Ltd.	13,909	3.57%	Repayable quarterly from May 21, 2024 to May 21, 2027 in 12 installments with interest.
Subtotal	22,865		
Less: current portion	(14,520)		
Total	$8,345		

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	$8,654		

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.

(17) 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, 2024 and 2023 were $42,505 thousand and $39,848 thousand, respectively.

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

(18) Equities

A. Common stock

The Company's authorized capital as of December 31, 2024 and 2023 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, 2024 and 2023 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, 2024	Dec. 31, 2023
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)	5,109	3,422
Adjustment of functional currency (d)	(11,023)	(11,023)
Total	$659,930	$658,243

(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).

(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, 2024			
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, 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

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.

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.

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

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 2024 and 2023 earnings distribution and dividends per share as proposed and resolved by the board of directors' meeting and shareholders' meeting on February 27, 2025 and June 6, 2024 respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2024	2023	2024	2023
Legal reserve	$5,121	$4,687	$-	$-
Special reserve	($39,634)	$26,983	$-	$-
Common stock - cash dividend	$36,500	$36,500	$1.0	$1.0

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 (22) for details on employees' compensation and remuneration to directors.

E. Non-controlling interests

	For the years ended Dec. 31	
	2024	2023
Beginning balance	$9,932	$18,864
(Loss) attributable to non-controlling interests	(8,745)	(8,684)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	236	(248)
Ending Balance	$1,423	$9,932

(19) Operating revenue

	For the years ended Dec. 31	
	2024	2023
Revenue from contracts with customers		
Sale of goods	$1,637,172	$1,629,506
Project contract revenue	181,027	144,737
Total	$1,818,199	$1,774,243

Analysis of revenue from contracts with customers during the years ended December 31, 2024 and 2023 are as follows:

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

(1) Disaggregation of revenue

For the years ended December 31, 2024

	Selling of environmental protection equipment Dept	Contracting of Environmental project Dept	Total
Sales of goods	$1,637,172	$-	$1,637,172
Project contract revenue	-	181,027	181,027
Total	$1,637,172	$181,027	$1,818,199
Timing of revenue recognition:			
At a point in time	$1,637,172	$-	$1,637,172
Over time	-	181,027	181,027
Total	$1,637,172	$181,027	$1,818,199

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	$1,629,506	$144,737	$1,774,243
Timing of revenue recognition:			
At a point in time	$1,629,506	$-	$1,629,506
Over time	-	144,737	144,737
Total	$1,629,506	$144,737	$1,774,243

(2) Contract balances

A.Contract assets - current

	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Contracting of environmental project	$10,192	$21,885	$-

B.Contract liabilities - current

	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Sales of goods	$71,024	$66,852	$61,125
Contracting of environmental project	-	-	55
Total	$71,024	$66,852	$61,180

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

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2024 and 2023 are as follows:

	For the years ended Dec. 31	
	2024	2023
The opening balance transferred to revenue	($62,194)	($53,708)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$64,969	$60,847

(3) Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to $177,163 thousand as of December 31, 2024. 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.

(20) Expected credit losses/ (gains)

	For the years ended Dec. 31	
	2024	2023
Operating expenses - Expected credit losses/(gains)		
Notes receivables	($12)	($107)
Trade receivables	(5,357)	7,686
Other receivables	(27)	89
Total	($5,396)	$7,668

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, 2024 and 2023 is as follows:

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

December 31, 2024

	Aging				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Total carrying amount	$367,966	$29,650	$15,082	$2,958	$415,656
Loss allowance	(3,093)	(5,188)	(10,808)	(2,958)	(22,047)
Total	$364,873	$24,462	$4,274	$-	$393,609

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

December 31, 2023

	Aging				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Total carrying amount	$364,863	$32,994	$13,113	$8,788	$419,758
Loss allowance	(3,865)	(8,993)	(7,486)	(8,788)	(29,132)
Total	$360,998	$24,001	$5,627	$-	$390,626

The expected credit loss rates (excluding 100% bad debt provision for unusual items) for the above aging groups were 1%～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, 2024 and 2023 is as follows:

	Notes receivables	Trade receivables	Other receivables
As of Jan. 1, 2023	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	17	29,115	969
Addition/(reversal) for the current period	(12)	(5,357)	(27)
Actual amount written off	-	(2,672)	-
Exchange differences	-	956	33
As of Dec. 31, 2024	$5	$22,042	$975

(21) 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.

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, 2024	Dec. 31, 2023
Land use rights	$90,770	$89,842
Buildings	26,975	15,748
Total	$117,745	$105,590

During the years ended December 31, 2024 and 2023, the Group’s additions to right-of-use assets amounted to $23,207 thousand and $7,169 thousand, respectively.

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

(b) Leases liabilities

	Dec. 31, 2024	Dec. 31, 2023
Leases liabilities	$26,058	$13,948
Current	$8,988	$7,309
Non-current	$17,070	$6,639

Please refer to Note 6 (23) (d) for the interest on lease liabilities recognized during the years ended December 31, 2024 and 2023 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	
	2024	2023
Land use rights	$2,195	$2,166
Buildings	11,701	11,232
Total	$13,896	$13,398

C. Income and costs relating to leasing activities

	For the years ended Dec. 31	
	2024	2023
The expenses relating to short-term leases	$8,590	$8,068
The expenses relating to leases of low-value assets (Excluding the expenses relating to short-term leases of low-value assets)	$802	$814

D. Cash outflow relating to leasing activities

During the years ended December 31, 2024 and 2023, the Group’s total cash outflows for leases amounted to $20,953 thousand and $23,924 thousand, respectively.

E. Other information relating to leasing activities

Extension and termination options

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

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

(22) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2024 and 2023:

	For the years ended Dec. 31							
	2024				2023			
	Operating costs	Operating expenses	Non-operating expense	Total amount	Operating costs	Operating expenses	Non-operating expense	Total amount
Employee benefits expense								
Salaries	$42,892	$208,301	$-	$251,193	$42,901	$204,320	$-	$247,221
Labor and health insurance, and social insurance and provident fund	$9,172	$42,968	$-	$52,140	$9,209	$41,990	$-	$51,199
Pension	$7,821	$34,684	$-	$42,505	$7,025	$32,823	$-	$39,848
Other employee benefits expense	$10,983	$83,854	$-	$94,837	$13,937	$86,226	$-	$100,163
Depreciation	$21,352	$33,821	$1,152	$56,325	$19,064	$37,031	$1,145	$57,240
Amortization	$-	$1,986	$81	$2,067	$-	$1,985	$81	$2,066

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, 2024, the Company estimated the amounts of the employees’ compensation and remuneration to directors for the years ended December 31, 2024 to be 3.06% of profit of the current year and 2.25% of profit of the current year, respectively. As such, employees’ compensation and remuneration to directors for the years ended December 31, 2024 amounted to $1,702 thousand and $1,254 thousand, respectively. A resolution was passed at a board meeting held on February 27, 2025 to distribute $1,702 thousand and $1,254 thousand in cash as employees’ compensation and remuneration to directors of 2024, respectively.

The Company’s actual distribution of employees’ compensation and remuneration to directors in 2024 were $1,601 thousand and $1,298 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, 2023.

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

(23) Non-operating income and expenses

A. Interest income

	For the years ended Dec. 31	
	2024	2023
Bank deposits	$10,629	$14,576

B. Other income

	For the years ended Dec. 31	
	2024	2023
Rental income	$4,018	$3,993
Government grants	11,144	30,401
Total	$15,162	$34,394

C. Other gains and losses

	For the years ended Dec. 31	
	2024	2023
(Losses) on disposal of property, plant and equipment	($133)	($189)
Gains on disposal of investments	3,243	-
Foreign exchange gains (losses), net	10,019	(4,059)
Gains (losses) on financial assets/liabilities at fair value through profit or loss (Note)	3,271	(6,837)
Gains on bond redemption	5,121	-
Others	441	3,420
Total	$21,962	($7,665)

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	
	2024	2023
Interest on borrowings from bank	$3,358	$629
Interest on bonds payable	1,339	2,437
Interest on lease liabilities	823	805
Total	$5,520	$3,871

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

(24) Components of other comprehensive income

For the years ended December 31, 2024

	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	$39,869	$-	$39,869	$-	$39,869

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)

(25) Income tax

The major components of income tax income (expense) for the years ended December 31, 2024 and 2023 are as follows:

Income tax (income) expense recognized in profit or loss

	For the years ended Dec. 31	
	2024	2023
Current income tax expense:		
Current income tax charge	$9,089	$28,003
Adjustments in respect of current income tax of prior periods	(3,965)	902
Deferred tax expense:		
Deferred tax (income) relating to origination and reversal of temporary differences	(14,526)	(14,473)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	9,386	(8,967)
Total income tax (income) expense	($16)	$5,465

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

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	
	2024	2023
Profit before tax from continuing operations	$42,453	$43,647
Tax at the domestic rates applicable to profits in the country concerned	$20,627	$35,685
Tax effect of revenues exempt from taxation	(15,886)	(12,613)
Tax effect of expenses not deductible for tax purposes	825	1,162
Tax effect of deferred tax assets/liabilities	(2,898)	7,608
Tax effect of tax preference plus deduction	(8,102)	(18,484)
Adjustments in respect of current income tax of prior periods	(3,965)	902
Other income tax effects adjusted in accordance with the tax laws and regulations	(3)	172
Deferred tax effect relating to changes in tax rate	9,386	(8,967)
Total income tax expense recognized in profit or loss	($16)	$5,465

Deferred tax assets (liabilities) relate to the following:

For the years ended December 31, 2024

	Beginning balance	Recognized in profit or loss	Exchange difference	Ending Balance
Temporary differences				
Loss allowance	$7,499	($4,161)	$236	$3,574
Provisional estimate of payables	11,670	(5,396)	378	6,652
Rental difference due to the application of IFRS16	(495)	363	(16)	(148)
Allowance for inventory valuation losses	6,327	(1,208)	203	5,322
Loss deduction	15,508	10,161	44	25,713
Unrealized exchange gains or losses	103	136	-	239
Depreciation difference of property, plant and equipment	263	178	10	451
Undistributed earnings of subsidiary	(19,670)	5,067	(659)	(15,262)
Prior period adjustments	(3,981)	-	(139)	(4,120)
Deferred tax income (expense)		$5,140	$57	
Net deferred tax assets (liabilities)	$17,224			$22,421
Information expressed in balance sheet as follows:				
Deferred tax assets	$42,997			$42,950
Deferred tax liabilities	($25,773)			($20,529)

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

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)

<u>The information on individual unused tax losses within the Group is summarized as follows:</u>

GSD Technologies Co., Ltd.-Taiwan Branch

		Unused balance		
Occurrence year	Loss amount	Dec. 31, 2024	Dec. 31, 2023	Last deduction year
2020	$18,473	$6,909	$12,821	2030
2023	$1,315	1,315	1,315	2033
		$8,224	$14,136	

GSD Enviro Tech (Taiwan) Co., Ltd.

		Unused balance		
Occurrence year	Loss amount	Dec. 31, 2024	Dec. 31, 2023	Last deduction year
2021	$11,136	$11,136	$11,136	2031
2022	$29,671	29,671	29,671	2032
2023	$16,695	16,695	16,695	2033
2024	$33,323	33,323	-	2034
		$90,825	$57,502	

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

GSD Enviro Tech Vietnam Company Limited

		Unused balance		
Occurrence year	Loss amount	Dec. 31, 2024	Dec. 31, 2023	Last deduction year
2022	$3,331	$3,331	$3,331	2027
2023	$1,650	1,650	$1,650	2028
2024	$42	42	-	2029
		$5,023	$4,981	

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

		Unused balance		
Occurrence year	Loss amount	Dec. 31, 2024	Dec. 31, 2023	Last deduction year
2022	$15,250	$4,899	$15,250	2027
2023	$5,401	5,684	5,684	2028
		$10,583	$20,934	

GSD Environmental Technology Co., Ltd.

		Unused balance		
Occurrence year	Loss amount	Dec. 31, 2024	Dec. 31, 2023	Last deduction year
2019	$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	6,247	2028
2024	$3,702	3,702	-	2029
		$46,950	$52,558	

CNCN (Beijing) Enviro Tech Co., Ltd.

		Unused balance		
Occurrence year	Loss amount	Dec. 31, 2024	Dec. 31, 2023	Last deduction year
2022	$3,904	$3,459	$3,459	2027
2023	$9,749	9,749	9,749	2028
2024	$15,242	15,242	-	2029
		$28,450	$13,208	

Unrecognized deferred tax assets

As of December 31, 2024 and 2023, 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 $75,400 thousand and $86,417 thousand, respectively.

The assessment of income tax returns

As of December 31, 2024, 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 2022
GSD Enviro Tech (Taiwan) Co., Ltd.	Assessed and approved up to 2022

(26) 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.

	For the years ended Dec. 31	
	2024	2023
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$51,214	$46,866
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	36,500	36,500
Basic earnings per share (NT$)	$1.40	$1.28
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$51,214	$46,866
Effect from convertible bonds (in thousand NT$)	(10,060)	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$41,154	$46,866
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	36,500	36,500
Effect of dilution:		
Employee compensation - stock (in thousands)	59	52
Convertible bonds (in thousands)	1,375	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	37,934	36,552
Diluted earnings per share (NT$)	$1.08	$1.28

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.

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

7. Related party transactions

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

Name and nature of relationship of the related parties

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

Significant transactions with the related parties

(a) Sales

	For the years ended Dec. 31	
	2024	2023
Pinghu Hey Wel	$1,605	$1,475
Hey-Wel Mechanical	3,048	2,114
Yuh Shan Environmental	-	1,017
Total	$4,653	$4,606

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	
	2024	2023
Pinghu Hey Wel	$114,938	$105,730
Hey-Wel Mechanical	2,460	2,484
Total	$117,398	$108,214

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, 2024	Dec. 31, 2023
Hey-Wel Mechanical	$11	$64

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

(d) Trade receivables - related parties

	Dec. 31, 2024	Dec. 31, 2023
Pinghu Hey Wel	$3,411	$3,643
Hey-Wel Mechanical	905	783
Total	$4,316	$4,426

(e) Other receivables - related parties

	Dec. 31, 2024	Dec. 31, 2023
Pinghu Hey Wel	$563	$550

(f) Accounts payable - related parties

	Dec. 31, 2024	Dec. 31, 2023
Pinghu Hey Wel	$23,095	$19,219
Hey-Wel Mechanical	29	3,263
Total	$23,124	$22,482

(g) Guarantee deposits

	Dec. 31, 2024	Dec. 31, 2023
Pinghu Hey Wel	$246	$238

(h) Operating costs

	For the years ended Dec. 31	
	2024	2023
Pinghu Hey Wel	$699	$507

(i) Other operating expense

	For the years ended Dec. 31	
	2024	2023
Pinghu Hey Wel	$89	$7

(j) Rental income

	For the years ended Dec. 31	
	2024	2023
Pinghu Hey Wel	$4,018	$3,993

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, 2024 and 2023, the gross lease payments to be received during the remaining period of the lease were $9,947 thousand and $13,515 thousand, respectively.

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

(k) Other income

	For the years ended Dec. 31	
	2024	2023
Pinghu Hey Wel	$2,228	$2,245

(l) Key management personnel compensation

	For the years ended Dec. 31	
	2024	2023
Short-term employee benefits	$12,483	$12,891
Post-employment benefits	288	275
Total	$12,771	$13,166

8. Assets pledged as security

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

	Carrying amount		
Items	Dec. 31, 2024	Dec. 31, 2023	Secured liabilities
Notes receivables	$13,758	$-	Notes payables
Other current assets (restricted demand deposits)	3,443	3,569	Current borrowings
Property, plant and equipment - buildings	178,058	239,681	Current borrowings
Property, plant and equipment - Construction in progress and equipment awaiting examination	14,796	10,339	Long term borrowings
Right-of-use assets	17,926	52,884	Current borrowings
Investment properties	-	14,819	Current borrowings
Total	$227,981	$321,292	

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2024, the following commitments and contingent liabilities were not included in the financial statements above:

(1) As of December 31, 2024, the total contract price for the procurement and contracting projects entered into by the Company amounted to $118,497 thousand (tax included), of which $6,513 thousand was unpaid (tax included).

(2) The guaranteed bill or letter of guarantee issued for the sales performance or warranty of equipment amounted to $8,880 thousand.

(3) For the purchase of non-self-produced equipment, the guaranteed bill or letter of guarantee issued by the manufacturer amounted to $2,158 thousand.

(4) Due to the project contracting, the guaranteed bill issued by the manufacturer amounted to $77,069 thousand.

(5) For the environmental construction cases contracted, the performance bond issued by the bank amounted to $52,294 thousand in total.

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

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Other

(1) Categories of financial instruments

Financial assets

	Dec. 31, 2024	Dec. 31, 2023
Financial assets at fair value through other comprehensive income	$8,284	$8,005
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	416,848	757,302
Financial assets measured at amortized cost	97,848	-
Notes receivables (including related parties)	54,321	64,553
Trade receivables (including related parties)	343,615	330,563
Other receivable (including related parties)	2,911	2,651
Other current assets (restricted demand deposits)	3,443	3,569
Refundable deposits	6,072	4,512
Total	$933,342	$1,171,155

Financial liabilities

	Dec. 31, 2024	Dec. 31, 2023
Financial liabilities at amortized cost		
Current borrowings	$58,214	$43,270
Notes payable	19,947	46,265
Accounts payable (including related parties)	239,029	305,259
Other payables	82,619	98,226
Bonds payable (including current portion with maturity less than 1 year)	80,477	294,141
Lease liabilities	26,058	13,948
Long-term borrowings (including current portion with maturity less than 1 year)	22,865	17,308
Guarantee deposits	2,485	238
Subtotal	531,694	818,655
Financial liabilities at fair value through profit or loss		
Held for trading	-	12,750
Total	$531,694	$831,405

(2) Financial risk management objectives and policies

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

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

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise 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, 2024 and 2023 is increased/decreased by RMB161 thousand (approximately equivalent to NT$720 thousand) and RMB154 thousand (approximately equivalent to NT$667 thousand).

When RMB appreciates/depreciates against foreign currency NTD by 1%, the profit for the years ended December 31, 2024 and 2023 is increased/decreased by RMB138 thousand (approximately equivalent to NT$617 thousand) and RMB635 thousand (approximately equivalent to NT$2,746 thousand).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as 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, 2024 and 2023 to increase/decrease by $540 thousand and $734 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, 2024 and 2023, the trade receivables from top ten customers represented 15.30% and 18.80% 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.

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of Dec. 31, 2024					
Current borrowings	$59,484	$-	$-	$-	$59,484
Accounts payable	$341,595	$-	$-	$-	$341,595
Lease liabilities	$9,658	$12,015	$5,657	$-	$27,330
Guarantee deposits	$2,239	$-	$-	$246	$2,485
Bonds payable	$81,400	$-	$-	$-	$81,400
Long-term borrowings	$15,157	$8,575	$-	$-	$23,732
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

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, 2024	$9,658	$17,672	$-	$-	$27,330
As of Dec. 31, 2023	$7,983	$7,216	$-	$-	$15,199

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the years ended December 31, 2024:

	Current borrowings	Long-term borrowings	Bonds payables	Leases liabilities	Total liabilities from financing activities
As of Jan. 1, 2024	$43,270	$17,308	$294,141	$13,948	$368,667
Cash flows	13,362	4,926	(209,878)	(11,561)	(203,151)
Non-cash changes					
Other changes	1,582	631	(5,125)	-	(2,912)
Leases modifications	-	-	-	22,848	22,848
Interest expense	-	-	1,339	823	2,162
As of Dec. 31, 2024	$58,214	$22,865	$80,477	$26,058	$187,614

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

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)	-	-	(966)
Leases modifications	-	-	-	9,894	9,894
Interest expense	-	-	2,437	805	3,242
As of Dec. 31, 2023	$43,270	$17,308	$294,141	$13,948	$368,667

(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.)

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

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, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Financial liabilities				
Bonds payable	$80,477	$294,141	$79,243	$287,430

(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.

(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

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

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, 2024

	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	$-	$-	$8,284	$8,284

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

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

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:

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

	Assets:		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	
	Financial products	Stocks	Total
Beginning balances as of Jan. 1, 2024	$-	$8,005	$8,005
Total gains (losses) recognized for the years ended Dec. 31, 2024:			
Amount recognized in profit or loss (presented in “other profit or loss”)	501	-	501
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, 2024	80,172	-	80,172
Disposal/Settlement for the years ended Dec. 31, 2024	(80,673)	-	(80,673)
Exchange differences	-	279	279
Ending balances as of Dec. 31, 2024	$-	$8,284	$8,284

	Assets:		
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	
	Financial products	Stocks	Total
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, 2024:

	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

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

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(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, 2024

	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 (10))	$-	$-	$14,096	$14,096

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

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 (10))	$-	$-	$14,819	$14,819

(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, 2024		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,395	7.1884 (USD : RMB)	$77,090
NTD	$23,659	0.2233 (NTD : RMB)	$23,659
Financial liabilities			
Monetary items:			
USD	$158	7.1884 (USD : RMB)	$5,073
NTD	$85,374	0.2233 (NTD : RMB)	$85,374
Foreign exchange gains or losses on monetary financial assets and financial liabilities (for the years ended Dec. 31, 2024)			
USD and NTD			$10,019

	As of Dec. 31, 2023		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,418	7.0827 (USD : RMB)	$74,085
NTD	$25,938	0.2311 (NTD : RMB)	$25,938
Financial liabilities			
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)

(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, 2024:

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: None.
E. Acquisition of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.
F. Disposal of individual real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20 percent of the capital stock: Please refer to Attachment 4.
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 5.

(2) Information on investees

A. The investees have significant influence or controller directly or indirectly: Please refer to Attachment 6.
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, 2024:
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 7.

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 8.

14. Segment information

(1) General information

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

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

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

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

(2) Segment revenue and results

For the years ended December 31, 2024

	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	$27,477	$220,978	$-	$35,298	$1,456,558	$1,665	$-	$65,266	$10,957	$-	$1,819,199
Inter-segment	361	-	-	-	62,062	266,633	-	4,633	15,119	(348,808)	-
Total revenue	$27,838	$220,978	$-	$35,298	$1,518,620	$268,298	$-	$69,899	$26,076	($348,808)	$1,819,199
Segment profit	($14,210)	($34,835)	($80)	($826)	$26,591	$12,893	$-	($5,148)	($16,185)	$1,477	($30,323)

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	$15,778	$195,349	$-	$22,952	$1,566,206	$211,878	$21,454	$16,838	$12,351	($288,563)	$1,774,243
Segment profit	($24,358)	($17,622)	($71)	($3,151)	$64,169	($5,115)	($2,092)	($6,375)	($16,090)	($2,636)	($13,341)

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

The following table presents segment assets and liabilities of the Group's operating segments as of December 31, 2024 and 2023:

Segment assets

	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Shanghai GSD Industrial Co., Ltd	GSD Environmental Technology Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	Adjustment and elimination	Consolidated
Dec. 31, 2024	$1,600,789	$357,481	$1,191,247	$32,140	$1,301,390	$318,099	$-	$44,844	$65,687	($2,811,409)	$2,100,268
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

Segment liabilities

	GSD Technologies Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	Chuan Yuan Hydraulic Engineering Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Shanghai GSD Industrial Co., Ltd	GSD Environmental Technology Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	Adjustment and elimination	Consolidated
Dec. 31, 2024	$125,373	$60,212	$19,382	$9,941	$329,770	$102,384	$-	$59,209	$56,077	($138,919)	$623,429
Dec. 31, 2023	$328,301	$71,633	$23,651	$8,551	$413,229	$134,493	$-	$16,551	$31,092	($98,099)	$929,402

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

Other reconciliations of reportable segments

	For the years ended Dec. 31	
	2024	2023
Total profit or loss for reportable segments	($30,323)	($13,341)
Non-operating income and expenses:		
Interest income	10,629	14,576
Other income	15,162	34,394
Other gain and losses	21,962	(7,665)
Finance costs	(5,520)	(3,871)
Share of profit of associates and joint ventures accounted for using equity method	30,543	19,554
Profit before tax from continuing operations	$42,453	$43,647

(3) Geographical information

A. Revenues from external customers:

	For the years ended Dec. 31	
	2024	2023
China	$1,325,109	$1,365,516
Taiwan	269,868	207,506
Other countries	223,222	201,221
Total	$1,818,199	$1,774,243

Net sales are classified by countries where the customers are located in.

B. Non-current assets:

	Dec. 31, 2024	Dec. 31, 2023
China	$700,207	$722,735
Taiwan	14,287	3,905
Other countries	25,424	10,572
Total	$739,918	$737,212

(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.

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

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 Enviro Tech (Taiwan) Co., Ltd.	Other Receivable - related parties	Yes	$44,780 (RMB 10,000 thousand)	$44,780 (RMB 10,000 thousand)	$-	-	Short-term financing	-	For operational turnaround	$-	None	-	$442,625	$590,166
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	Other Receivable - related parties	Yes	$44,780 (RMB 10,000 thousand)	$44,780 (RMB 10,000 thousand)	$17,912	3%	Short-term financing	-	For operational turnaround and purchase of equipment	$-	None	-	$291,486	$388,648
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	Other Receivable - related parties	Yes	$44,780 (RMB 10,000 thousand)	$44,780 (RMB 10,000 thousand)	$22,390	3%	Short-term financing	-	For operational turnaround	$-	None	-	$194,324	$388,648
1	GSD (China) Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	Other Receivable - related parties	Yes	$89,560 (RMB 20,000 thousand)	$44,780 (RMB 10,000 thousand)	$22,390	3%	Short-term financing	-	For operational turnaround	$-	None	-	$194,324	$388,648

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, 2024.

Note 3: The limits for lending to each borrower are as follows:

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.

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

Attachment 2

Endorsement/Guarantee provided to others as of December 31, 2024:

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	$97,162	$89,560	$-	$-	$-	-	$485,810	N	N	Y
1	GSD (China) Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	2	$97,162	$89,560	$89,560	$18,497	$10,965	9.22%	$485,810	N	N	Y
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	2	$97,162	$44,780	$44,780	$1,909	$2,793	4.61%	$485,810	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.
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, 2024.

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.

Attachment 3

Securities held as of December 31, 2024. (Excluding subsidiaries, associates and joint ventures):

Securities held by	Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2024				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	$8,284	10.00%	$8,284	-

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 6 and 7 for information related to investments in subsidiaries, affiliated associates and joint ventures.

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

Attachment 4

Related party transactions for purchases and sales reaching NT$100 million or 20 % of the paid-in capital for the years ended December 31, 2024:

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 Enviro Tech. (Yangzhou) Co., Ltd.	GSD (China) Co., Ltd.	Associate	Sales	($266,633)	14.66%	60 days	-	-	$48,064	12.08%	
GSD (China) Co., Ltd.	Pinghu Heiwei Environmental Protection Equipment Co., Ltd.	Substantive related party	Purchases	$114,938	10.32%	60 days	-	-	($23,095)	8.92%	

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.

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

Attachment 5
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	$17,912	Contractual payment	0.85%
1	GSD (China) Co., Ltd.	GSD Enviro Tech. (Yangzhou) Co., Ltd.	c	Sales	$6,121	60 days	0.34%
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	c	Trade receivables - related parties	$17,166	Contractual payment	0.82%
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	c	Other receivables - related parties	$22,390	Contractual payment	1.07%
1	GSD (China) Co., Ltd.	GSD Environmental Technology Co., Ltd.	c	Sales	$26,126	Contractual payment	1.44%
1	GSD (China) Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	c	Other receivables - related parties	$22,390	Contractual payment	1.07%
1	GSD (China) Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	c	Trade receivables - related parties	$1,575	90 days after bill of lading date	0.07%
1	GSD (China) Co., Ltd.	GSD Enviro Tech (Taiwan) Co., Ltd.	c	Sales	$4,611	90 days after bill of lading date	0.25%
1	GSD (China) Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	c	Trade receivables - related parties	$3,649	90 days after bill of lading date	0.17%
1	GSD (China) Co., Ltd.	GSD Enviro Tech Vietnam Company Limited	c	Sales	$24,929	90 days after bill of lading date	1.37%
2	GSD Enviro Tech. (Yangzhou) Co., Ltd.	GSD (China) Co., Ltd.	c	Trade receivables - related parties	$48,064	60 days	2.29%
2	GSD Enviro Tech. (Yangzhou) Co., Ltd.	GSD (China) Co., Ltd.	c	Sales	$266,633	60 days	14.66%
3	GSD Environmental Technology Co., Ltd.	GSD (China) Co., Ltd.	c	Sales	$2,471	Contractual payment	0.14%
3	GSD Environmental Technology Co., Ltd.	CNCN (Beijing) Enviro Tech Co., Ltd.	c	Sales	$2,163	Contractual payment	0.12%
4	CNCN (Beijing) Enviro Tech Co., Ltd.	GSD (China) Co., Ltd.	c	Trade receivables - related parties	$1,463	Contractual payment	0.07%
4	CNCN (Beijing) Enviro Tech Co., Ltd.	GSD (China) Co., Ltd.	c	Sales	$12,286	Contractual payment	0.68%
4	CNCN (Beijing) Enviro Tech Co., Ltd.	GSD Environmental Technology Co., Ltd.	c	Trade receivables - related parties	$1,427	Contractual payment	0.07%
4	CNCN (Beijing) Enviro Tech Co., Ltd.	GSD Environmental Technology Co., Ltd.	c	Sales	$2,833	Contractual payment	0.16%

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.

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

Attachment 6

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, 2024			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%	$1,184,321	$39,873	$40,516	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, technical support services, and contracting of environmental engineering	$280,000	$180,000	28,000,000	100.00%	$297,299	$5,864	$5,864	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.	$130,401	$133,941	6,563,000	22.38%	$197,193	$147,226	$30,543	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%	$18,844	($848)	($721)	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 7 for information on investments in mainland China.

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

Attachment 7

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, 2024	Investment flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (loss) of Investee Company	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (Note 2)	Carrying Amount as of December 31, 2024 (Note 4)	Accumulated Inward Remittance of Earnings as of December 31, 2024
					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	$600,052 (RMB 134,000 thousand)	Indirect investment in mainland China through a third region	Not applicable	$-	$-	Not applicable	$29,771	100.00%	$29,771	$971,620	$-
GSD Environmental Technology Co., Ltd.	Manufacturing and selling of electronic and mechanical equipment and its components, also providing technical development, transfer, consulting and service in the domain of environmental protection technology	$44,780 (RMB 10,000 thousand)	Indirect investment in mainland China through GSD (China) Co., Ltd.	Not applicable	$-	$-	Not applicable	($5,056)	60.00%	($3,036)	($8,619)	$-
CNCN (Beijing) Enviro Tech Co., Ltd.	Selling of sludge drying and energy management equipment and providing installation, repair, and technical support services	$44,780 (RMB 10,000 thousand)	Indirect investment in mainland China through GSD (China) Co., Ltd.	Not applicable	$-	$-	Not applicable	($16,484)	60.00%	($9,890)	$5,766	$-
GSD Enviro Tech (Yangzhou) Co., Ltd.	Manufacturing and selling of environmental protection equipment and its consumables, and providing installation, repair, and technical support services	$223,900 (RMB 50,000 thousand)	Indirect investment in mainland China through a third region	Not applicable	$-	$-	Not applicable	$13,636	100.00%	$13,946	$215,604	$-

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Not applicable	Not applicable	Not applicable

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

a. Direct investment in Mainland China.

b. 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.

Attachment 8

Information on major shareholders:

Major shareholders \ Shares	Number of Shares	Percentage of Ownership (%)
H.J. Hsieh International Co., Ltd.	5,645,736	15.25%
Li Yi Co., Ltd.	3,411,892	9.22%
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.