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GSD Technologies Co., Ltd.

2024 Annual Report

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

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Notice to readers

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

I. Spokesperson and deputy spokesperson

Spokesperson

Name : Wu, Wu-Hsiung
Title : Accounting Officer & Special Assistant of Chairman
Tel : +886-916856641
E-mail: ir@gsd.net.tw

Deputy spokesperson

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

II. Headquarter, Branches, and the Plants

2.1 Headquarters

Headquarters

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

Taiwan Branch

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

2.2 British Virgin Islands subsidiary

CHUAN YUAN Hydraulic Engineering Co., Ltd.

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

2.3 Subsidiaries in Taiwan

GSD Enviro Tech (Taiwan) Co., Ltd.

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

2.4 Subsidiaries and Branches in China

GSD (China) Co., Ltd

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

GSD (China) Co., Ltd. Beijing Branch

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

GSD (China) Co., Ltd QingDao Branch

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

Tel: +86-532-8891-0563

GSD (China) Co., Ltd Suzhou Branch

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

Tel: +86-512-6270-9116

GSD (China) Co., Ltd Shanghai branch

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

Tel: +86-21-5055-0317

GSD (China) Co., Ltd Guangzhou branch

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

Tel: +86- 20-8232-0595

Shanghai GSD Industrial Co., Ltd.

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

Tel: +86-21-5055-0343

GSD Environmental Technology Co., Ltd.

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

Tel: +86-573-8529-6688

GSD Enviro Tech (Yangzhou) Co., Ltd.

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

Tel: +86-514-8781-4125

CNCN (Beijing) Enviro Tech Co., Ltd.

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

Tel: +86-10-5092-8517

2.5 Subsidiaries in Vietnam

GSD Enviro Tech Vietnam Company Limited

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

Tel: +84-28-36368159

2.6 Plant

GSD (China) Co., Ltd – Pinghu factory

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

Tel: +86-573-8950-8888

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

III. Stock Transfer Agent

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

IV. Auditors

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

V. Overseas Securities Exchange

None.

VI. Corporate Website

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

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

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

VIII. Board of Directors

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

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

I. Letter to Shareholders	1
II. Corporate Governance Report.....	6
2.1. Directors, Supervisors and Management Team	6
2.2. Remuneration paid during the most recent fiscal year to Directors, Supervisors, the President, and Vice President	15
2.3. Implementation of Corporate Governance.....	19
2.4. Information on CPA professional fees.....	66
2.5. Information on replacement of certified public accountant	66
2.6. Any of the Company's chairperson, president, or managers in charge of finance or accounting held a position in the CPA's firm or its affiliates in the most recent year.....	69
2.7. Changes in Shareholding and share pledge of Directors, Supervisors, Managers and Major Shareholders.....	69
2.8. Relationship among the Top Ten Shareholders	70
2.9. Number of shares held and shareholding percentage of the Company, the Company's directors, supervisors, managers and directly or indirectly controlled entities on the same investee	71
III. Capital Overview	72
3.1. Capital and Shares	72
3.2. Bonds	77
3.3. Preferred shares.....	78
3.4. Global Depository Receipts	78
3.5. Employee Stock Options.....	78
3.6. Restricted employee shares.....	78
3.7. Status of New Shares Issuance in Connection with Mergers and Acquisitions.....	78
3.8. Financing Plans and Implementation.....	78
IV. Operational Highlights	79
4.1. Business Activities.....	79
4.2. Market and Sales Overview	98
4.3. Human Resources	109
4.4. Environmental Protection Expenditure	110
4.5. Labor Relationship.....	110
4.6. Information security management	112
4.7. Important Contracts	115
V. Review of Financial Conditions, Financial Performance, and Risk Management	117
5.1. Analysis of Financial Status.....	117
5.2. Analysis of Operation Result	118
5.3. Analysis of Cash Flow	120
5.4. Major Capital Expenditure Items	121
5.5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year	121
5.6. Analysis of Risk Management	123
5.7. Other important matters	128
VI. Special Disclosure.....	129
6.1. Summary of Affiliated Companies	129
6.2. Private Placement Securities in the Most Recent Years	132
6.3. Other supplementary events.....	132
6.4. If any of the situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current	

fiscal year up to the date of publication of the annual report, such situations shall be listed one by one	132
6.5. Major Difference Between the Company's Articles of Association and the Regulations on the Protection of Shareholders' Equity of Taiwan	132

I. Letter to Shareholders

Dear Shareholders,

The year 2024 was marked by significant global events: politically, it was a "super election year"; environmentally, it was the hottest year on record; and geopolitically, it saw frequent armed conflicts. According to the International Monetary Fund (IMF), global economic growth stood at approximately 3.2%, consistent with the previous year but still below the levels before the COVID-19.

Regionally, Taiwan's economy was projected to grow by 4.27% in 2024, the highest in three years, aided by AI business opportunities. Meanwhile, China's economy faced external pressures and internal challenges, with growth rates of 5.3%, 4.7%, and 4.6% in the first three quarters, respectively. However, a series of stimulus policies introduced on September 26th helped boost the economy, achieving a 5.4% growth in the fourth quarter and meeting the annual target of 5%. Additionally, China's manufacturing PMI returned to expansion territory in October, and the real estate sector saw a slight recovery in the fourth quarter, reversing a prolonged decline.

The Company's revenue of 2024 was NT\$1.818 billion, an increase of 2.48% over the previous year. The net profit after tax was NT\$42.47 million, and the annual EPS was NT\$1.4. This year, the company released the first ESG report and began to operate sewage treatment plants in Taiwan. The company's business in Taiwan now encompass equipment sales, smart water management, engineering projects, equipment maintenance, operations management, and investments. This achievement fulfills the company's vision of offering "comprehensive services" in the environmental protection industry. Moving forward, the company aims to the sharing of clean water resources around the world through promoting green products of the company based on its green management.

1. 2024 Business Plan Implementation

The consolidated revenue in 2024 was NT\$1,818,199 thousand, an increase of NT\$43,956 thousand or 2.48%, compared to NT\$1,774,243 thousand in 2023. The consolidated gross profit margin in 2024 was 28.51%, which was a 3.59% decrease compared to 32.1% in the previous year and the gross profit decreased by NT\$51,270 thousand. The 2024 gross profit decrease mainly due to the low margin for engineering projects, the sales price of equipment in China decreased and the fixed cost increase. In 2024, the operating expense decreased by NT\$34,288 thousand, causing by the decreases in R&D expenses and the reversal of expected credit loss. The operating profit decreased by NT\$16,982 thousand compared with the previous year. Due to the increase of investment profit, valuation gain in convertible bond, exchange gain, and reduction in subsidy income, the net

non-operating income increased by NT\$15,788 thousand, resulting in a decrease of NT\$1,194 thousand in net profit before tax compared with the previous year. In addition, income tax expense in 2024 decreased by NT\$5,481 thousand compared with that in 2023, due to the decrease of net profit before tax, additional deductions for R&D expense, and recognition of income tax benefits. Taking the above factors into consideration, the net profit after tax in 2024 was NT\$42,469 thousand, an increase of NT\$4,287 thousand from the previous year.

2. Budget Implementation

The Company has not announced financial forecasts.

3. Financial Revenue and Expenditure Analysis

In 2024, the consolidated interest income is NT\$10,629 thousand, a decrease of NT\$3,947 thousand, and the financial cost is NT\$5,520 thousand, an increase of NT\$1,649 thousand compared to the previous year. The profitability ratios in 2024 are shown in the table below.

Items		Year	2023	2024	Difference (%)
Profitability	Return on assets(%)		1.69	2.12	25.44
	Return on Equity(%)		2.57	2.92	13.62
	Profit before tax & interest(EBIT) actual capital ratio(%)		11.80	11.47	-2.80
	Net Profit Margin(%)		2.15	2.34	8.84
	Earnings per share(NT\$)		1.28	1.40	9.38

4. Research and Development

4.1 In Mainland China, the Company added 2 invention patents, 7 utility model patents and 1 design patents from January 1,2024 to January 10, 2025. As of January 10, 2025, there are a total of 122 valid patents, including 9 invention patents. In addition, there are 32 software copyrights. In Taiwan, the Company own 4 valid patents, including 1 invention patent.

4.2 Energy saving certification application

Up to 2024, most of the pump products including CP, GPS, LPS, ISP, ISH and QW have obtained energy-saving certification. In addition to water pumps, GSD also actively cooperating develops energy-saving products such as full flow mixing systems for full fluid tank, the high solids belt press and sludge drying systems. The revenue from energy saving products accounted for

approximately 13.44% of the total revenue in 2024.

4.3 High efficiency product development

The newly developed submersible pumps and sewage pumps not only prioritize energy efficiency but also demonstrate significant improvements in product efficiency compared to the previous generation products. The ISH and ISP series products feature interchangeable parts, enhancing versatility. Moreover, the high solids belt press (sludge dewatering machine) is capable of controlling the moisture content of the sludge below 80% without the addition of chemicals. With the inclusion of modified additives, the moisture content of the sludge can be controlled to around 70%, resulting in a substantial enhancement in dewatering efficiency.

4.4 Intelligent Products

The Company's Taiwan subsidiary, GSD Enviro-tech (Taiwan) Co., Ltd., had participated and won the Greentech Startup Challenge competition for the third consecutive year. In 2024, GSD (Taiwan) won the competition with its "Water Resource Management Platform" project. In mainland China, intelligent products also achieve concrete progress in 2024, with the delivery of 1 agricultural pollution project, 2 water environment projects, and 1 water conservancy dispatching project. Additionally, the Company plans to implement smart water management system in the sewage treatment plants it operates in Taiwan to demonstrate the effectiveness of the system.

5. Business Plan for 2025

In January, the International Monetary Fund (IMF) released its World Economic Outlook report, predicting a global economic growth rate of 3.3% for 2025. The report also highlighted concerns about the negative impacts of U.S. dollar appreciation and policy changes under Trump. Although the global economy has improved slightly, due to the continued impact of factors such as high interest rates, global economic growth is expected to remain below the historical average of 3.8% for the next two years.

In Taiwan, the Directorate-General of Budget, Accounting, and Statistics forecasts a slight decrease in the 2025 economic growth rate to 3.29%, while the Taiwan Institute of Economic Research predicts 3.15%, reflecting a trend of stable domestic conditions and warming external markets. Meanwhile, Vietnam has set a growth target of 7%, driven by recovery in manufacturing exports, tourism, and increased investments.

The IMF anticipates China's economic growth rate will reach 4.6% in 2025 better than 2024, supported by the policies such as moderately loose monetary policies,

proactive fiscal policies, and strengthening extraordinary counter-cyclical regulation. The Central Economic Work Conference in December 2024 outlined key tasks to boost the economy through consumption, investment, and exports. Policies relevant to the Company's business include stronger support for the "Two New" and "Two Major" initiatives, increased central budget allocations to stimulate social investment, eased the "overly intense competition" situation, and efforts to promote carbon reduction, and pollution control.

5.1 Operational Policy

5.1.1 Strengthen sales capabilities

5.1.2 Enhancing product technology competitiveness

5.1.3 Strengthen the execution of increasing revenue and reducing expenditure

5.1.4 Improving risk control mechanisms

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

Business Directions for 2025:

5.2.1 In China, the Company faced multiple severe challenges, including the shrinking traditional equipment market, intensified competition within the industry, and tight national fiscal funds in 2024. Forward to 2025, the Company will further refine and upgrade its superior products and core technologies, accelerate the transformation from traditional fields such as environmental protection treatment to emerging new fields such as energy conservation and carbon reduction, system upgrades, and project support, and continue to expand its marketing network. In the blank market, the Company will construct and expand distribution network, increase agents and look for new opportunities in the broader market space.

5.2.2 In Taiwan, we will continue to participate in public projects tenders, strengthen intelligent products or services (especially the government's energy-saving and carbon-reduction policies and smart disaster prevention needs, and the electronics industry's precision dosing system), and expand the maintenance and equipment replacement business of sewage treatment plants located south of Chiayi. For the operation business of sewage treatment plants, the Company plan to use smart water systems and build the plants as smart sewage treatment demonstration sites.

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

The global economic outlook for 2025 is optimistic, driven by the AI boom and ongoing innovations in the energy sector. However, Trump's return to the White House has heightened market uncertainties. Challenges like extreme climate events, geopolitical tensions, and armed conflicts persist, but challenges always coming with opportunities. We will continue to implement our core business and go all out to develop new situation of sustainable development.

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

Sincerely yours,

Chairman

HSIEH, HUNG-JUNE

II. Corporate Governance Report

2.1. Directors, Supervisors and Management Team

2.1.1 Directors and Supervisors

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

Apr. 12, 2025; Unit: thousand shares %

Title	Nationality	Name	Sex/ Age	Date Elected	Term of Office	Date first Elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position in GSD and the other companies	Executives, Directors or supervisors who are spouses or within two degrees of kingship.			Note
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Title	Name	Relation	
Chairman	R.O.C.	Hsieh, Hung-June	M/72	2023/06/07	3y	2013/12/20	924	2.50	924	2.50	—	—	5,646 (Note1)	15.26	1. Oriental Institute of technology, Department of computer engineering 2. Former General manager of GSD Technologies Co., Ltd.	1. Director of Chuan Yuan Hydraulic Engineering Co., LTD. 2. Chairman of GSD (China) Co., Ltd. 3. Chairman of GSD Enviro Tech (Yangzhou) Co., Ltd. 4. Director of GSD Environmental Technology Co., Ltd. 5. Director of CNCN (Beijing) Enviro Tech Co., Ltd. 6. Chairman of GSD Enviro Tech (Taiwan) Co., Ltd. 7. Chairman of the Shareholders' Meeting of GSD Enviro Tech Vietnam Company Limited. 8. Director of H.J. HSIEH International Co., Ltd.	—	—	—	—
Director	British Virgin Islands	Li Yi Co., LTD.	—	2023/06/07	3y	2014/06/03	3,412	9.22	3,412	9.22	—	—	—	—	—	—	—	—	—	
	R.O.C.	Rep. : Lin, Ming-Tzu	M/53				—	—	—	—	—	—	—	—	1. New Taipei city San-Chung Commercial and Industrial Vocational High School Mechanical engineering 2. President of HEY-WEL Mechanical Co., Ltd.	1. General manager of HEY-WEL Co., Ltd. 2. Chairman of Yang Chuo HEY-WEL environmental Technology Co., Ltd. 3. Chairman of Pinghu HEY-WEL Environmental Technology Co., Ltd. 4. Directors of Li Yi Co., Ltd.	—	—	—	

Title	Nationality	Name	Sex/ Age	Date Elected	Term of Office	Date first Elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position in GSD and the other companies	Executives, Directors or supervisors who are spouses or within two degrees of kingship.			Note
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Title	Name	Relation	
Director	R.O.C.	Cheng, Chi-Fa	M/66	20230607	3y	20140603	224	0.60	224	0.60	—	—	—	—	1. Department of Accounting National Chong Hsing University 2. CPA of Jinxing United Accounting Firm	1. CPA of Jing Xing United Accounting Firm 2. Chairman of Yu-Xinge consulting Co., Ltd. 3. Director of Jin-Dien Asset Management Co., Ltd. 4. Chairman of San-Bogle Investment Co., Ltd. 5. Director of Yuan Fu Tai Development Cor., Ltd. 6. Director of CoreMax Corporation. 7. Director of Uranus Chemicals Co, Ltd. 8. Independent Director of HongYi Fiber Industry Co., Ltd. 9. Independent Director of Shin Zu Shing Co., Ltd. 10. Director of Shih Her Technologies, Co., Ltd. 11. Corporate Director Representative of Ezfly international Travel Agent Co., Ltd.	—	—	—	
Director	R.O.C.	Lee, Tzuoh-Shoou	M/71	20230607	2y	20210708	283	0.76	283	0.76	—	—	1,448 (Note2)	3.91	1. Department of computer Engineering, Oriental Institute of Technology 2. Former Special Assistant of chairman of GSD Technologies Co., Ltd.	Director of LTS International Ltd.	—	—	—	
Independent Director	R.O.C.	Chang, Yuan-Lung	M/64	20230607	3y	20170622	—	—	—	—	—	—	—	—	1. Department of Accounting, Tamkang University 2. CPA of CihnJeng United Accounting Firm	1. CPA for CihnJeng United Accounting Firm 2. Independent Director of CoreMax Corporation. 3. Independent Director of Shin Zu Shing Co., Ltd. 4. Independent Director of Johnson Fine Chemical Co., Ltd.	—	—	—	

Title	Nationality	Name	Sex/ Age	Date Elected	Term of Office	Date first Elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position in GSD and the other companies	Executives, Directors or supervisors who are spouses or within two degrees of kingship.			Note
							Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Title	Name	Relation	
Independent Director	R.O.C.	Chou, Shan-Shan	F/60	20230607	3y	20170622	—	—	—	—	—	—	—	—	1. Doctor, Institute of Environmental Engineering, National Chiao Tung University 2. CEO of Environmental Technology & Smart System Research Center of National Yang Ming Chiao Tung University.	1. Independent Director of ECOVE Environment Corp. 2. CEO of Environmental Technology & Smart System Research Center of National Yang Ming Chiao Tung University.	—	—	—	
Independent Director	R.O.C.	Su, Chiu-Hsia	F/59	20230607	3y	20230607	—	—	—	—	—	—	—	—	1. MBA, The George Washington University 2. Former Executive Vice President of Standard Chartered Bank	1. Independent Director of Fulin Plastic Industry (Cayman) Holding Co., Ltd. 2. Independent Director of Enli Technology Co., Ltd	—	—	—	

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

Note 2: Mr. Lee, Tzuoh-Shoou holds 32.03% equity in LTS International Ltd., and LTS International Ltd. holds 1,448 thousand shares of GSD Technologies Co, Ltd. with a shareholding ratio of 3.91%.

2.1.1.2 Major shareholders of the institutional shareholders

Apr. 12,2025

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

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

2.1.1.4 Professional qualifications and independence information of Independent Directors

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

Criteria Name	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director/ Cheng, Chi-Fa	He has professional knowledge of finance and accounting, and is currently an accountant of Jinxing United Accounting Firm. His positions in other companies information refers to page 7. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	He is not an employee or director of the company and GSD's affiliated companies. There are no spouses or kinship within second-degree with any other directors.	Two
Director/ Lee, Tzuoh-Shoou	He is the former special assistant of GSD's chairman and has relevant experience in environmental protection equipment industry and management consulting. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	He is not an employee or director of the company and GSD's affiliated companies. There are no spouses or kinship within second-degree with any other directors.	None
Independent Director/ Chang, Yuan- Lung	He has professional knowledge of finance and accounting, and is currently an accountant of CihJeng United Accounting Firm, and concurrently serve as independent director of other listed companies. Not been a person of any conditions defined in Article 30 of Taiwan Company Law.	1. Do the director, his spouse, and relative within the second degree of kinship serve as a director, supervisor or employee of GSD or GSD's affiliated companies: No 2. The number of shares and shareholding ratio of the director, together with those held by his spouse, or held by the person under others' names, in an aggregate: None 3. Whether to serve as a director, supervisor or employee of a company that has a specific relationship with GSD: No 4. The cumulative compensation of providing commercial, legal, financial, accounting or related services to GSD or any affiliate of GSD in the past 2 years: None	Three

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

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

A. Diversified policy

GSD has formulated the “Corporate Governance Practice Principles” and “Rules for Election of Directors” to implement the diversity policy for the members of the board of directors. The Company's directors (including independent directors) adopt the system of nomination of candidates. The diversification direction of the Company's directors is divided into three aspects, including basic composition, industrial experience and professional ability. In terms of basic composition, female directors account for about 29%; directors under the age of 60 account for about 29%; directors aged 60-70 account for 43%; directors over the age of 70 account for about 28%; as directors of the Company for less than 3 years account for about 14%, for 3-9 years about 43%, for over 9 years about 43%, and all independent directors are less than 3 session. Please refer to note 1 and the Company's website for the diversity of directors' industrial experience and professional competence.

The specific objectives of GSD's directors' diversification are as follows: (1) at least one-third of the directors shall be of either gender; and (2) no more than one-third of the directors shall be concurrent employees of the Company. Based on the current board composition, the Company has a total of 7 directors, of which 2 are female directors, accounting for less than one-third. There is only one director who is also an employee, which has achieved the goal. In recent years, the Company has continued to promote the diversity of the board of directors. From only one female director in 2020, it was increased to two female directors in 2023. In the future, we will continue to look for and recruit suitable female directors to join in order to achieve the goal of diversity.

B. Independence

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

Note 1: Diversity of directors

Diversified core item Name of Director	Gender	Nationality	Concurrently as an employee of the Company	Age			Years as being director of the Company		
				Under 60 (include)	60 to 70	Over 70 (not include)	Under 3 year (include)	3 to 9	Over 9 years (not include)
Hsieh, Hung-June	M	R.O.C	V			V			V
Li Yi Co., Ltd. Rep.: Lin, Ming-Tzu	M	R.O.C		V					V
Chang, Chi-Fa	M	R.O.C			V				V
Lee, Tzuoh-Shoou	M	R.O.C				V		V	
Independent Director: Chang, Yuan-Lung	M	R.O.C			V			V	
Independent Director: Chou, Shan-Shan	F	R.O.C			V			V	
Independent Director: Su, Chiu-Hsia	F	R.O.C		V			V		

Diversified core item Name of Director	Industrial experience				Professional ability			
	Bank	Securities	Insurance	Industry management	Accounting	Law	Human Resources	Risk Management
Hsieh, Hung-June				V				V
Li Yi Co., Ltd. Rep.: Lin, Ming-Tzu				V				V
Chang, Chi-Fa		V			V			V
Lee, Tzuoh-Shoou				V				V
Independent Director: Chang, Yuan-Lung					V			V
Independent Director: Chou, Shan-Shan				V				V
Independent Director: Su, Chiu-Hsia	V			V			V	V

2.1.2 Information of Management Team

Apr. 12,2025. Unit: thousand shares %

Title	Nationality	Name	Sex	Date Appointed	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position in GSD and the other companies	Executives, Directors or supervisors who are spouses or within two degrees of kingship.			Remark
					Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Title	Name	Relation	
General Manager/ officer of Marketing & Sales division	R.O.C.	Chen, Shih- Hsien	M	20230201	1,149	3.11	—	—	—	—	1. Studied in Department of Business and Accounting, Soochow University 2. Associate Manager, Taiwan Chuan Yuan Co., Ltd. 3. Vice president of GSD (China) Co., Ltd.	1. Director of GSD (China) Co., Ltd. 2. Director of GSD Enviro Tech (Yangzhou) Co., Ltd. 3. General manager of GSD Enviro Tech (Taiwan) Co., Ltd. 4. General manager of GSD Enviro Tech Vietnam Company Limited	—	—	—	
Officer of Accounting & Special Assistant of Chairman	R.O.C.	Wu, Wu Hsiung	M	20140925	352	0.95	—	—	—	—	1. Master degree of Department of Business and Accounting, Soochow University. 2. CFO and Vice President of Business Office, SpeedTech Co., Ltd. 3. CFO, T3EX Global Holding Co., Ltd.	Corporate Director Representative of Yuh Shan Environmental Engineering Co., Ltd.	—	—	—	
Officer of Audit Dept.	R.O.C.	Kao, Chia-Hui	F	20221222	45	0.12	—	—	—	—	1. Department of Accounting, Tamkang University. 2. Auditor of Diwan & Company United Accounting Firm. 3. Internal audit officer of GSD Technologies Co., Ltd.	—	—	—	—	
Officer of Finance & Corporate Governance	R.O.C.	Tsai Tzu Ju	F	20210601	6	0.02	—	—	—	—	1. Master degree of Department of Finance, National Sun Yat-sen University. 2. Section manager of Accounting, Radiant Opto-electronic Corporation 3. Junior manager of CTBC bank.	—	—	—	—	

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

2.2.1 Remuneration paid to directors in the most recent year

A. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Total Remuneration and ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors who are Also Employees								Total Compensation and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, Allowances (E)		Severance Pay (F)		Employee Compensation (G)		The Company	Companies in the consolidated financial statements			
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company				Companies in the consolidated financial statements		
																Cash	Stock	Cash	Stock	Cash	Stock	
Director	Hsieh, Hung-June	-	-	-	-	1,254	1,254	175	175	1,429/ 2.79%	1,429/ 2.79%	-	4,062	113	113	313	-	313	-	1,855/ 3.62%	5,917/ 11.55%	None
Director	Li Yi Co., Ltd.																					
	Representative: Lin, Min- Tzu																					
Director	Cheng, Chi -Fa																					
Director	Lee, Tzuoh-Shoou	1,734	1,734	-	-	-	-	178	178	1,912/ 3.73%	1,912/ 3.73%	-	-	-	-	-	-	-	-	1,912/ 3.73%	1,912/ 3.73%	None
*ID	Chang, Yuan-Lung																					
*I.D	Chou, Shan-Shan																					
*I.D	Su, Chiu-Hsia																					

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

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

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

Remuneration scale

Range of Remuneration	Name of Director			
	Total remuneration of the first four items (A+B+C+D)		Total remuneration of the first seven items (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT\$ 1,000,000	Hsieh, Hung-June, Li Yi Co., Ltd. (Representative: Lin, Ming-Tzu), Lee, Tzuoh-Shoou, Cheng, Chi-Fa, Chang, Yuan-Long, Chou, San-San, Su, Chiu-Hsia	Hsieh, Hung-June, Li Yi Co., Ltd. (Representative: Lin, Ming-Tzu), Lee, Tzuoh-Shoou, Cheng, Chi-Fa, Chang, Yuan-Long, Chou, San-San, Su, Chiu-Hsia	Li Yi Co., Ltd. (Representative: Lin, Min Tzu), Lee, Tzuoh-Shoou, Cheng, Chi-Fa, Chang, Yuan-Long, Chou San-San, Su, Chiu-Hsia	Li Yi Co., Ltd. (Representative: Lin, Min Tzu), Lee, Tzuoh-Shoou, Cheng, Chi-Fa, Chang, Yuan-Long, Chou San-San, Su, Chiu-Hsia
NT\$ 1,000,000~NT\$ 2,000,000	-	-	Hsieh, Hung-June	-
NT\$ 2,000,000~NT\$ 3,500,000	-	-	-	-
NT\$ 3,500,000~NT\$ 5,000,000	-	-	-	Hsieh, Hung-June
NT\$ 5,000,000~NT\$ 10,000,000	-	-	-	-
NT\$ 10,000,000~NT\$ 15,000,000	-	-	-	-
NT\$ 15,000,000~NT\$30,000,000	-	-	-	-
NT\$ 30,000,000~NT\$50,000,000	-	-	-	-
NT\$ 50,000,000~NT\$100,000,000	-	-	-	-
Over NT\$ 100,000,000	-	-	-	-
Total	7	7	7	7

B. Remuneration of General manager and Deputy General manager

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total Compensation and ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation Paid to President and Vice President from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General manager	Chen, Shih- Hsien	2,115	4,461	84	175	126	126	533	—	533	—	2,858/5.58%	5,295/10.34%	24
Officer of Accounting & Special Assistant of Chairman	Wu, Wu-Hsiung													

Remuneration scale

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

C. Remuneration of the Managers who distribute for employees

Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Compensation to Net Income (%)
Executive Officers	General Manager	Chen, Shih-Hsien	-	1,016	1,016	1.98%
	Officer of R&D Division	Hsieh, Hung-June				
	Officer of Accounting & Special Assistant of Chairman	Wu, Wu-Hsiung				
	Officer of Finance & Corporate Governance	Tsai, Tzu-Ju				

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

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

Unit: %

	2024		2023	
	The Company	The consolidated financial statements	The Company	The consolidated financial statements
The sum of remuneration paid to directors	3,341	3,341	3,449	3,449
The ratio of the sum of remuneration paid to directors to net income (%)	6.52	6.52	7.36	7.36
Total remuneration paid to president and vice presidents	2,858	5,295	2,220	5,534
Ratio of total remuneration paid to president and vice presidents to net income (%)	5.58	10.34	4.74	11.81

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

(1) Directors and supervisors

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

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

(2) General manager and Deputy General manager

The remuneration of the general manager and deputy general manager includes salary, bonus and retirement pension, which is determined according to the position held, the responsibilities undertaken and the contribution to the Company, with reference to industry standards. In order to enhance the correlation between managers' performance and remuneration, the Company formulated the "Manager Salary and Remuneration Management Regulation" on February 27, 2025 as a reference for the issuance of manager bonuses. The manager performance evaluation items are divided into (i) operational performance indicators: operating income and profit contribution and growth rate, budget target achievement rate, company operating strategy execution, etc.; (ii) team building: talent training and recruitment; (iii) ESG: contribution to the Company's sustainable business strategy.

2.3. Implementation of Corporate Governance

2.3.1 Board of Directors

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

A total of 5 meetings of the Board of Directors were held in the previous period. The attendance of directors was as follows:

Title	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remarks
Chairman	Hsieh, Hung-June	5	-	100%	Reelected on June 7, 2023.
Directors	Li Yi Co., Ltd. Representative : Lin, Min-Tzu	5	-	100%	Reelected on June 7, 2023.
Directors	Cheng, Chi-Fa	5	-	100%	Reelected on June 7, 2023.
Directors	Lee, Tzouh-Shouu	5	-	100%	Reelected on June 7, 2023.
Independent director	Chang, Yuan-Lung	5	-	100%	Reelected on June 7, 2023.
Independent director	Chou, Shan-Shan	5	-	100%	Reelected on June 7, 2023.
Independent director	Su, Chiu-Hsia	5	-	100%	Newly elected on June 7, 2023.

Note: The five meetings of the Board of Directors were held on Feb. 27, May 10, Aug. 22, Nov. 11 and Dec. 20 in 2024.

Other mentionable items:

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

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

Resolutions on the meetings of the Board in 2024 and 2025 before the printed date of the annual report are listed as below. All independent directors have given assent and consent to items stated in Article 14-3 of the Securities and Exchange Act.

Date of meeting	Content	Opinions of independent directors	The Company's handling of independent directors' opinions	Resolution result
Feb. 27, 2024 The 6 th of the fifth session	1.Approved the Company's 2023 directors' compensation and employee's compensation distribution plan.	Agree	No objection	All attending directors agreed to pass.
	2.Adoption of GSD's 2023 "Declaration on internal control system"	Agree	No objection	All attending directors agreed to pass.
	3.Approved GSD (China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	4. Amendments of "Corporate Governance Practice Principles" and "Audit Committee Charter".	Agree	No objection	All attending directors agreed to pass.
Aug. 22, 2024 The 8 th of the fifth session	1.Approved GSD's loaning facility to its subsidiary, GSD Enviro Tech (Taiwan) Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	2.Approved the change of the company's financial officer.	Agree	No objection	All attending directors agreed to pass.

Nov. 11, 2024 The 9 th of the fifth session	1. Approved GSD (China)'s loaning facility to its sister company- GSD Enviro Tech (Yangzhou) Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	2.Approved GSD (China)'s loaning facility to its subsidiary- CNCN (Beijing) Enviro Tech Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	3.Approved the formulation of "Sustainability Report Preparation and Submission Procedures".	Agree	No objection	All attending directors agreed to pass.
	4. Approved the formulation of "Code of Conduct" and "Supplier Code of Conduct"	Agree	No objection	All attending directors agreed to pass.
Dec. 20, 2024 The 10 th of the fifth session	1.Approved GSD (China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	2. Approved GSD (China)'s guarantee to its subsidiaries, GSD Environmental Technology Co., Ltd. and CNCN (Beijing) Enviro Tech Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
	3. Approved the independent and competent assessment of the CPA and its compensation.	Agree	No objection	All attending directors agreed to pass.
	4. The Company's 2024 manager compensation and year-end bonus proposal.	Agree	No objection	All attending directors agreed to pass.
	5. Approved the transactions between GSD (China) and the related party- Pinghu Heiwei Environmental Protection Equipment Co., Ltd.	Agree	No objection	All attending directors agreed to pass.
Feb. 27, 2025 The 11 th of the fifth session	1. Approved the Company's 2024 directors' compensation and employee's compensation distribution plan.	Agree	No objection	All attending directors agreed to pass.
	2. Adoption of GSD's 2024 "Declaration on internal control system"	Agree	No objection	All attending directors agreed to pass.
	3. Amendments of "Memorandum and Articles of Association".	Agree	No objection	All attending directors agreed to pass.
	4. Amendments of "Procedures for the board of directors meeting".	Agree	No objection	All attending directors agreed to pass.
	5. Amendments of "Corporate Governance Practice Principles" and "Procedure for Prevention of Insider Trading"	Agree	No objection	All attending directors agreed to pass.
	6. Approved the formulation of "Manager Salary and Remuneration Management Regulation"	Agree	No objection	All attending directors agreed to pass.

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

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

Date of meeting	Name of avoided director	Content	Reasons	Voting situation
Dec,20, 2024 The 10 th of the fifth session.	Hsieh Hung-June	The remuneration and year end bonus of managers in 2024.	Hsieh Hung-June shall be the interested party receiving the remuneration of the manager.	Based on the principle of interest avoidance, Hsieh Hung-June asked to avoid it and did not participate in the discussion and voting, and asked Director Cheng, Chi-Fa to preside over the discussion of the case. The case was approved by the other directors present without objection.
	Li Yi Co., Ltd. Representative: Lin, Min-Tzu	The transactions between GSD (China) and the related party- Pinghu Heiwei Environmental Protection Equipment Co., Ltd.	Lin, Min-Tzu shall be the interested party of the related party transaction	Based on the principle of interest avoidance, Lin, Min-Tzu asked to avoid it and did not participate in the discussion and voting. The case was approved by the other directors present without objection.

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

Evaluation Cycle	Evaluation Period	Evaluation Scope	Method	Content
Once per year	Jan 1 to Dec 31, 2024.	Board of Directors	Internal self-assessment of the board of directors	1. Participation in the operation of the Company 2. Decision making quality of the board of directors 3. Composition and structure of the board of directors 4. Selection and continuing education of directors. 5. Internal control
		Individual directors	Peer evaluation of directors	1. Mastering the Company's objectives and tasks. 2. Responsibilities of directors 3. Participation in the operation of the Company. 4. Internal relationship management and communication. 5. Professional and continuing education of directors. 6. Internal control.

		Functional Committee	Committee member self-evaluation	1. Participation in the operation of the Company. 2. Functional Committee responsibility recognition. 3. Decision quality of functional Committee. 4. Composition and member selection of functional Committee. 5. Internal control.
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The results of performance evaluation in 2024 are as follows:

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

A. Board of Directors performance

Evaluation Content	Score
Participation in the operation of the Company	4.62
Improve the decision-making quality of the board of directors	4.61
Composition and structure of the board of directors	4.67
Directors' selection and continuing education	4.51
Internal Control	4.41
Average Score	4.56

B. Individual director performance

Evaluation Content	Score
Master the Company's objectives and tasks	4.75
Recognition of directors' responsibilities	4.78
Participation in the operation of the Company	4.70
Internal relationship management and communication	4.63
Directors' selection and continuing education	4.72
Internal Control	4.66
Average Score	4.71

C. Functional Committee Performance

Evaluation Content	The Audit Committee	Remuneration Committee
Participation in the operation of the Company	4.75	4.75
Improve the decision-making quality of the board of directors	4.67	4.67
Composition and structure of the board of directors	4.67	4.67
Directors' selection and continuing education	4.67	4.67
Internal Control	4.67	-
Average Score	4.68	4.69

In terms of overall board performance, the average score is 4.56. The average performance score of individual director is 4.71. The average score of audit and remuneration committee is 4.68 and 4.69 respectively. The overall performance evaluation in 2024 is excellent, and the

results of performance evaluation are summarized, and the suggestions and improvement items are as follows:

Incorporating talent training and development plans for critical positions in the Company as a follow-up discussion item within the board's agenda.

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

- (1) The Company has stipulated the "Rules of Procedure for Board Meetings" as the guidelines for the operation of board meetings. In addition, on February 27, 2025, the Procedure were revised in accordance with the revisions made by the competent authorities.
- (2) In order to promote the directors' ability in corporate governance, the Company regularly arranges courses that meet the requirements for the implementation of directors and supervisors for directors' advanced training. In 2024, all directors achieve 6 hours of advanced training.
- (3) In order to protect the risks borne by directors when performing business, the Company insures directors and managers' liability insurance every year.
- (4) The corporate governance officer was appointed by the board of directors and has completed annual training, who helps to improve corporate governance and the functions of the board of directors.
- (5) In order to improve the transparency of information, the Company regularly exposes information related to operations, finance and corporate governance at public information observatories, the Company's website and annual reports. The audit office also provides independent directors' information on the Company's operations and audit results on a monthly or regular basis.

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

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

A. To establish or amend the internal control system in accordance with Article

14-1 of the securities and exchange law.

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

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

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Chang, Yuan- Lung	5 times	-	100.00%	Reelected on June 7, 2023.
Independent Director	Chou, Shan-Shan	5 times	-	100.00%	Reelected on June 7, 2023.
Independent Director	Su, Chiu-Hsia	5 times	-	100.00%	Newly elected on June 7, 2023.
Other mentionable items: 1. In case of any of the following circumstances in the operation of the audit committee, the date of the meeting, the contents of the proposal, objection or reservation opinion of independent directors, the resolution results of the audit committee and the Company's handling of the audit committee's opinions shall be stated. 1.1 The matters listed in Article 14-5 of the Securities and Exchange Law: The relevant matters					

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

Meeting Date	Content	independent directors' objection opinions	Audit Committee Resolution Results	The Company's handling of the audit committee's opinions
Feb.27, 2024 The 6 th of the third session	1. Approved the Company's 2023 annual business report and consolidated financial statements.	None	All members present agree to pass	Audit Committee has no opinion
	2. Approved the Company's 2023 "Internal Control System Statement".	None	All members present agree to pass	Audit Committee has no opinion
	3. Approved GSD (China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	4. Amendments of "Corporate Governance Practice Principles" and "Audit Committee Charter".	None	All members present agree to pass	Audit Committee has no opinion
Aug. 22, 2024 The 8 rd of the third session	1.Approved the GSD's 2024Q2 consolidated financial statements.	None	All members present agree to pass	Audit Committee has no opinion
	2.Approved GSD's loaning facility to its subsidiary, GSD Enviro Tech (Taiwan) Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	3.Approved the change of the company's financial officer.	None	All members present agree to pass	Audit Committee has no opinion
Nov. 11, 2024 The 9 th of the third session	1.Approved GSD (China)'s loaning facility to its sister company- GSD Enviro Tech (Yangzhou) Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	2.Approved GSD (China)'s loaning facility to its subsidiary- CNCN (Beijing) Enviro Tech Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	3. Approved the formulation of "Sustainability Report Preparation and Submission Procedures".	None	All members present agree to pass	Audit Committee has no opinion
	4. Approved the formulation of "Code of Conduct" and "Supplier Code of Conduct".	None	All members present agree to pass	Audit Committee has no opinion
Dec. 20, 2024 The 10 th of the third session	1. Approved GSD (China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	2. Approved GSD (China)'s guarantee to its subsidiaries, GSD Environmental Technology Co., Ltd. and CNCN (Beijing) Enviro Tech Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
	3. Approved the independent and competent assessment of the CPA and its compensation.	None	All members present agree to pass	Audit Committee has no opinion

	4. Approved the transactions between GSD (China) and the related party-Pinghu Heiwei Environmental Protection Equipment Co., Ltd.	None	All members present agree to pass	Audit Committee has no opinion
Feb.27, 2025 The 11 th of the third session	1.Approved GSD's 2024 annual business report and consolidated financial statements.	None	All members present agree to pass	Audit Committee has no opinion
	2.Approved the Company's 2024 "Internal Control System Statement".	None	All members present agree to pass	Audit Committee has no opinion
	3. Amendments of "Memorandum and Articles of Association".	None	All members present agree to pass	Audit Committee has no opinion
	4. Amendments of "Procedures for the board of directors meeting".	None	All members present agree to pass	Audit Committee has no opinion
	5. Amendments of "Corporate Governance Practice Principles" and "Procedure for Prevention of Insider Trading"	None	All members present agree to pass	Audit Committee has no opinion

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

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

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

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

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

3.3 The communication matters between the independent directors and the internal audit officer and accountants in 2024, are as follows:

Meeting date	Type	Participants	Subject	Independent director's recommendation and Company's handling and Implementation
Feb. 27, 2024	The Audit Committee	Internal Audit officer	The Company's audit plan implementation results of 2023.	No objection
Feb. 27, 2024	The Audit Committee	Accountant	1.2023 financial statements audit situation and results 2.Effectiveness of internal control system 3. Description of key verification items. 4. Updates on securities regulatory. 5.Updates on tax-related regulations	No objection
May. 10, 2024	The Audit Committee	Internal Audit officer	The Company's audit plan execution results report from January to March 2024	No objection
Aug. 22, 2024	The Audit Committee	Internal Audit officer	The Company's audit plan execution results report from January to June 2024	No objection
Nov. 11, 2024	The Audit Committee	Internal Audit officer	The Company's audit plan execution results report from January to September 2024	No objection
Dec. 20, 2024	The Audit Committee	Internal Audit officer	The Company's audit plan execution results report from January to October 2024	No objection
Dec. 20, 2024	The Audit Committee	Accountant	1.Audit scope and schedule of 2024 financial report 2.Description of major risk and key verification items 3.The test strategy of internal control. 4.Statement of prior consent for non-assurance services in accordance with the International Code of Ethics for Accountants	No objection

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

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		The Company has established “Procedure for Prevention of Insider Trading” and “Operating Procedure for Handling Internal Material Information” to specify the rules of related operational procedures. Except to the establishment of norms, the Company also conducts internal prevention training for directors, managers and other insiders every year. See the Company's corporate website for details of the training contents.	None
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		The Company has formulated the “Corporate Governance Practice Principles” and “Rules for Election of Directors” to implement the diversity policy for the members of the board of directors. Information about Directors diversified policy refers to page 12~13.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	The Company has established Remuneration Committee and Audit Committee. There is no immediate need for Committees of other functions. Assessment for necessities are to be conducted.	Depends on Future needs
(3) Does the Company establish performance evaluation methods and methods for the board of directors, conduct performance evaluation annually and regularly, and report the results of performance evaluation to the board of directors, and apply them to the reference of salary and remuneration of individual directors and nomination and renewal?	V		The Company has formulated the "Rules for Performance Evaluation of Board of Directors", and completed the performance evaluation of the board of directors, individual directors and functional Committee before the end of the first quarter of next year. Please refer to page 22~24 for details of the performance evaluation methods and results of the board of directors. The 2024 performance evaluation results have been submitted to the board of directors held on 2025/2/27. The evaluation results will also be one of the reference factors for individual directors' remuneration and nomination for renewal.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
(4) Does the Company regularly evaluate the independence of CPAs?	V		The board of directors of the Company assesses the independence of certified public accountants at least once a year in accordance with the code of corporate governance practice for listed and OTC companies, and submits the results to the audit committee and the board of directors on December 20, 2024 for deliberation and approval. The Company obtains the CPA's independence statement and Audit Quality indicators (AQIs) information, conducts independence inspection in accordance with the CPA's independence evaluation standard (please Note 1 for details), and conducts competency checks if the AQI index (please note 2 for details) is lower than that of peers. After evaluation, there was no violation of the independence and no unsuitability.	None
4. Does the Company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		<p>The Company has designated the Corporate Government & Sustainable Development division under the chairman's office as the authority and responsibility unit for corporate governance related affairs, and has assigned corporate governance officer with the following main responsibilities:</p> <p>(1)To handle the meeting related matters of the board of directors and the shareholders' meeting in accordance with the law, and make the minutes of the board of directors and the shareholders' meeting.</p> <p>(2)Assist the directors in taking office and continuing education.</p> <p>(3)Provide information required for the directors to carry out their business.</p> <p>(4)Assist the directors in complying with the act.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																				
	Yes	No	Abstract illustration																					
			<p>(5)Report to the board of directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure.</p> <p>(6)To handle the matters of Directors changes.</p> <p>(7)Other business related to corporate governance.</p> <p>In order to protect shareholders' rights and strengthen the functions of the board of directors, the Board has appointed corporate governance officer. The training status of corporate governance officer in 2024 is as follows.</p> <table><tr><th>Training Date</th><th>Training unit</th><th>Subject</th><th>Training hours</th></tr><tr><td>2024/05/10</td><td>Securities and Futures Institute</td><td>Economic Situation and Market Opportunities of New Southbound Countries</td><td>3hr</td></tr><tr><td>2024/05/10</td><td>Securities and Futures Institute</td><td>AI risks and cautions to enterprises</td><td>3hr</td></tr><tr><td>2024/09/20</td><td>Securities and Futures Institute</td><td>2024 Insider Trading Prevention Promotion Conference</td><td>3hr</td></tr><tr><td>2024/11/29</td><td>Securities and Futures Institute</td><td>2024 Conference for legal compliance on insider equity transactions</td><td>3hr</td></tr></table>	Training Date	Training unit	Subject	Training hours	2024/05/10	Securities and Futures Institute	Economic Situation and Market Opportunities of New Southbound Countries	3hr	2024/05/10	Securities and Futures Institute	AI risks and cautions to enterprises	3hr	2024/09/20	Securities and Futures Institute	2024 Insider Trading Prevention Promotion Conference	3hr	2024/11/29	Securities and Futures Institute	2024 Conference for legal compliance on insider equity transactions	3hr	
Training Date	Training unit	Subject	Training hours																					
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2024/09/20	Securities and Futures Institute	2024 Insider Trading Prevention Promotion Conference	3hr																					
2024/11/29	Securities and Futures Institute	2024 Conference for legal compliance on insider equity transactions	3hr																					
5. Does the Company establish a communication channel with its stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and build a designated	V		The Company has established communication channels for stakeholders and built a designated section on the official website where stakeholders can express their opinions	None																				

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
section on its website for stakeholders, as well as handle all issues they care for in terms of corporate social responsibilities?			regarding the issues they care. The company regularly reports the communication with stakeholders to the report of the board of directors every year. The communication situation in 2024 has been reported to the board of directors on 2024/12/20.	
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates SinoPac Holding Security Agent as proxy for stock related affairs.	None
7. Information disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The investor zone and corporate governance zone have been set up on the Company's website (https://www.gsd.net.tw) to expose various financial business information and corporate governance execution status, and relevant information can also be check on the Market Observation Post System.	None
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The Company has set up an English website to disclose the Company's financial and business information, and has assigned the Chairman Office and Finance Department to handle information collection and disclosure. The Company has established a spokesperson system. Investors can look up for information related to finance, business, and governance of the Company through the Market Observation Post System.	None
(3) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial report and the operation of each month ahead of the required time limit?	V		The Company adheres to the principle of instant disclosure of information, and announced the annual financial reports of 2024 before the end of February 2025. The quarterly financial reports and monthly revenue are announced ahead of the required time limit.	None

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract illustration	
			<p>established risk management policies and monitoring system, and the internal auditing reassures that the policies follow related regulations to ensure the rights of the stakeholders.</p> <p>8. The Company has customer service representatives to deal with customers’ issues on telephone.</p> <p>9. The Company has stipulated relevant regulations on directors' liability insurance in the Corporate Governance Practice Principles, and has taken out directors' liability insurance. The insurance period for the 2024 directors and managers' liability insurance is from 2024/04/01 to 2025/04/01. As of the date of publication of the annual report, renewal for 2025 has been completed.</p>	
<p>9. Please explain the improvement of the corporate governance evaluation results issued by the corporate governance center of Taiwan Stock Exchange Co., Ltd. in the latest year, and put forward the priorities and measures for those that have not been improved.</p> <p>The results of the Company's 2023 corporate governance evaluation fall within 35% to 50% of all listed companies, which is the same with the 2022 results. In recent years, there are increasing proportion of sustainable development-related indicators. The priority improvements are as follows:</p> <p>(1) The 2023 ESG reports has been issued in 2024, and has been submitted to the Board of Directors for approval..</p> <p>(2) Promote greenhouse gas inventory and verification. One of our major production plants, Pinghu Plant, has been conducting greenhouse gas inventory on a regular basis every year and has obtained third-party certification. Subsequently, greenhouse gas inventories will be gradually extended to all subsidiaries within the group.</p> <p>(3) Assess to establish ESG committee, as a supervisory unit to promote the company’s sustainable development.</p> <p>(4) Establish a risk management framework and identify GSD's risk map.</p>				

Note 1: Accountant Independence Evaluation Standard

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

Note 2: Audit quality index (AQI)

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

2.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

A.Information of Remuneration Committee

2025/03/31

Criteria Name	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is concurrently Serving as a member of remuneration committee
Independent Director/ Chang, Yuan- Lung	Please refer to pages 9-11 for information for the professional qualifications and the independence of independent directors		Three
Independent Director/ Chou, Shan-Shan			One
Independent Director/ Su, Chiu-Hsia			Two

B. The duties of Remuneration Committee

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

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

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

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

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

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

C. Information of Remuneration Committee Meetings

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

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Chang, Yuan-Lung	2 times	0	100.00%	Reelected on Jun. 7, 2023
Committee Member	Chou, Shan-Shan	2 times	0	100.00%	Reelected on Jun. 7, 2023
Committee Member	Su, Chiu-Hsia	2 times	0	100.00%	Newly elected on Jun. 7, 2023
The contents of the meeting, the resolution results and the Company's handling of the opinions of the members of the Remuneration Committee in the latest year:					
Date	Content	Result	Opinion from members		
Feb. 27, 2024 The 4 th of the third session	Approved the distribution of the directors' and the employees' remuneration in 2023.	All members present agree to pass	No Objection.		

Dec. 20, 2024 The 5 rd of the third session	1.Discussion on the work plan of the Company's remuneration committee in 2025.	All members present agree to pass	No Objection.
	2.Compensation plan for employees and directors to be accrued by the Company in 2024.	All members present agree to pass	No Objection.
	3.The Company's 2024 manager compensation and year-end bonus proposal.	All members present agree to pass	No Objection.

Other items to be recorded:

1. If the board of directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date, period, contents of the proposal, the resolution results of the board of directors and the Company's handling of the opinions of the Remuneration Committee (if the remuneration adopted by the board of directors is better than the proposal of the Remuneration Committee, it shall state the differences and reasons): No such case.

2. In case of any objection or reservation of any member and any record or written statement, the resolution of the Remuneration Committee shall state the date, period, contents of the proposal, opinions of all members and the handling of their opinions: No such case.

2.3.5 Implementation of Sustainable Development

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

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish a governance structure and set up a full-time (Part-time) unit to promote sustainable development, which is authorized by the board of directors to be handled by the senior management and reported to the board of directors?	V		The Company has formulated “Sustainable Development Practice Principles” and in 2021, set up ESG promotion team which is composed of members of the chairman's office and the general manager's office. The promotion team is responsible for the evaluation and strategy formulation of environmental, social and corporate governance issues. In the future, it will be submitted to the board of directors to establish functional committees to improve the governance structure as appropriate. The ESG promotion team reports to the board of directors at least once a year on the implementation status. In 2024, the report to the board included: (1) the schedule, progress, and results of greenhouse gas inventory planning and execution for the Company and its subsidiaries, and (2) the significant issues in the Company's 2023 ESG report (submitted on the meeting of February 27, 2024). (3) Approved the 2023 ESG report and the formulation of "Sustainability Report Preparation and Submission Procedures". (submitted on the meeting of November 11, 2024)	None.
2. Does the Company conduct risk assessment on environmental, social and		V	The Company has established an ESG promotion team to conduct an assessment of environmental, social and	GSD will formulate risk management policies according to

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
corporate governance issues related to the Company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?			corporate governance issues related to the Company's operations, but has not yet formulated a corresponding risk management policy or strategy. The scope of the assessment is currently based on the main operating entity-GSD (China) Co., Ltd., but the corresponding risk management policies has not yet been determined.	the promotion schedule.
3. Environmental issues (1) Does the Company establish appropriate environmental management system according to its industrial characteristics?	V		The environmental protection affairs of the Company's production and business units shall be handled in accordance with the local environmental protection regulations. The business waste shall be recycled and disposed by a legal professional organization, and the domestic wastewater shall be discharged in accordance with the regulations. GSD (China) Co., Ltd. has obtained ISO 14001 environmental management system certification, and ISO 14064 greenhouse gas emission inventory certification.	None.
(2) Is the Company committed to improving the utilization efficiency of energy and using recycled materials with low impact on environmental load?	V		The Company's main production sites, GSD (China) Co., Ltd. (Pinghu plant) and GSD Enviro Tech (Yangzhou) Co., Ltd. (Yangzhou plant), utilize solar power for approximately half of their energy consumption. Air conditioning is regulated with indoor office temperature settings of 25-28°C in summer and 18-21°C in winter to reduce electricity usage. The main raw materials for the Company's products are cast iron or stainless steel, so when the relevant parts or finished products are scrapped, most of them can be	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			recycled and reused.	
(3) Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take measures to deal with climate related issues?	V		<p>Starting in 2024, the Company has implemented a climate change risk management process to identify and assess climate-related risks and opportunities. In our evaluation of short-term, medium-term, and long-term extreme climate events and their financial impact, two key areas—transition risks related to low-carbon technologies and opportunities in products and services—were classified as high-risk. No other high-risk issues were identified.</p> <p>The Company continue to invest in research and development, with R&D expenditures in 2024 accounting for approximately 4% of revenue, and energy-efficient products contributing 14.44% of total consolidated revenue. Moving forward, we will establish a risk management mechanism based on TCFD (Task Force on Climate-related Financial Disclosures) principles. This includes scoring the relevance, impact, and timing of transition and physical risks, as well as opportunities, to build a risk-opportunity assessment matrix. Corresponding measures will be developed to mitigate climate change-related risks.</p> <p>For more details on climate risk assessment in 2024, please refer to the TCFD section of our Sustainability Report, scheduled for release in August.</p>	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(4) Does the Company make statistics of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water use reduction or other waste management?		V	<p>For details on the Company’s greenhouse gas inventory over the past two years, please refer to Appendix 1-1-1 in section 2.3.6 Climate-related Information.</p> <p>The major subsidiary of the Company, GSD (China) Co., Ltd., has reported the following resource usage and waste statistics for its Pinghu plant</p> <p><u>Water consumption</u>: 9,342 tons in 2023 and 6,181 tons in 2024.</p> <p><u>Electricity consumption</u>: 991,000 kWh in 2023 and 1,040,000 kWh in 2024. Of this, renewable energy (solar power) accounted for approximately 48.6% in 2023 and 45% in 2024.</p> <p><u>Total waste generated</u>: 25.44 tons in 2023 and 32.11 tons in 2024.</p> <p>Hazardous waste: 6.14 tons in 2023 and 6.18 tons in 2024, all of which was handled by licensed waste disposal service providers.</p> <p>GSD implements the policy of saving water and electricity. In addition to adopting solar power generation, building a water recycling system, recycling paper packaging materials, setting the appropriate temperature and timing switches for the air conditioner, avoiding the greenhouse effect and reducing the impact on the environment. The ESG promotion teams will formulate</p>	The Company would implement greenhouse gas inventory in 2022, and based on the inventory result to formulate management policies for greenhouse gas reduction.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			the policies and strategies for GHG reduction, water or other waste reduction.	
4. Social issues (1) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		<p>With reference to the "Universal Declaration of Human Rights" and the Responsible Business Alliance (RBA), the Company establish both Employee and Supplier Codes of Conduct, ensuring the effective implementation of our human rights policies. The key principles include: Freedom of employment choice for workers, prohibition of child labor (ensuring that employees under 18 years old do not engage in work that may endanger their health or safety), prevention of sexual harassment and assault, prohibition of discrimination (ensuring equal opportunities in hiring and career development), compliance with labor laws (guaranteeing appropriate working hours and fair wages as per local regulations).</p> <p>For details on human rights concerns, specific implementation measures, and training programs, please refer to the Sustainability Management section of the Company website. For insights into workplace diversity efforts, please refer to pages 109-110 of this annual report.</p>	None.
(2) Does the Company establish and implement reasonable employee welfare measures (including compensation, vacation and other benefits), and properly reflect the	V		<p>The Company abides by labor laws and regulations. In addition to providing labor health insurance, pension, social security, etc. in accordance with the laws and regulations of the place where the employees are employed, the Company has additional employee</p>	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
operating performance or results in employee compensation?			<p>benefits, such as bonus, employee travel, dinner party, etc.</p> <p>In terms of employee compensation, it is stipulated in the Company's articles of association that if the Company makes profits in the current year, 3% - 5% of the remuneration shall be allocated to the employees through the resolution of the board of directors, and the Company's operating performance shall be appropriately fed back to the employees.</p>	
(3) Does the Company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	V		<p>The Company has established an Employee Code of Conduct to regulate all personnel to fulfill their responsibilities for maintaining the safety and health, jointly eliminate harmful factors, prevent accidents and protect the safety and health of workers.</p> <p>All of the Company's production sites have safety committees, which conduct monthly self-inspections for production and fire safety and hold safety meetings on a monthly/quarterly basis to track abnormal inspect result and arrange training for safety production and health precautions. The safety committees also arrange fire drill regularly. In addition, to offer a safe and healthy working environment, common medicines and first aid supplies are available in the Company.</p> <p>At the company's main production site- GSD (China) Co., Ltd. Pinghu plant, a total of 298.5 hours of occupational safety training were conducted in 2024, and the plant has obtained ISO 45001 certification for</p>	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>occupational health and safety management. There were no fatal workplace injuries at this site in 2024, although one minor work-related injury occurred (excluding commuting incidents). The case involved a worker slipping while clearing snow.</p> <p><u>Statistics on other accidents:</u> The Company had no fire accidents in 2024.</p>	
(4) Does the Company establish an effective career development training program for its employees?	V		GSD has performance evaluation methods and agent system, and team building is listed as annual necessary work plan, which is promoted by the general manager and human resources department. The employee training program includes new employee training, on-the-job training for each position, department training and new supervisor training, etc. Additionally, the Company provide incentives and subsidies for employees pursuing professional certifications, helping them enhance their technical expertise and expand career development opportunities.	None.
(5) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers?	V		The Company pays attention to the rights and interests of its customers, and formulates service procedures in the internal control measures, which are approved by the board of directors. In addition, the Company proactively disclosed service commitment on the website, including warranty commitment and reply within a certain period of time after receiving service demand notice, so as to protect the rights and interests of customers. The	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			Company also has a toll-free customer service telephone to serve customers in real time.	
(6) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health, labor rights and other issues?	V		The Company has established a Supplier Code of Conduct, requiring suppliers to adhere to ethical business practices in labor rights, health and safety, environmental responsibility, business integrity, and management systems, while also complying with local regulations. For long-term contracts, suppliers must sign both an Environmental and Safety Commitment and an Integrity Commitment, pledging to uphold our Supplier Code of Conduct and comply with environmental regulations. Suppliers are also expected to focus on developing energy-efficient, high-performance, and recyclable products. Non-compliance may affect contract renewals. Currently, about 150 long-term suppliers in mainland China have signed the Environmental and Safety Commitment and Integrity Commitment, and about 6 suppliers in Taiwan have signed the Supplier Integrity Commitment.	None.
5. Does the Company refer to the internationally-prepared reporting standards or guidelines for preparing sustainable development reports and other reports that disclose the Company's non-financial information? Did the report obtain the confidence or assurance opinion of the third-party	V		GSD has gradually promoted the sustainability report preparation plan through the ESG promotion team. In 2024, the Company published the first sustainability report (for 2023) based on GRI standards. Relevant information on our ongoing sustainability efforts has been disclosed in the Annual Report and on the corporate website. The 2023 ESG report was not yet independently assured	None.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
verification unit?			by a third-party verification entity. Moving forward, the Company will arrange for third-party assurance within the legally required timeframe.	
<p>6. If the Company has established the sustainable development practice principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has established “Sustainable Development Practice Principles” and “Sustainability Report Preparation and Submission Procedures”. For information on the Company's implementation of sustainable development, please refer to the ESG Report or visit the Company's website. https://www.gsd.net.tw/list.php?pid=6&ty=16</p>				
<p>7. Other important information to facilitate better understanding of the Company’s sustainable development practices :</p> <p>7.1.Environmental</p> <p>(1) The Company continuously promotes water conservation and energy-saving carbon reduction measures. We have implemented electronic approval processes to reduce paper usage and strengthened waste management through recycling and classification.</p> <p>(2) Leveraging our expertise in water treatment, the Company actively participate in environmental projects in operating regions, such as river purification and restoration projects (e.g., Pinghu City Nanhetou Project), wastewater treatment plant construction and operations, smart water plant development.</p> <p>(3) By designing energy-efficient products, the Company help customers manage water resources sustainably, contributing to environmental protection.</p> <p>7.2.Social Contributions</p> <p>The labor union actively participates in local cleanup efforts and emergency assistance programs to give back to society. In 2024, our contributions included sponsoring underprivileged students, visiting and supporting low-income families with essential supplies, collaborating with the community to organize employee blood donation drives, coordinating with teachers in remote mountain schools to donate clean second-hand clothing and new insulated bottles, etc.</p> <p>7.3.Employee Care</p> <p>The labor union organize various employee care activities from time to time, including traditional festival activities: such as sending warmth on Women's Day, sending coolness in summer, sending warmth in winter, sending Spring Festival couplets before the New Year, etc. In addition, we also connect with the local community health bureau to organize Chinese medicine lectures and promote resource recycling and parent-child education activities.</p>				

2.3.6 Climate-Related Information

Item	Execution
1. Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.	<p>The Corporate Governance and Sustainable Development Department, under the supervision of the Chairman's Office, convenes relevant personnel to form an ESG promotion team. The team periodically discusses the potential impacts of various issues on both internal and external aspects of the organization, including identifying and assessing climate change risks and addressing climate impacts. After identifying climate-related impacts, senior management holds discussions to analyze the physical and transition risks and opportunities associated with climate change. Based on the likelihood and impact of these risks, the company proposes response and mitigation measures to reduce climate-related financial risks while identifying corresponding financial opportunities. Additionally, scenario simulation analysis will be introduced in the future to provide a more comprehensive evaluation of climate risks' potential financial impact.</p> <p>The Company has established a sustainability management strategy that integrates green management practices and promotes green products, aiming to mitigate climate change risks from an operational standpoint. It actively develops and advances green products to assist customers in energy conservation and carbon reduction, capturing market opportunities arising from climate change adaptation. The ESG promotion team reports its annual progress to the Board of Directors, including performance outcomes and short-, medium-, and long-term management objectives related to climate change and other ESG-related initiatives.</p>
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finances (in the short, medium and long term).	<p>1. The Company defines the likelihood of climate-related risks and opportunities as follows:</p> <ul style="list-style-type: none"> - Short-term: 1 to 3 years - Medium-term: 3 to 5 years - Long-term: More than 5 years <p>The financial impact is categorized as:</p> <ul style="list-style-type: none"> - Negligible in the short term - Low: Less than 0.1% of consolidated revenue - Lower: 0.1% to 0.5% of consolidated revenue - Medium: 0.5% to 1% of consolidated revenue - High: More than 1% of consolidated revenue <p>Risk level is determined by the formula:</p>

		subsidies for purchasing energy-saving products will increase the demand for energy-saving products.		services to meet market demand and assist customers in introducing related products to jointly achieve energy conservation and carbon reduction.
	Please refer to the TCFD section of our ESG report for details.			
3.Describe the financial impact of extreme weather events and transition actions	In 2024 , among which the transition risk - low-carbon technology and opportunities - products and services are highly risky, the Company's R&D expenses in 2024 accounted for approximately 4% of its revenue, and energy-saving products accounted for 13.44% of its consolidated revenue in 2024, showing initial results. There are no other high-risk issues.			
4.Describe how the process of identifying, assessing and managing climate risks is integrated into the overall risk management system.	The Company began to introduce the TCFD risk assessment framework in 2024. In the future, it will formulate "Risk management regulations". The ESG promotion team will regularly promote the assessment of climate change risks to understand the specific potential financial impacts as the direction for the formulation of sustainable policies and management objectives. By establishing a risk management procedure, the steps of risk identification, assessment, management, recovery, and adaptation will be institutionalized. It is planned to report the risk assessment results to the board of directors on a regular basis and formulate response strategies for major risks.			
5.If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors and key financial impacts used.	The Company has not yet used scenario analysis to assess its resilience to the risks of climate change. In the future, we will continue to understand and plan, and gradually improve our climate change response management procedures and climate scenario simulation analysis.			
6.If there is a transition plan to address and manage climate-related risks, describe the content of the plan, and the metrics and targets used to identify and manage physical and transition risks.	The Company is currently analyzing climate-related risks and opportunities. The relevant transformation plan includes specific indicators for managing risks and setting future goals. Currently, each company within the Group is gradually introducing greenhouse gas inventory and establishing a risk management mechanism for responding to climate change in accordance with the schedule set by the competent authority. As the scope of assessment is gradually expanded, the indicators and goals for physical risks and transformation risks are still being improved.			
7.If internal carbon pricing is used as a planning tool, describe the basis for setting carbon prices.	The Company does not yet use internal carbon pricing as a planning tool, but will evaluate it as a tool later.			

<p>8.If climate-related targets are set, describe information such as the activities covered, the scope of greenhouse gas emissions, the planning timeline, and the progress made in achieving them each year; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, describe the source and quantity of carbon offset credits or renewable energy certificates (RECs) to be offset.</p>	<p>The Company has followed the schedule set by the competent authorities to orderly promote greenhouse gas inventories of each company within the Group and has formulated relevant systems to promote sustainable strategies. There is currently no use of carbon offsets or renewable energy certificates (RECs) to achieve these targets.</p>
<p>9.Greenhouse gas inventory and confirmation status and reduction targets, strategies and specific action plans (fill in 1-1 and 1-2).</p>	<p>According to the sustainable development roadmap for listed companies:</p> <ol style="list-style-type: none"> 1. The Company shall complete the 2025 greenhouse gas inventory (Scope 1 and Scope 2) by 2026 at the latest. The 2027 greenhouse gas inventory verification should be completed by 2028 at the latest. 2. The subsidiaries in the consolidated financial report shall complete the 2026 greenhouse gas inventory (Scope 1 and Scope 2) by 2027 at the latest, and shall complete the 2028 greenhouse gas inventory verification by 2029 at the latest. <p>Please refer to Appendix 1-1 and 1-2 for the relevant information on the greenhouse gas inventory that the Group has completed.</p>

Appendix 1-1 Greenhouse gas inventory and verification status in the last two years

Table 1-1-1

State the greenhouse gas emissions (Metric Ton CO2e), intensity (Metric Ton CO2e /million dollars) and data coverage for the most recent two years.					
According to the sustainable development roadmap for listed companies:					
1. The Company shall complete the 2025 greenhouse gas inventory (Scope 1 and Scope 2) by 2026 at the latest.					
2. The subsidiaries in the consolidated financial report shall complete the 2026 greenhouse gas inventory (Scope 1 and Scope 2) by 2027 at the latest.					
3. The relevant information of the greenhouse gas inventory that the Company has completed is as follows:					
Coverage Scope	Type	2023		2024	
		Total emissions (Metric Ton CO2e)	Intensity (Metric Ton CO2e / million NT)	Total emissions (Metric Ton CO2e)	Intensity (Metric Ton CO2e / million NT)
The parent company and subsidiaries located in Taiwan (Note 5)	Scope 1	25.7222	0.1218	29.5411	0.1187
	Scope 2	37.2831	0.1766	36.6491	0.1473
	Scope 3	40.1782	0.1903	45.7363	0.1838
GSD (China) Co., Ltd. and its Branch offices (Note 6)	Scope 1	114.772	0.0738	170.144	0.1120
	Scope 2	358.2	0.2302	346.59	0.2282
	Scope 3	576.2	0.3703	417.44	0.2749
GSD Enviro Tech (Yangzhou) Co., Ltd. (Note 6)	Scope 1			46.71	0.1741
	Scope 2			71.67	0.2671
	Scope 3			202.59	0.7551

Note 1 : Scope 1: Direct emissions, i.e. sources owned or controlled by the Company. Scope 2: Indirect emissions, i.e. those arising from externally purchased electricity, heat or steam. The calculation is according to market-based method. Scope 3: Other indirect emissions, i.e. those originate from the company's activities but stem from sources owned or controlled by other entities, excluding energy-related indirect emissions.

Note 2 : The data coverage for direct emissions and energy indirect emissions must comply with the timeline specified in Article 10, Paragraph 2 of the relevant regulations. Disclosure of other indirect emissions information is voluntary.

Note 3 : The greenhouse gas inventory standard follows ISO 14064-1, as published by the International Organization for Standardization (ISO).

Note 4 : The greenhouse gas emissions intensity can be calculated per unit of product/service or revenue. However, figures based on revenue (in millions of New Taiwan Dollars) must be explicitly stated.

Note 5 : Including GSD Technologies Co., Ltd. and its Taiwan Branch, Chuan Yuan Hydraulic Engineering Co., Ltd., and GSD Enviro Tech (Taiwan) Co., Ltd.

Note 6 : The Branches of GSD (China) Co., Ltd. and GSD Enviro Tech (Yangzhou) Co., Ltd. have been conducting inventories since 2024.

Table 1-1-2

Statement of the inventory verification status for the most recent two years ending on the date of publication of the annual report, including the verification scope, organization, criteria and assurance opinions.

According to the sustainable development roadmap for listed companies:
--

- | |
|---|
| <ol style="list-style-type: none">1. The Company shall complete the 2027 greenhouse gas inventory verification by 2028 at the latest.2. The subsidiaries in the consolidated financial report shall complete the 2028 greenhouse gas inventory verification by 2029 at the latest.3. The greenhouse gas inventory of the Company's important subsidiary, GSD (China) Co., Ltd., in the past two years has been verified by the "China Quality Certification Center", and the assurance will be completed before the deadline. |
|---|

Appendix 1-2 GHG Reduction Target, strategies and specific action plans

Statement on the baseline year, data, reduction targets, strategies, action plans, and progress toward greenhouse gas reduction goals:
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The Company and its consolidated entities will complete greenhouse gas inventory within the designated timeframe. As the scope of inventory continues to expand, specific reduction targets have not yet been established.
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2.3.7 Ethical Corporate Management

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

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

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			management as the basis for the implementation of the operation of integrity.	
(3)Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	V		<p>In the "Procedures for Ethical Management and Guidelines for Conduct", the Company has stated the operation methods of handling procedures, rewards and punishments, complaints and record punishments for violation of honest operation, including the following countermeasures for dishonest operation:</p> <p>(1) Accept the improper benefits (2) Provide or promise facilitation fee (3) Providing illegal political contributions (4) Charitable donation or sponsorship (5) Infringement of business secrets, trademark rights, patent rights, copyright and other intellectual property rights. (6) Engage in unfair competition. (7) Product or service damage stakeholders. (8) Insider trading</p> <p>There are reporting channels in both the ”Code of Conduct” for employees and the “Supplier Code of Conduct”.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
2.Fulfill operations integrity policy (1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		The Company evaluates business partners’ credit conditions and reputation in the industry. When signing a long-term contract with others, they are often required to sign a letter of commitment to integrity.	None
(2) Does the Company set up a dedicated unit under the board of directors to promote the honest operation of the enterprise, and regularly (at least once a year) report to the board of directors its honest operation policies, plans to prevent dishonest behavior and supervision of implementation?	V		The Company appoints the chairman’s office to be the special unit for promoting the integrity management, to be responsible for the evaluation and audit of relevant violations of the integrity management, and to report the promotion of the integrity management behavior to the board of directors on a regular basis every year. In case of any major breach of good faith business, it shall also report to the board of directors immediately.	None
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company has set the interest avoidance related regulations in the "Procedures for Ethical Management and Guidelines for Conduct" to prevent personnel from making decisions that do not comply with the Company's integrity principles. If an employee violates the relevant regulations, before the Company makes a formal sanction decision, the relevant investigation unit and decision-making supervisor will give the parties the opportunity to make a full statement.	None
(4)Has the Company established an effective accounting system and internal control	V		The Company has established internal control system prevent any employee’s wrongdoing, and the auditing	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
system for the implementation of good faith operation, and the internal audit unit shall, according to the assessment results of the risk of bad faith behavior, draw up relevant audit plans, and according to the compliance of the plan for preventing bad faith behavior, or entrust an accountant to carry out the audit?			units make necessary reviews periodically.	
(5)Does the Company regularly hold internal and external educational trainings on operational integrity?	V		The company held integrity-related internal education and training for a total of 23 hours in 2024, including cases studies of insider trading. For new employees, integrity culture promotion course will also be arranged in the pre-employment training. The Company puts emphasis on the importance of integrity in the daily life. The personnel in certain special positions have to sign for ethical procedures of the job position, which reminds the employee that work ethics has been an important value for the Company. The Company emphasizes traditional values and formed an internal culture of “loyalty, honesty, integrity, and equality.” Selfishness, bribery, greed or manipulation would be against the Company’s central value of ethics.	None
3. Operation of the integrity channel (1) Does the Company establish both a reward/punishment system and an integrity	V		The Company has disclosed the contact information of stakeholders on the GSD website. Any report of	None

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

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

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

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

1.A Statement on Internal Control: The Company has announced the Chinese version statement on the public information observation station. The index URL is as follows: <https://mops.twse.com.tw/mops/#/web/t06sg20>

Please refer to page 65 for the English translation statement.

2.Report of review on the Internal Control System conducted by CPA: None.

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

Shareholders' meeting/ Board of Directors meeting	Date	Major Resolution
2024 Shareholders' Meeting	Jun. 6, 2024	1.Recognize the Company's 2023 annual business report and consolidated financial statements. <u>Implementation:</u> the resolution was passed, and the relevant forms and records have been submitted to the competent authority for recordation and public announcement in accordance with the Company law and other relevant provisions.
		2.Recognize the Company's 2023 earnings distribution plan. <u>Implementation:</u> the resolution was passed, and the Chairman had decided on June 6, 2024 that the base date of dividend distribution is July 10, 2024, and issued cash dividends NT\$1.0 per share on July 29, 2024.
The 6 th of the fifth session	Feb. 27, 2024	1.Approved the Company's 2023 annual business report and consolidated financial statements. 2.Approved the Company's 2023 earnings distribution plan. 3.Approved the earnings distribution plans of GSD (China) Co., Ltd. and Chuan Yuan Hydraulic Engineering Co., Ltd., the major subsidiaries of GSD. 4.Approved the Company's 2023 directors' remuneration and employee's compensation distribution plan. 5.Approved the Company's 2023 "Internal Control System Statement". 6.Amendment of "Corporate Governance Practice Principles" and "Audit Committee Charter". 7. Approved GSD(China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd. 8.Approved the renewal of directors' liability insurance of the Company. 9.Approved relevant matters for the 2024 regular shareholders meeting of the Company.

Shareholders' meeting/ Board of Directors meeting	Date	Major Resolution
The 7 th of the fifth session	May. 10, 2024	<ol style="list-style-type: none"> 1.Approved the Company's consolidated financial statements for the first quarter of 2024. 2.Approved the signing of credit contracts between GSD, Taiwan Branch of GSD (British Cayman Islands GSD Technology Co., Ltd. Taiwan Branch) and Taiwan subsidiary (GSD Enviro Tech (Taiwan) Co., Ltd.) and Cathay United Bank.
The 8 th of the fifth session	Aug. 22, 2024	<ol style="list-style-type: none"> 1.Approved the Company's consolidated financial statements for the second quarter of 2024. 2. Approved GSD's loaning facility to its subsidiary, GSD Enviro Tech (Taiwan) Co., Ltd. 3. Approved the change of the company's financial officer.
The 9 th of the fifth session	Nov. 11, 2024	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial statements for the third quarter of 2024. 2.Approved GSD(China)'s loaning facility to its brother company- GSD Enviro Tech (Yangzhou) Co., Ltd. 3.Approved GSD(China)'s loaning facility to its subsidiary- CNCN (Beijing) Enviro Tech Co., Ltd. 4.Approved the signing of credit contracts between GSD, Taiwan Branch of GSD (British Cayman Islands GSD Technology Co., Ltd. Taiwan Branch) and Taiwan subsidiary (GSD Enviro Tech (Taiwan) Co., Ltd.) and CTBC Bank. 5.Approved the formulation of "Sustainability Report Preparation and Submission Procedures". 6.Approved the formulation of "Code of Conduct" and "Supplier Code of Conduct". 7.Approved the Company's ESG report of 2023.
The 10 th of the fifth session	Dec. 20, 2024	<ol style="list-style-type: none"> 1. Approve the Company's 2025 operating plan and budget. 2. Approved the Company's 2025 audit plan. 3.Approved GSD(China)'s loaning facility to its subsidiary- GSD Environmental Technology Co., Ltd. 4.Approved GSD (China)'s guarantee to its subsidiaries, GSD Environmental Technology Co., Ltd. and CNCN (Beijing) Enviro Tech Co., Ltd. 5.Approved the independent and competent assessment of the CPA and its compensation. 6.Approved the list of non-assurance services provided by CPA and the independent assessment, at the same time, stipulated the regulations. 7.Approved the work plan of the Company's remuneration committee in 2025. 8.Approved the Company's employee and director remuneration proposal of 2024. 9.The Company's 2024 manager compensation and year-end bonus proposal. 10.Approved the 2025 bank facility limit of subsidiaries in Mainland

Shareholders' meeting/ Board of Directors meeting	Date	Major Resolution
		<p>China.</p> <p>11.Approved the transactions between GSD (China) and the related party-Pinghu Heiwei Environmental Protection Equipment Co., Ltd.</p> <p>12.Approved the signing of credit contracts between GSD and Taipei Fubon Bank.</p>
The 11 th of the fifth session	Feb. 27, 2025	<p>1.Approved the Company's 2024 annual business report and consolidated financial statements.</p> <p>2.Approved the Company's 2024 earnings distribution plan.</p> <p>3.Approved the earnings distribution of GSD (China) Co., Ltd. and Chuan Yuan Hydraulic Engineering Co., Ltd., the major subsidiaries of GSD.</p> <p>4.Approved the Company's 2024 directors' compensation and employee's compensation distribution plan.</p> <p>5.Approved the Company's 2024 "Internal Control System Statement".</p> <p>6.Amendment of “Memorandum and Articles of Association”.</p> <p>7.Amendments of “Procedures for the board of directors meeting”.</p> <p>8.Amendments of “Corporate Governance Practice Principles” and “Procedure for Prevention of Insider Trading”</p> <p>9.Approved the formulation of “Manager Salary and Remuneration Management Regulation”.</p> <p>10.Approved the renewal of directors' liability insurance of the Company.</p> <p>11.Approved relevant matters for the 2025 regular shareholders meeting of the Company.</p>

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

Date: Feb. 27, 2025

Based on the results of self-assessment, the Company's internal control system in 2024 is hereby declared as follows:

1. The Company acknowledges that the establishment, implementation, and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal control system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability, immediacy, transparency of financial reporting and the compliance of applicable law and regulations are achieved.
2. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
3. According to the effective judgment items for the internal control system specified in "Highlights for Implementation of Establishing Internal control System by Listed Companies" (hereinafter referred to as "Highlights"), the Company has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by "Highlights" are, based on the process of management control, for classifying the internal control into five elements: 1. Control environment; 2. Risk assessments; 3. Control activities; 4. Information and communication; and 5. Monitoring. Each element also includes a certain number of items. For the foregoing items, refer to "Highlights".
4. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
5. Based on the above-mentioned result of evaluation, the Company suggests that the internal control system (and its supervision and management of the subsidiaries) on December 31st, 2024, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability, immediacy, and transparency of financial reporting, the compliance of applicable law and regulations, has been effective, and they can reasonably assure the aforesaid goals have been achieved.
6. This statement will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article 20, 32, 171 and 174 of Securities and Exchange Act.
7. This statement has been approved by the meeting of Board of Directors on Feb. 27, 2025, and those 7 directors in presence all agree at the contents of this statement.

GSD Technologies Co., Ltd.

Chairman: Hsieh, Hung-June

President: Chen, Shih- Hsien

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

2.4. Information on CPA professional fees

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

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit fee	Non-audit fee	Total	Remarks
Ernst & Young	Chen, Cheng-Chu	Jan. 1, 2024 to Dec. 31, 2024	2,894	150	3,044	-
	Hsieh, Sheng-An					

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

2.4.2 If the Company changes the CPA firm and the audit fee has decreased compared with the previous year, the amount of audit fees before and after that change as well as the reason should be disclosed: None

2.4.3 If the audit fee decreased by as much as 10 percent compared with the previous year, the amount, proportion, and reason of the decrease should be disclosed: None

2.5 Information on replacement of certified public accountant

2.5.1 Former Accountant

Replacement Date	Dec. 22, 2022 (Approved by the board of directors)		
Replacement reasons and explanations	Future operational and internal managerial needs		
Company termination or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	Wu, Mei-Hui Chen, Chih-Yuan	GSD
	No longer accepted (continued) appointment	NA	NA
Other issues (except for unqualified issues) in the audit reports within the last two years	Except for 2022Q2 audit report, which issued a qualified opinion because the investment using the equity method has not been audited or reviewed by CPA, there is no other audit report other than unqualified opinions issued in the past two years.		

Differences with the company	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	V	
	Remark :		
Other revealed Matters	None		

2.5.2 Successor Accountant

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

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

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

Recipient : Ernst & Young CPA-Chen, Jheng Chu

Carbon Copy : GSD Technologies Co., Ltd.

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

Explanation :

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

2.The reply to inquires is as follows :

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

Deloitte & Touche

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

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

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

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

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

Title	Name	Unit: Shares			
		2024		As of Apr. 12, 2025	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Hsieh, Hung-June	-	-	-	-
Directors	Li Yi Co., Ltd.	-	-	-	-
Directors	Chang, Chi-Fa	-	-	-	-
Directors	Lee, Tzuoh-Shoou	-	-	-	-
Independent Director	Chang, Yuan- Lung	-	-	-	-
Independent Director	Chou, Shan-Shan	-	-	-	-
Independent Director	Su, Chiu-Hsia	-	-	-	-
General Manager	Chen, Shin-Hsien	-	-	-	-
Officer of Accounting & Special Assistant of Chairman	Wu, Wu-Hsiung	-	-	-	-
Officer of Finance & Corporate governance	Tsai, Tzu-Ju	-	-	-	-
Major shareholders	H.J. Hsieh International Co., Ltd.	-	-	-	-

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

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

2.8. Relationship among the Top Ten Shareholders

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

2025/4/12 Unit: Shares

Name	Shares Held		Shares Held by Spouse and Minor Children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who have related persons or are spouses or relatives within the second degree		Remark
	No. of Shares	Share holding %	No. of Shares	Share holding %	No. of Shares	Share holding %	Name	Relationship	
H.J. Hsieh International Limited	5,645,736	15.26%	-	-	-	-	Hsieh, Hung-June	Major shareholders	-
Li Yi Co., LTD Rep.: Lin, Ming-Tzu	3,411,892	9.22%	-	-	-	-	-	-	-
Advantech Corporate Investment	2,568,358	6.94%	-	-	-	-	-	-	-
CDIB Venture Capital Corp.	2,306,603	6.23%	-	-	-	-	-	-	-
LTS International Limited	1,447,632	3.91%	-	-	-	-	-	-	-
He, Ri- Guang	1,425,283	3.85%	-	-	-	-	-	-	-
Lin, Mei-Lan	1,162,198	3.14%	-	-	-	-	-	-	-
Chen, Shin-Hsien	1,149,161	3.11%	-	-	-	-	-	-	-
Chen, Li-Jiao	1,082,192	2.92%	-	-	-	-	-	-	-
Hsieh, Hung-June	923,776	2.50%	-	-	5,645,736	15.26%	H.J. Hsieh International Limited	As the major shareholder of the Company	-

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

Consolidated Shareholding Ratio

Mar. 31, 2025 ; Unit: shares %

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

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

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

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

III. Capital Overview

3.1. Capital and Shares

3.1.1 Source of Capital

(1) Type of Shares

Apr. 12, 2025 Unit: Shares

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

(2) Process of Capital Formation

Apr. 12, 2025 Unit: Shares/NT\$ dollar

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

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

(3) General Information of Filing : Not Applicable

3.1.2 List of major shareholders

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

Apr. 12, 2025 Unit: Shares; %		
Shares		
Shareholders' Name	Shares Held (shares)	Percentage (%)
H.J. Hsieh International Co., Ltd.	5,645,736	15.26%
Li Yi Co., LTD	3,411,892	9.22%
Advantech Corporate Investment	2,568,358	6.94%
CDIB Venture Capital Corporation	2,306,603	6.23%
LTS International Ltd.	1,447,632	3.91%
Ho, Zih-Kuang	1,425,283	3.85%
Lin, Mei-Lan	1,162,198	3.14%
Chen, Shih-Hsien	1,149,161	3.11%
Chen, Li-Chiao	1,082,192	2.92%
Hsieh, Hung-June	923,776	2.50%

3.1.3 Dividend Policy and Implementation Status

(1) Dividend Policy

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

(2) Proposed Distribution of Dividend

This Company's 2024 earnings distribution has yet to be resolved by the shareholders' meeting. The cash dividend to be distributed is NTD 1.0 per share, in accordance with the resolution as adopted by the board of directors on Feb. 27, 2025.

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

No stock dividend was distributed.

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

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

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

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

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

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

(1) The distribution of employees' cash compensation, stock compensation and compensation amount for directors and supervisors. If there's a discrepancy between the recognized expense and distributed amount, the difference, reason and handling status shall be disclosed:

The board of directors meeting held on February 27, 2025 has adopted resolutions of distribution of employees' cash compensation RMB 380,000 (NTD 1,702,000) and directors' compensation RMB 280,000 (NTD 1,254,000); no difference has been found between the distributed amount and the estimated compensations for employees and directors.

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

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

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

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

3.1.6 Buyback of Treasury Stock

A. Buyback had been completed :

March 31, 2025

Item	1 th round
Buyback Purpose	To transfer to employees
Buyback Period	2020/4/1~2020/5/28
Price range	NT\$41~NT\$90 per share
Type and quantity of shares repurchased	500,000 Common Shares
Amounts of repurchased shares	NT\$32,858,381
Ratio of the quantity repurchased to the scheduled	50%

buyback shares (%)	
Number of repurchased shares that had been voided/ transferred	None
Accumulated number of shares held by the company	500,000 shares
Ratio of accumulated shares held by the company to total shares issued (%)	1.35%

B. Buyback has not been completed : None

3.2. Bonds:

April 12, 2025

Types of corporate bonds	The first unsecured convertible bonds in R.O.C.	
Date of issue	May 17, 2021	
Denomination	NT\$100,000	
Place of issue and transaction	Over the counter stock exchange of Taiwan (R.O.C)	
Issue price	104.64	
Total amount	NT\$300 million	
interest rate	Coupon rate 0%	
Term of validity	The term of validity is five years Maturity date: May 17, 2026	
Guarantee Agency	None	
Trustee	Trust Department of SinoPac Commercial Bank Co., Ltd.	
Underwriters	SinoPac Securities Co., Ltd.	
Certified Lawyer	Chien Yeh Law Office Name of Lawyer : Hong, Shao-Heng	
Certified Public Accountant	Deloitte & Touche Limited Name of CPA: Huang, Yao-Lin & Wu, Mei-Hui	
Repayment method	Except for redemption by the company, selling back or conversion by bondholders, the bonds shall be paid in cash at maturity.	
Outstanding principal	NT\$81.4 million	
Terms of redemption or prepayment	Please refer to the issuance and conversion rules	
Restrictive clause	None	
Name of credit rating institution, date of rating and result of corporate bond rating	None	
Additional rights	Amount of common stock, overseas depository receipts or other securities converted	No conversion up to April 12, 2025.

	(exchanged or subscribed) as of the date of publication of the annual report	
	Issuance and conversion (exchange or subscription) rules	Please refer to the information on bond issuance in the credit zone of the Market Observation Post System.
The possible dilution of equity and the impact on the existing shareholders' equity by the issuance and conversion, exchange or subscription methods and issuance conditions		According to the current conversion price is NT59.2, if all the bonds are converted into common shares, 1,375,000 shares need to be issued, and the dilution effect on shareholders' equity is 3.63% (note)
Name of the entrusted depository of the subject matter of exchange		Not applicable

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

Convertible corporate bond information

Types of corporate bonds			The first unsecured convertible bonds in R.O.C.	
Item	Year		2024	For the year ended March 31, 2025
	Max.	Min.		
Market value of convertible bonds	Max.		100.55	96.30
	Min.		93.00	95.00
	Average		100.07	95.94
Conversion price			59.20	59.20
Date of issue and conversion price at the time of issuance			Issue date:2021/5/17 conversion price at the time of issuance : 76.0	
How to fulfill the obligation of conversion			Issue of new shares	

3.3. Preferred shares: None.

3.4. Global Depository Receipts: None.

3.5. Employee Stock Options: None.

3.6. Restricted employee shares: None.

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

3.8. Financing Plans and Implementation

3.8.1 Plan Content

As of the first quarter of 2025, the Company has not issued or private placement of marketable securities that has not been completed or has been completed within the last three years but the benefits of the plans have not been significant.

3.8.2 Implementation : Not Application

IV. Operational Highlights

4.1. Business Activities

4.1.1 Scope of Business

A. Main contents of business

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

B. Percentage of Sales Revenue of Main Products

Unit: NTD thousands; %

Year	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
Main Items						
Water Pump	1,141,152	62.00	1,020,794	57.53	937,908	51.59
Blower	251,843	13.68	195,996	11.05	216,977	11.93
Mixer	161,280	8.76	170,973	9.64	180,336	9.92
Others	286,309	15.56	386,480	21.78	482,978	26.56
Total	1,840,584	100.00	1,774,243	100.00	1,818,199	100.00

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

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

D. New Products (Services) Planned for Development

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

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

(1) Smart water related projects

The Taiwan market mainly focuses on intelligent precise aeration, intelligent precise chemical dosing, and AI inference hosts. Precise aeration control is an aeration control method that meets the Oxygen Demand Rate (ODR) required for biological reactions. By combining the biological activity assessment method with the system's multi - parameter control mode of "feedforward + model + feedback", aeration is distributed on demand and dissolved oxygen is precisely controlled under the condition of supply - demand balance. Precise chemical dosing control is to dynamically control the dosing amount through intelligent control and inference models based on key real - time water quality monitoring data according to the existing treatment process. Under the premise of complying with regulations, by precisely controlling the "reaction characteristic points" of the system, the optimal water treatment efficiency and chemical saving goals can be achieved. The AI inference host comes standard with communication interfaces connected to the Supervisory Control and Data Acquisition (SCADA) system and the Programmable Logic Controller (PLC). It can be integrated with processes such as intelligent chemical dosing or aeration. During the AI introduction period, the original treatment process does not need to be shut down. It can automatically set control boundaries, operating time periods, and abnormal trip - offs. In high - risk situations, it can automatically switch between the AI mode and the original operating mode to achieve precise control. Data verification ensures that all operating parameters are controlled in the optimal reaction state to obtain the best

treatment or chemical saving benefits.

In addition to equipment intelligentization, the mainland China market mainly focuses on sewage management, water supply management, group (park) management, and discrete site management as the key technologies and business development priorities. Through on - site implementation at customers' facilities, the intelligent product technologies are continuously optimized.

(2) Resources related products

After centralized treatment of wastewater, industrial sludge and treated effluent are both generated, both of which hold significant potential for resource recovery and reuse. However, under traditional development models, these valuable byproducts have not been fully utilized, leaving substantial room for growth and innovation.

The offers a comprehensive range of sludge management solutions, including, Sludge Dewatering Machines, High-Solids Belt Filter Presses and Sludge Drying Equipment. By integrating intelligent technologies into the Company systems, we collaborate closely with our customers to develop cost-effective, sustainable solutions that enable the resource recovery and valorization of treated sludge. This approach not only enhances operational efficiency but also unlocks new revenue streams and environmental benefits.

In the area of water resource recovery, we will integrate advanced equipment, physicochemical treatment modules, and AI technologies to deliver optimized solutions. By collaborating closely with our customers, we aim to jointly reduce the processing costs of reclaimed water, unlocking greater economic and environmental value.

(3) Continuously developing efficient products

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

As of 2024, many pump series products, including CP, GPS, LPS, ISP, ISH, and QW, have obtained energy - saving certifications. Moving forward, we will continue to develop various products equipped with permanent magnet motors to enhance the energy - saving effect of our products.

The newly developed submersible sewage pumps and sewage pumps not only take energy efficiency into account but also show significant improvements in product efficiency compared with the previous generation. The high - speed belt filter press (sludge dewatering machine) can control the moisture content of the dewatered sludge below 80% without adding chemicals. When modified chemicals are added, the moisture content of the dewatered sludge can be controlled at around 70%, greatly improving the dewatering efficiency.

4.1.2 Overview of the industry

(1) The current situation and development of the industry

A. Taiwan water treatment market

According to the latest statistics from the Water Resources Agency, in Taiwan over the past decade, the average annual total precipitation has been approximately 88.502 billion tons. The loss due to evaporation and infiltration is about 22.7%. Approximately 52.34 billion tons of water flow directly into the sea, and the actual amount of water available for use is only about 18%. The estimated average water consumption is around 16.372 billion tons, of which domestic water use accounts for 19.45%, industrial water use accounts for 10.0%, and agricultural water use accounts for about 70.55%. When the precipitation is lower than the average, there may be a risk of water shortage. In recent years, climate change has intensified, and the risk of water shortage has gradually increased.

In response to global warming and the intensifying climate change, in 2025, the government has allocated a total water management budget of NT\$55.1 billion to promote the new policy goals of "new water management, new water supply, and reducing water leakage". A "Water and Watershed Sustainable Promotion Group" has been established to adopt a systematic water management model, incorporate smart disaster prevention and digital transformation, and assist local governments in enhancing national land resilience. In terms of new water supply, the completed Wujihubao Artificial Lake Project in Wuqi can provide 210,000 tons of surface water per day to Changhua and 40,000 tons to Caotun in Nantou. The downstream Wujihubao Water Purification Plant project will be accelerated to build a comprehensive water resource infrastructure for the development of the "Precision Smart New Core" in Changhua, Nantou, Yunlin, and Chiayi. At the same time, the

"Leakage Reduction Plan" will continue to be promoted. The water leakage rate of Taiwan Water Corporation has dropped from 19.55% at the end of 2012 to 11.99% in 2024. Starting from 2025, NT\$80.8 billion will be continuously invested over 8 years to improve water leakage, aiming to reduce the water leakage rate to 10% by 2031 to ensure sufficient and safe water resources.

According to the environmental expenditure survey statistics released by the Ministry of the Environment in 2025, in Taiwan's fiscal year 2023, the total amount of environmental expenditure was approximately NT\$127.2 billion in government departments, with relatively high proportions for water quality protection and waste management, accounting for 22% and 44% respectively. The expenditure in the private industry sector was about NT\$202.1 billion, with relatively high proportions for water quality protection and waste management, accounting for 26% and 23% respectively.

Environmental Protection Expenditure in Taiwan, 2023 - Government Sector (Unit: Thousand NT\$, %)				
Expenditure Category	Capital Expenditure	Recurrent Expenditure	Total	%
Air Quality Protection	589,289	14,699,357	15,288,646	12.02%
Greenhouse Gas (GHG) Reduction	2,808,415	6,799,693	9,608,108	7.56%
Water Quality Protection	20,905,570	7,126,140	28,031,710	22.04%
Waste Management	7,532,662	47,871,317	55,403,979	43.57%
Soil and Groundwater Remediation	253,585	1,265,836	1,519,421	1.19%
Noise and Vibration Control	92,041	822,671	914,712	0.72%
Biodiversity and Landscape Conservation	186,622	3,433,507	3,620,129	2.85%
Radiation Protection	26,365	217,223	243,588	0.19%
Environmental Research and Development (R&D)	62,742	1,146,915	1,209,657	0.95%
others	2,229,075	9,090,753	11,319,828	8.90%
Total	34,686,366	92,473,412	127,159,778	100.00%

Source: Compiled from the Environmental Protection Expenditure Survey of the Ministry of the Environment in 2024

Environmental Protection Expenditure in Taiwan's Industrial Sector in 2023 (Unit: Thousands of NTD, %)

Expenditure Category	Land	Equipment and Plant	Personnel Expenses	Internal Recurrent Expenditure	External Recurrent Expenditure	Total	Ratio (%)
Air Quality Protection	140,255	35,668,310	3,522,902	26,801,641	1,981,880	68,114,988	33.70
Greenhouse Gas Reduction	84,882	9,279,303	716,919	5,399,764	319,351	15,800,219	7.82
Water Quality Protection	150,112	23,266,797	4,118,544	21,199,731	3,386,092	52,121,276	25.78
Waste Management	40,497	2,650,029	3,134,689	3,111,005	37,562,987	46,499,207	23.00
Soil and Groundwater Remediation	9,783	499,874	833,417	1,460,648	949,404	3,753,126	1.86

Noise and Vibration Control	8,383	568,201	241,532	139,000	77,674	1,034,790	0.51
Biodiversity and Landscape Protection	1,753	38,711	71,714	61,182	200,230	373,590	0.18
Radiation Protection	-	4,978	40,620	39,734	3,967	89,299	0.04
Environmental Protection Research and Development	5,333	62,246	269,188	772,372	45,133	1,154,272	0.57
Others	1,301	3,780,440	3,595,104	4,560,728	1,264,515	3,202,088	6.53
Total	442,299	75,818,889	16,544,629	63,545,805	39,734	202,142,855	100.00

Source : Compiled from the Environmental Protection Expenditure Survey conducted by the Ministry of the Environment in 2024 (excluding depreciation expenses and government subsidies above).

B. China water treatment market

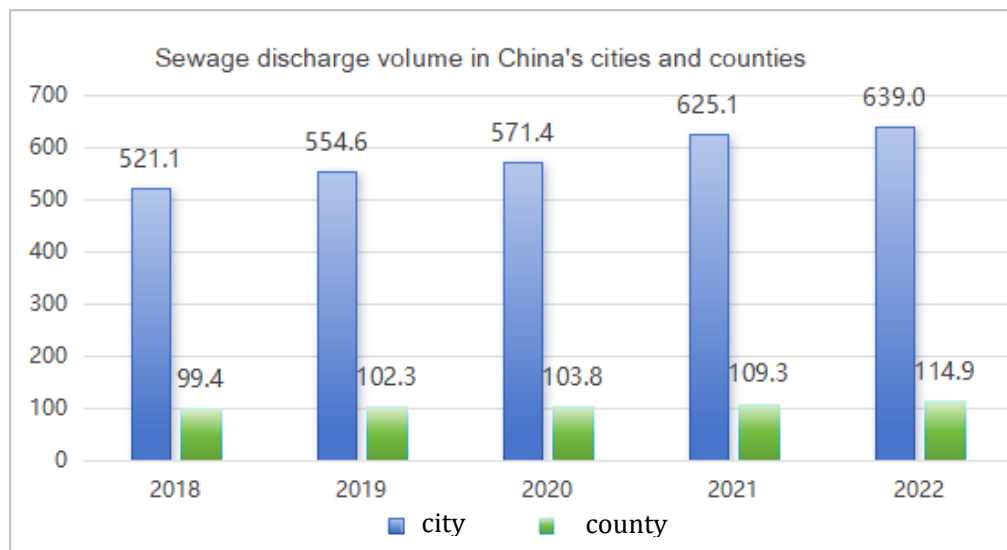
From the perspective of the overall economic environment, the fate of the environmental protection industry is closely related to the economic cycle. The current economic slowdown in the Chinese market has led to weak demand, which has directly affected the expansion speed and profit model of the environmental protection industry. According to statistics from China Qingshan Research Institute on the annual reports of 149 environmental protection (or mainly engaged in environmental protection) companies in the third quarter of 2024 on the mainland, 43 environmental protection listed companies have entered a loss-making state. The demand for pollution control remains, but the growth has slowed; market competition has intensified and profit margins have been compressed.

In 2023, the growth rate of the water pollution control market in mainland China will slow down. According to statistics from the Ministry of Housing and Urban-Rural Development of China, the wastewater discharge in China's cities and counties has increased year by year, from 52.11 billion cubic meters and 9.94 billion cubic meters in 2018 to 63.9 billion cubic meters and 11.49 billion cubic meters in 2022, respectively. There has been an increase every year, but the growth rate has slowed down.

In the long run, as China's urban population reaches its peak, actual incremental demand will gradually decline, and the growth rate of newly built heavy asset investment projects will continue to slow down.

Sewage discharge from cities and counties in China

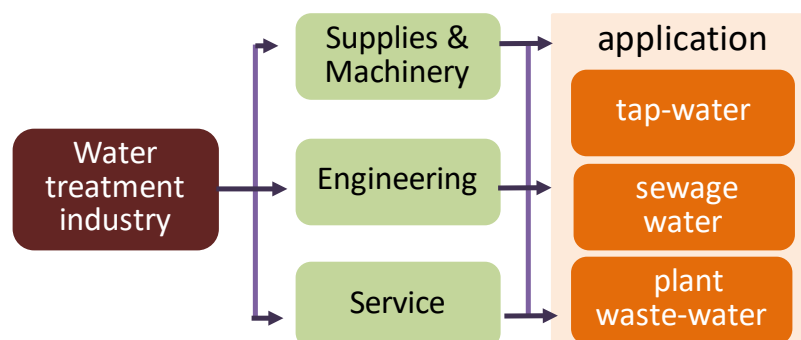
Unit: 100 million cubic meters



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

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

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



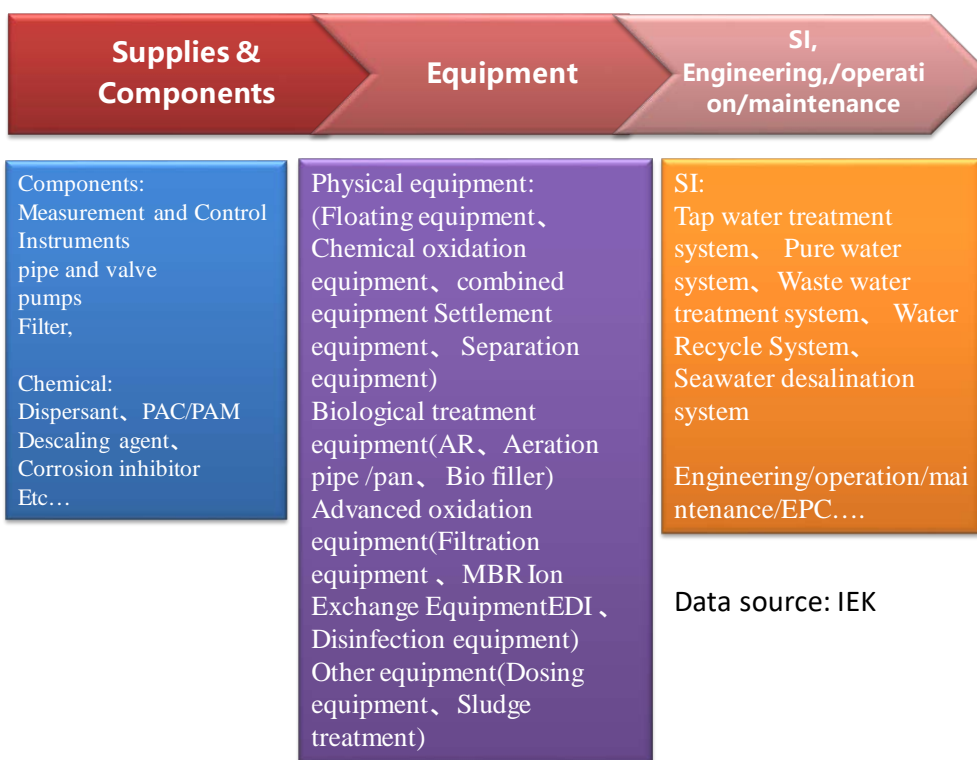
Source : Global Water Treatment Market Analysis Report issued by IEK in February,2012.

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

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

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

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



(3) Development Trends of Products

Affected by extreme climate and water shortage crisis, governments and enterprises are facing pressure to reduce carbon emissions, and water treatment technology is also shifting towards resource-based, low-carbon and intelligent directions. Comprehensively promote energy-saving processes and

low-carbon technologies, introduce new technologies such as the Internet of Things, big data and artificial intelligence, build a smart river basin ecological environment management platform, realize accurate perception and intelligent control of the entire drainage and water treatment process, efficient physical separation of pollutants, build short-process and prefabricated treatment plants, and support the resource-based, low-carbon and intelligent development of water management technology.

At the same time, in the Chinese mainland market, as infrastructure has reached a certain level, the future development of the industry will shift from "construction-oriented" to "operation-oriented". In the operation era, cost reduction and efficiency improvement are important considerations. How to improve the efficiency of water treatment, resource utilization, and intelligence are important technical development paths.

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

The global water crisis is becoming increasingly severe due to the impact of extreme weather events. In February 2023, the United Nations convened a rare meeting to discuss countermeasures. According to the "2022 Global Water Resources Status Report" released by the United Nations World Meteorological Organization in December 2023, global water cycles are becoming imbalanced due to climate change (such as droughts and extreme rainfall), accelerated glacier melting, and human activities. More than 50% of the world's watersheds are experiencing deviations from normal circulation, with most areas becoming drier. In the long term, this will pose a threat to water resources. The 2023 United Nations World Water Development Report shows that over the past 40 years, global water consumption has been increasing at a rate of approximately 1% per year. Due to the acceleration and spread of physical water scarcity and freshwater pollution, water shortages are gradually becoming a regional problem. On average, 10% of the global population lives in countries with high or severe water shortages. According to the latest data from 2020, approximately 26% of the global population (2 billion people) do not have access to safely managed drinking water services, and approximately 46% (3.6 billion people) do not have access to safely managed sanitation facilities. The non-profit organization CDP has proposed that as global companies rush to declare "net zero" goals, "water resources" should be simultaneously prioritized in climate strategies.

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

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

C. Collaborative pollution reduction and carbon reduction

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

(4) Competitiveness of Products

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

Products	Competitors
Water Pump	Nan Fang, Kai Quan, Lan Shen, GuangYi Pump, Polyvane, Lian Cheng, Grundfos, Ya Tai, ANDRITZ, East Pump, Kenflo, Xylem, Hai Yuan, Wilo, HCP, EBARA, Taco, Yong Da, Shan Zai, Ingersoll Rand, Lan Jiang, San Jin, LEO Pump, Tian Hai.
Blower	Zhang Gu, Zhang Qiu, Zhang Huang, Bai Shi De, Niu Li Shi, MAX TURBOMAX, Lei Ci, Jin Si Dun, Chun Ding, Fu Xi, Heng Rong, Shou Zheng, Nan Feng, Nanjing CIGU, Esurging

	(Tianjin), Tian Rui Zhong Gong, Shan Dong San Niu, Tian Gu, Neuros, Jin Juan.
Mixer	Blue & Clean, ITT, Beite, Lanshen, Dingheng, Feili, KSB, Tailong, Changcheng, Li Hong, Jiang su he hai, YaTai
Dewatering Machine	Finney, Shengqi, ANDRITZ, Nuoding, Shengqi, Tongchen, Jingjin, Tianshu, Wanjie, Jinkai, Paiwo, Da Zhang

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

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

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

A. Technical level and R&D

The Company takes "equipment, environmental engineering and AIoT" as its core technology, and through the integration of technology, we provide customers with a full range of services from design, manufacturing to solution implementation. In response to the changing needs of water resource management, the Company will extend its service scope from environmental protection to water resource management, and focus on the promotion and

application of related products in high-energy-consuming industries. For new products or services planned to be developed, please refer to the relevant content of “D. New Products (Services) Planned for Development” in this chapter 4.1.1 Business Scope.

B. R&D Personnel and their Education Background

Year		2023	2024	Mar. 31, 2025
Academic Background Distribution (%)	Master and Over	10.94%	12.31%	11.11%
	University (College)	82.81%	81.54%	82.54%
	High School (and under)	6.25%	6.15%	6.35%
Average Years of Service (Years)		6.41	5.96	6.36

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

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

Unit: NTD thousands; %

Items \ Year	2023	2024
R&D Expense	88,672	72,660
Net Value of Consolidated Operating Revenue	1,774,243	1,818,199
Ratio of R&D Expense for Net Value of Consolidated Operating Revenue (%)	5.00%	4.00%

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

Period	Item	Description
2023.1-2024.5	Design and Development of ISP-60Hz Series Energy Saving	The ISP-60Hz series energy-saving centrifugal pump does not use a specially designed motor, and can be equipped with a national standard motor to facilitate users to choose their own motor brand. The pump and motor are driven by a coupling,

Period	Item	Description
	Centrifugal Pump	with a reliable structure, low failure rate, and convenient maintenance. At the same time, the design efficiency of the ISP-60Hz series energy-saving centrifugal pump meets the EU energy efficiency indicators.
2023.1-2024.5	Design and development of submersible axial flow pumps for improving performance and structural stability	Using CFD for flow field calculation, optimize the hydraulic model of the axial flow pump based on the calculation results, adjust the blade casting process, and use more advanced precision casting technology (wax loss mold) and blade specialized inspection tools to make the blade deformation better than the GB/T13008 standard specifications.
2023.6-2024.10	Design and development of medicine brewing machine based on the IoT	Using the IoT, we monitor the quality of the powdered medicine input, the water inflow rate, and the output medicine liquid flow rate on the three-tank medicine soaking machine. This allows us to instantly check whether the equipment is operating within a reasonable load range. Simultaneously, we monitor various components of the soaking machine such as motors, reducers, and liquid level meters, notifying onsite operators to perform targeted tasks as needed.
2023.6-2024.10	Research on algae detection technology and algae bloom early warning system	The key development lies in studying the possible factors related to the outbreak of water blooms in sedimentation lakes, and collecting data, and establishing a database. Utilizing detection technology, we aim to analyze causal relationships among data by measuring the concentration of microcystin toxins in water (according to national standards) and the concentrations of total microcystin genes and toxin-producing microcystin genes (according to group standards). By integrating this data with conventional water quality and meteorological parameters, we aim to lay the groundwork for an algae bloom early warning platform.
2023.9-2024.12	Design and development of land-based high-efficiency DWS series sewage pumps	The DWS land-based sewage pump utilizes a new type of impeller structure, which enhances pump efficiency while ensuring passage capacity. Different land-based motors can be selected to meet customers' special requirements such as frequency conversion, explosion-proofing, and varying voltages. By replacing sealing rings and impellers, the DWS

Period	Item	Description
		land-based sewage pump can be quickly converted between the standard type and the cutting type.
2024.6-2026.6	Development of AI-enabled low-carbon smart water treatment solutions with intelligent control platform	AI-Driven Low-Carbon Intelligent Water Treatment Process Prediction and Intelligent Control Platform, Including but Not Limited to the Following Subsystem Modules: Intelligent Aeration Subsystem, Intelligent Chemical Dosing Subsystem, Intelligent MBR Subsystem, Intelligent Integrated Subsystem, Intelligent Fenton Subsystem, and Intelligent Dissolved Air Flotation Subsystem.
2024.6-2025.12	Development of a surface aerator for noise reduction and odor elimination	<p>The surface aerator is designed with functions of noise reduction and odor elimination. It can effectively prevent the spread of odors, reduce noise while preventing sewage from eroding the motor.</p> <p>This equipment consists of various components, including a rain cover, motor, water flow guide plate, intermediate support seat, oil chamber, float, impeller, noise-reducing guide cover, circular gland cover, plug-in fixing frame, and inlet guide pipe.</p>
2024.6-2025.12	Development of energy-saving pumps for water supply equipment	<p>Apply fluid simulation software to optimize the design of the hydraulic model, ensuring that its design conforms to the flow laws. Use an excellent hydraulic model to design the impeller and pump casing, and utilize force analysis software to calculate the strength of parts to ensure reliable operation. Use 3D printing technology to produce prototypes of the product. Combine it with CNC machining technology so that the impeller has excellent dynamic and static balance, aiming to make the product efficiency meet the EU energy efficiency indicators and maintain stable performance. The motor adopts a standard motor. Explosion-proof motors, permanent magnet motors, and high-cooling variable - frequency motors can be selected according to customer requirements to meet diverse market demands.</p>
2024.11-2026.8	Development of the HE4 Series High-Dry Belt Press	The high-dry belt press achieves a lower moisture content in sludge cakes through two-stage pressing of sludge. This can reduce the drying time of sludge cakes in wastewater treatment plants and cut down treatment costs. The equipment realizes technologies such as the flocculation of raw sludge and

Period	Item	Description
		<p>flocculants, two-stage pressing, and the uniform mixing of sludge cakes with modifiers and skeleton agents.</p> <p>Under the condition of only adding flocculants, the dewatering machine can generally achieve a sludge cake moisture content of less than 80%, which is a decrease of 3% - 5% compared with ordinary belt presses. The sludge volume is reduced by 15% - 25%. When modifiers are added, the sludge cake moisture content can reach around 70%, and the sludge volume is reduced by about 40%. When both modifiers and skeleton agents are added simultaneously, the sludge cake moisture content can be approximately 60%, and the sludge volume is reduced by about 50%.</p>
2025.1-2025.12	Development of an intelligent low-carbon energy storage and dosing system	<p><u>Development of Low-Carbon Energy Storage Modules:</u></p> <p>A single sewage dosing system operates with extremely low energy consumption, typically requiring less than 3 kWh per cycle. For one dosing system, this translates to an annual electricity consumption of approximately 26,280 kWh. Considering that a wastewater treatment plant typically requires five such dosing systems to maintain operations, the total annual electricity usage for dosing alone amounts to around 131,400 kWh. At an industrial electricity rate of NTD 0.85/kWh, this results in an annual electricity cost of approximately NTD 111,690. This project aims to significantly reduce the energy consumption of the dosing system by combining peak shaving and valley filling strategies with the integration of low-carbon energy sources, thereby optimizing operational costs and environmental impact.</p> <p><u>Intelligent Dosing Module:</u></p> <p>In the wastewater treatment process, the dosage of chemical agents is critical to treatment efficacy. The intelligent dosing system can automatically adjust the chemical dosage in real-time based on water quality fluctuations, thereby reducing agent waste, enhancing utilization efficiency, lowering operational costs, and ensuring consistent treatment performance. By integrating technologies such as online monitoring, AI-driven control algorithm optimization, and enhanced mixing uniformity, the system achieves an 8%-20%</p>

Period	Item	Description
		improvement in chemical utilization efficiency.
2025.1-2026.8	Development of a vertical direct-drive sewage pump	The hydraulic components of the vertical direct-drive sewage pump are designed using PCAD, followed by simulation calculations through CFD, thereby developing a simple and efficient hydraulic model. By selecting different land-based motors, the product can meet customers' special requirements such as variable frequency, explosion-proof, and non-standard voltage. Adopting a design that allows one pump to accommodate both fully enclosed and semi-open impellers, it enables quick conversion between the standard type and the cutter type.

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

A. Short-term development strategies and plans

The Company has been deeply engaged in the environmental protection and water resource management markets, supplying a full range of water treatment equipment. The Company is committed to transforming into an integrated service provider offering "equipment + environmental engineering + AIoT" solutions.

(1) Marketing Strategy

(1.1) Strengthen strategic cooperation and business expansion

In response to the market opportunities presented by ESG trends and water resource management developments, the Company's marketing strategy is being upgraded from traditional product promotion to strategic partnerships across industries. It will focus on promoting advanced solutions such as sludge drying systems, magnetic levitation/air flotation blowers, and intelligent water plant construction. The Company is intensifying efforts to develop relationships with industrial wastewater treatment clients and high-energy-consuming industry customers. By integrating ecosystem resources, we aim to solidify our market position amidst emerging trends and industry dynamics. Additionally, the Company has established dedicated industry managers to cultivate business opportunities for complementary products among our key sector clients.

(1.2) Strengthen dealer layout and brand cooperation

Although the Company has over 30 business locations in mainland China, there are still shortcomings in many regions. The company will comprehensively optimize its distribution system, reorganize existing

distributors, accelerate the distribution network layout in blank markets, and expand market penetration. In addition, for markets outside mainland China, in addition to cooperation through distributors, we will give full play to our ability to provide a full set of sewage treatment equipment, cooperate with other brand manufacturers, give play to the complementary function of products, and jointly expand overseas markets.

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

The Company has successively established a Taiwan branch, the R&D center, and subsidiaries in Taiwan. The subsidiaries obtained the "Environmental Engineering Professional Construction Industry" license at the end of 2021. The Company will continue to integrate Taiwanese resources, collaborate with consulting firms, engineering companies, and contract operators, comprehensively expand its business scope, and actively strive for various proposals from public departments and corporate units. The Company actively expands into the Taiwan market, with operations in the Taiwan region accounting for over 10%. This intelligent team has won the "Green Technology Innovation Award Competition" from the Small and Medium sized Enterprise Division of the Ministry of Economic Affairs for three consecutive years; In 2024, the new operation of sewage treatment plants will be carried out through intelligent means, accelerating the implementation of smart water management and striving for energy conservation and consumption reduction opportunities in Taiwan.

(2)R&D Orientation

To align with the industry trends of energy conservation, intelligence, and resource utilization, the Company focuses on equipment, environmental engineering, and intelligence as core technologies. We embark on research projects oriented towards energy conservation, carbon reduction, intelligence, and resource utilization. Please refer to the relevant content of "D. New Products (Services) Planned for Development" in this chapter 4.1.1 Business Scope.

(3)Production Strategy

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

operation process, so as to promote the improvement of product quality and control costs.

Coordinate ESG Import, the Company expects to ESG Various indicators are included in the supplier evaluation system to continuously evaluate and improve the quality of the supply chain from various aspects such as friendly environment, safety compliance, quality, and cost optimization. Our company's Pinghu Phase II plant was put into operation in 2022Q2, and the Yangzhou new plant was put into operation in 2023Q1. The construction of the new factory integrates green energy, intelligence, lean, and other aspects to continuously improve the physical condition of the company's internal production system, and develops green products through green management to meet the needs of business development. In 2023, Pinghu plant was verified and listed in the Jiaxing City Green Factory and Zero Waste Factory list, further elevating our green management status. The Company will continue to upgrade its old products and consolidate the maturity and stability of the integrated high-end products; Enhance product integration capabilities, from equipment energy conservation to system energy conservation, to intelligent management energy conservation, and make comprehensive contributions to China's low-carbon energy conservation.

B. Long-term Development Plan

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

(1) Marketing Strategy

Currently, our company is focusing on the environmental protection market, investing in various aspects such as product development, strategic partnerships, and capital cooperation to comprehensively expand our business. We aim to target six major market objectives, including large equipment replacement, upgrading standards, equipment maintenance, consumables and chemicals, smart products, and supporting products. The Company participate in the operation management of various environmental engineering and sewage treatment plants after using various possible cooperation methods to develop this Company into a water treatment professional service provider.

Geographically, the Company will increase investment in Taiwan and Southeast Asia to drive the growth of performance outside China. In addition to the environmental protection market, we will focus on the application of our company's products in water resource management and high energy consumption industries.

(2) Investment strategy

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

(3) R&D Strategy

The company's research and development are based on "equipment, environmental engineering and intelligent AIoT" as the core technology. The long-term R&D direction will be combined with the technology of microbiological and membrane-based products, taking into account "energy

saving, emission reduction, carbon reduction and recycling", and develop products using non-chemical or eco-friendly materials. The Company aims to realize the sustainable circulation of water resources and helps customers improve water resources management to achieve "water positive" (water positive), meaning through restoration and replenishment of water resources is more than the water used. The company dedicated to promote the realization of the SDGs of providing clean and affordable drinking water to all people by 2030.

(4) Production Strategy

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

4.2. Market and Sales Overview

4.2.1 Market analysis:

A. Sales Areas of Main Products

Unit: NTD thousands; %

Year	2022		2023		2024	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Mainland	1,515,726	82.35	1,365,516	76.96	1,325,109	72.88
Taiwan	227,403	12.35	207,506	11.70	269,868	14.84
Other	97,455	5.30	201,221	11.34	223,222	12.28
Total	1,840,584	100.00	1,774,243	100.00	1,818,199	100.00

B. Market Share

The environmental protection equipment and technical services provided by this Company have been widely used in waste water treatment field, also applied in paper-making, textile, pharmaceutical, food, construction, chemical and many other fields. Due to the wide variety of products, there is no objective and publicly trusted information to be able to calculate the market

size from each item, therefore calculation of the market share cannot be made yet.

According to the 2023 China Environmental Protection Industry Development Report released by the Ministry of Ecology and Environment of China, in 2022, the operating income of 19,193 companies included in the statistics amounted to RMB 2,663.32 billion. The types of enterprises surveyed cover water affairs, air pollution prevention and control, solid waste disposal, soil disposal, etc. Some of the companies provide cross - field services. Since it is impossible to estimate the income of the un - included enterprises, it is really difficult to calculate the market share. Due to the large number of product types and the scattered market, at present, no objective and credible data has been found to calculate the market scale of each item. Therefore, it is still impossible to calculate the market share of the Company.

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

(A) Global regional water treatment market

According to the Global Water Intelligence (GWI) cited by the Taiwan Foreign Trade Association, the global output value is expected to reach 834.1 billion US dollars in 2020 and 914.9 billion US dollars by 2023. According to the statistics of the United Nations, as of 2015, the proportion of global urbanization is about 55%. It is estimated that the proportion of urbanization will rise to 60.4% in 2030 and 68.4% in 2050. As Mega City gradually takes shape, the demand for clean water use and urban wastewater treatment will significantly increase compared to the current plan, which will bring more investment opportunities in water resources. The 2023 United Nations World Water Development Report indicates that over the past 40 years, global water consumption has been increasing at a rate of approximately 1% per year. Due to the acceleration and spread of physical water scarcity and freshwater pollution, water scarcity is gradually becoming a regional issue. In order to enhance water resource management, it is expected that investments in this area will continue to increase in the future.

(B) Taiwan water treatment market

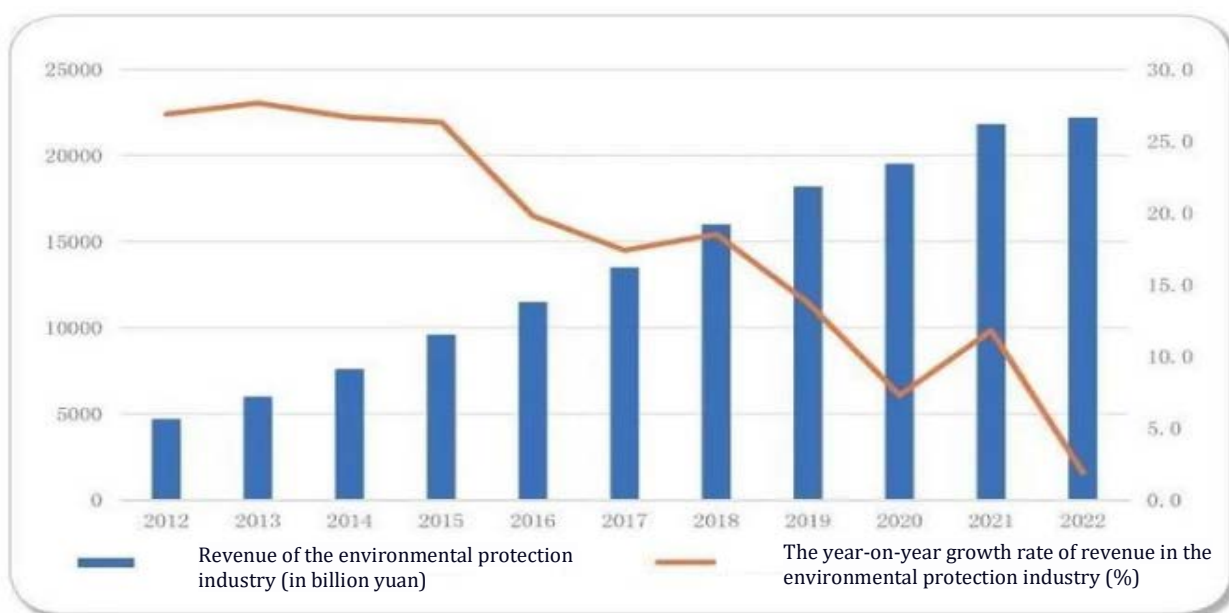
According to the environmental expenditure survey released by the Ministry of Environment in 2025, the total amount of environmental expenditure in Taiwan in 2023 is approximately NT \$127.2 billion in government departments, with water quality protection and waste management accounting for a relatively high proportion, reaching 22% and

44% respectively; The expenditure of the private industry sector is about 2021 billion yuan, with water quality protection and waste management accounting for 26% and 23% respectively. Please refer to the relevant content of "The current situation and development of the industry" in this chapter.

(C) China water treatment market

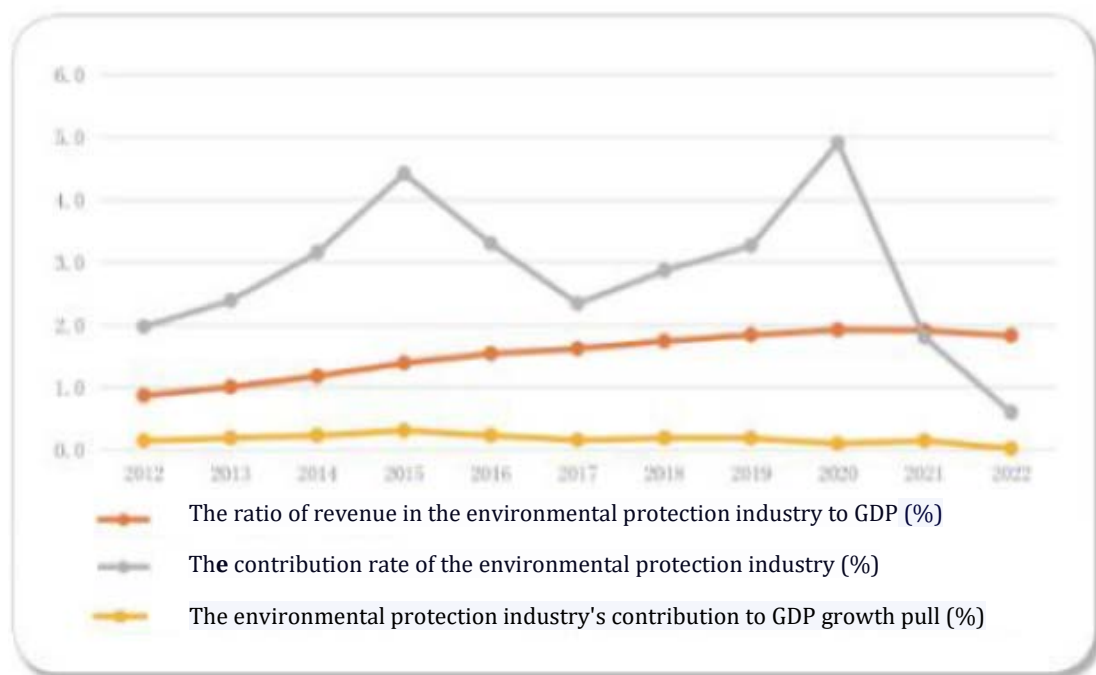
According to relevant reports from the Chinese Ministry of Ecology and Environment, due to the slowdown in economic growth and the gradual saturation of infrastructure construction, opportunities for new projects have decreased, and as of 2022, the operating income of China's environmental protection industry has only grown slightly; Moreover, due to the increase in operating costs, there is significant pressure on the Company's operating profits. The ratio of China's environmental protection industry's operating income to GDP exceeded 1% for the first time in 2013, and has continued to grow every year since then, reaching 1.8% in 2022, but the proportion has not increased. Although there is still a considerable gap from the ratio of about 3% in developed countries, the market pressure is relatively large in the short term.

Statistical Table of Operating Revenue of China's Environmental Protection Industry from 2012 to 2022



Source: Report on the Development Status of China's Environmental Protection Industry in 2023 by the Ministry of Ecology and Environment of the People's Republic of China.

The ratio of operating revenue of China's environmental protection industry to GDP from 2012 to 2022



Source: Report on the Development Status of China's Environmental Protection Industry in 2023 issued by the Ministry of Ecology and Environment of the People's Republic of China

D. Competitive Edge

(a) Experienced Management Team

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

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

Since its establishment, the Company has been committed to the design of water treatment equipment, system integration and research and development of water treatment process and technology for a long time. Over the years, due to our continued emphasis on research and development investment, we have successfully obtained numerous patents for inventions

and utility models related to water treatment equipment and related process technologies. Accumulated until January 10, 2025, the Company has a total of 122 valid patents, including 9 invention patents. Additionally, we hold a total of 32 software copyrights. There are a total of 4 valid patents in Taiwan, including 1 invention patent. Subsidiary GSD (China) has obtained the certificate of "High tech Enterprise" in mainland China.

(c) High brand and technology awareness

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

Taiwan subsidiaries participated in the technical forums held by the Taiwan Water Resources Department, the Environmental Protection Department, the Construction Department, the Semiconductor Association and other units. The smart team won the first "Urban Data Realism Competition" held by the SME Division of the Ministry of Economy in 2020, the gold medal of the Open Data Application Group of the Ministry of Economy in 2021, and the "Green Technology Innovation Award Competition" held by the SME Division of the Ministry of Economy in 2022 to 2024, successfully established a reputation for our company's smart water services.

(d) Comprehensive product service and complete system integration

In the design of water treatment equipment system, the correct selection of equipment and the planning of appropriate process have great influence on the stable operation of the whole system. The Company has a deep industry background and has been engaged in water treatment for many years. It has the comprehensive professional ability of design, supporting, debugging, system management and technical service, and can effectively integrate all

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

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

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

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

(1)Favorable Factors

(a)The Global Water Crisis

The water supply crisis is one of the major risks facing the world in the future, and the risk is increasing year by year. Human beings will face a decline in freshwater quality and quantity, leading to competition for resources such as water, food, and energy. The causes and scope of the water crisis are extensive and interconnected. According to the relevant research reports and warnings put forward by the United Nations in recent years, it is pointed out that due to global warming, melting glaciers will

endanger the fresh water supply in some regions in the short term, and in the medium and long term, it will change the intensity and frequency of global rainfall, increasing the opportunities for drought and flood. Therefore, countries around the world have invested in water treatment infrastructure and operating expenditures to strengthen their ability to manage water resources.

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

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

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

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

(c) Enhanced ESG awareness

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

(d) Informatization of environmental protection industry

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

(2) Unfavorable Factors

(a) Increasingly Fiercer Market Competition

Due to the slowdown in China's economic growth, the basic construction of water treatment infrastructure has been completed, the number of new cases has decreased, and market competition pressure is high. Small and medium-sized water treatment enterprises in Chinese Mainland have different scales, leading to large price differences and price competition.

Solution :

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

(b) Increase in Raw Material Cost

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

Solution :

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

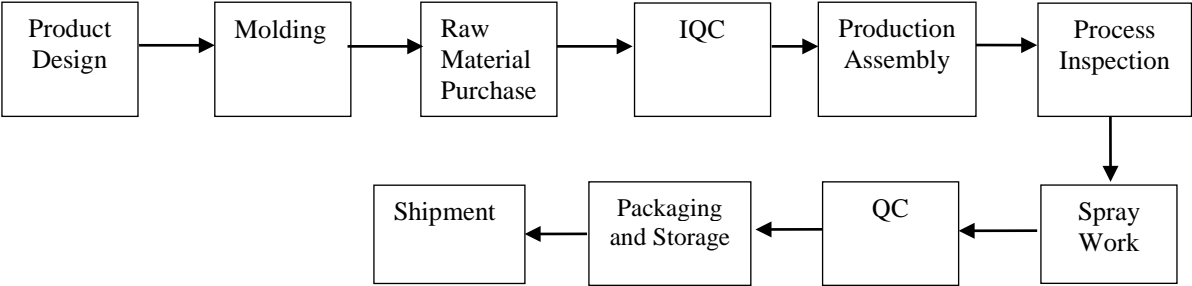
4.2.2 Usage and manufacturing processes for the Company's main products

A. Important Use of the Product

This Company mainly sells and produces environmental protection equipment, and provides related equipment installation and maintenance, environmental

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

B. Product Production Process



4.2.3 Supply situation for the Company's major raw materials

The Company's main production bases are GSD (China)Co., Ltd. Pinghu Plant and Yangzhou GSD Plant. The Company maintains a stable and long-term cooperative relationship with main raw material suppliers, and strictly controls quality and delivery to ensure that the main raw materials are supplied without any concern. The Company's main raw materials supply in 2024 is as follows.

Main Raw Materials	Main Suppliers	Supply Status
Motor	TECO, Yue Fa, Gaoqi, ZODA, Wolong Motor, WNM, HuiDe	Good
Body of Water Pump	Jiashan Tiansheng, Wuxi Shuangjun, Zhu Qing, Pingan, Xuelin	Good
Impeller	Nord Machinery, Yangzhou Feiyue, Pinghu Hudong, Third Ring Road, Lishui, Xing Hua Li Yun, Shun Da	Good
Other accessories	Lianyuan, Xinghua Liyun, Yangzhou Guanhua, Bosai, Huaxing, , Xu Hui, Fei Gu	Good
Blower	Pinghu Hey-Wel, Hey-Wel(Taiwan), Jingxiao	Good
Mixer	BEITE	Good

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

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

Unit: NTD thousands

Item	2023				2023			
	Name	Amount	Ratio to the all year net purchase%	Relations to the issuer	Name	Amount	Ratio to the all year net purchase%	Relations to the issuer
1	Pinghu Hey-Wel	105,730	10.05	Related Party (Note)	Pinghu Hey-Wel	114,938	10.32	Related Party (Note)
	Others	945,804	89.95		Others	999,082	89.68	
	Net Purchase	1,051,534	100.00		Net Purchase	1,114,020	100.00	

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

Among the main suppliers, only Pinghu Hey-Wel Company has a purchasing proportion of over 10%, and the purchasing amount and proportion have remained stable and unchanged in the past two years.

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

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

4.3. Human Resources

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

Mar. 31, 2025, Unit : person/ %

Year		2023	2024	Mar.31,2025
Number of Employees	Administration and sales personnel	386	394	392
	R&D personnel	64	65	63
	Production personnel	159	160	157
	Total	609	619	612
Average Age		38.67	39.65	39.75
Average Years of Service		8.77	9.22	9.43
Distribution of Education Background (Credential)	PhD	0.33%	0.32%	0.33%
	Master	3.12%	3.55%	2.78%
	Bachelor	67.32%	66.72%	68.14%
	High School	20.20%	20.36%	19.93%
	Below High School	9.03%	9.05%	8.82%

The Company refers to the Universal Declaration of Human Rights and RBA (The Code of Conduct for Responsible Business Alliance) to establishes “Code of Conduct” for employees to ensure effective implementation of human rights policies, treating and respecting all employees with dignity. The Company respects the freedom of workers to choose their profession, prohibits child labor, prohibits young workers under the age of 18 from engaging in any work that may endanger their health or safety, opposes sexual harassment and assault, prohibits discrimination, and provides equal employment and career development opportunities for employees. Employees' working hours and salaries must comply with the labor laws and regulations of their respective countries.

As of December 31, 2024, the total number of employees in the Company was 619. Among them, males accounted for approximately 63%, and females accounted for about 37%. The relatively small number of female employees is mainly because the work content of direct - staff positions in the Company's factories is more physically demanding, resulting in fewer female applicants. When calculated based on indirect - staff members, males accounted for about 58%. In terms of the gender ratio of supervisors, male supervisors accounted for approximately 63%, and female supervisors accounted for about 37%.

The age distribution of employees in the Company is as follows: approximately 14.06% were 30 years old or below, about 73.18% were between 30 and 50 years old (inclusive), and about 12.76% were over 50 years old.

As of March 31, 2025, the total number of employees in the Company was 612. Among them, males accounted for approximately 62%, and females accounted for about 38%. When calculated based on indirect - staff members, males accounted for about 55%. In terms of the gender ratio of supervisors, male supervisors accounted for approximately 65%, and female supervisors accounted for about 35%.

The age distribution of employees in the Company is as follows: approximately 12.75% were 30 years old or below, about 74.02% were between 30 and 50 years old (inclusive), and about 13.23% were over 50 years old.

The Company employs 8 people with disabilities on December 31, 2024 and March 31, 2025, accounting for 1.29% and 1.31% respectively.

4.4. Environmental Protection Expenditure

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

4.5. Labor Relationship

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

A. Employee welfare measures

The main operating individuals of the Company are the actual operating companies in mainland China. All employees of the Company pay social security and provident fund in accordance with the law. A labor union is established in accordance with the law. The labor union is responsible for providing and implementing various welfare measures for employees, including education training, and subsidies for birthdays, weddings and funerals. In addition, the Company also provides travel subsidies, and

encourages employees to participate in in-factory skill competitions and out-of-factory skill tests to strive for self-realization. Taiwan branch and subsidiary's employees also enjoy labor insurance and health insurance in accordance with the law, the Company subsidizes weddings and funerals, three festival bonuses and other benefits. In addition to salaries, all employees of Taiwan and Mainland China have performance bonuses and year-end bonuses. They also have health checks and commercial insurance according to their duties and functions, and can participate in the subscription of company shares in accordance with regulations.

B. Further study and training

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

C. Retirement system and its implementation

The retirement system of the Company's major operating business shall be handled in accordance with local laws and regulations. The Company's main operating business is located in China. It pays social insurance (including pension, unemployment, medical treatment, maternity and work-related injury) for its employees in accordance with the social insurance law of the people's Republic of China. The employees receive retirement allowance in accordance with the law when

they retire at the age of one year, and the retired reemployed personnel are insured with commercial insurance. The ratio and standard of endowment insurance payment of subsidiaries in China are as follows:

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

Note: According to the regulations of the location of the branch, starting from February 2025, the endowment insurance allocation ratio is 16% in all branches and subsidiaries. In 2024, the endowment insurance allocation ratio is 15% in GSD (China), GSD Environmental Technology Co., Ltd., and Guangzhou branches.

D. Labor-management coordination and various employee rights measures

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

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

The Company's labor relations are harmonious, and the company always respects the opinions of its colleagues. Employees can reflect their opinions at any time through complaint telephone, fax or email. The labor communication channel is unimpeded, so no major labor disputes have occurred so far.

4.6. Information security management

4.6.1 Information security risk management framework, policies, specific management plans and resources invested in information security

management, etc.

A. Risk Management Framework

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

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

B. Information security policy

Regulation establishment:

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

Software and hardware construction:

Build information security-related software and hardware equipment.

Personnel training:

Establish the awareness of information security of all colleagues.

C. Specific management measures

Employees and contracted personnel of the Company must comply with the following information security standards:

Information equipment usage, password usage, company email usage, internet usage, information processing, software usage and authorization, deployment of antivirus and security protection software, remote login, security incident management, external network application service security requirements, company resource utilization, and other aspects.:

(1) Information Security Management

The dedicated personnel for information security regularly organize and preside over information security meetings, review current information security issues, analyze potential threats, and ensure the effective implementation of the Company's information security policies. Regularly conduct risk assessments on the Company's information

systems, identify and prioritize high-risk areas.

(2) Information Security Operation Monitoring

The information security monitoring team adopts monitoring technology and tools to achieve information security event monitoring. Strengthen the construction of emergency response mechanisms to ensure rapid and effective handling of information security incidents and reduce losses. For outsourced management information systems or services, ensure external partners comply with the Company's information security regulations through auditing and supervision.

(3) Weakness Scanning and Penetration Testing

Regularly scan the Company's network equipment, application systems, and products for deep weaknesses or vulnerabilities, and promptly discover and fix security vulnerabilities. Strengthen the penetration testing of websites and systems, simulate hacker attacks, verify the security protection capabilities of the system, and carry out targeted reinforcement based on the test results.

(4) Annual Information and Communication Security Education and Training, Disaster Recovery Plan Drills

Regularly provide information security awareness education and skill training to company employees to enhance their security awareness and skill level. Every year, disaster recovery drills are conducted to simulate various possible disaster scenarios, verify the feasibility and effectiveness of disaster recovery plans, and continuously optimize plans based on the results of the drills.

(5) Subsidiary, GSD (China) Co., Ltd. imports encryption software

GSD (China) has launched and imported encryption software to ensure that sensitive data of the Company is fully protected during transmission and storage. And regularly update and maintain encryption software to ensure its security and stability.

(6) The information equipment is managed as fixed assets by the management department and undergoes regular annual inventory checks.

(7) All Company computers are installed with antivirus software, and virus codes are regularly updated.

(8) Establish an "Information System Data Backup and Restoration Plan", which automatically backs up the system on a daily basis and has a remote backup mechanism to ensure the normal operation of the information system and complete data preservation, reducing the risk of data loss caused by unforeseen natural or man-made disasters. The

information department conducts a system restoration test once a year.

D. Resources invested in information security

Training

The records of training related to information security in 2024 are as follows.

Course	Total person-hours	Note
New Employee Onboarding - Information Security Training	60 person-times	GSD (China) has incorporated information security training into the new employee onboarding program.
Information security training	22 person-times	The training targets employees of companies in Taiwan
Disaster Recovery Exercise	2 sessions	Exercise were conducted by GSD (China) and Taiwan subsidiaries respectively.

E.Certification

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

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

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

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

4.7. Important Contracts

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

Agreement	Country Party	Period	Main Contents	Restriction
Supply Agreement	Shanghai Teco Motor Limited	2025/1/1~2027/12/31	Deals on Long-term Supply Terms	None
Supply Agreement	Pinghu Hey Wel Machine Limited	2025/1/1~2027/12/31	Deals on Long-term Supply Terms	None

Agreement	Country Party	Period	Main Contents	Restriction
Supply Agreement	Nanjing Beite Environmental Protection GE Manufacture Co., Ltd	2025/1/1~2029/12/31	Deals on Long-term Supply Terms	None
Investment agreement	Pinghu Economic-Technological Development Zone Management Committee	From October 3, 2019	Agreement on land investment of Pinghu phase II	None
Investment agreement	Yangzhou Beishan (automobile) Industrial Park Management Committee	From December 10, 2020	Agreement on land investment of Yangzhou new factory	None
Mortgage contract	Industrial and Commercial Bank of China Yangzhou Branch	2023/09/18~2026/09/18	The real estate content and the maximum amount of creditor's rights and related rights and obligations of the agreed mortgage guarantee	None
Loan contract	Industrial and Commercial Bank of China Yangzhou Branch	2024/09/18~2025/09/18	The rights and obligations of using loan line	None
Loan contract	Cathay United Commercial Bank	2024/05/16~2025/05/16	The rights and obligations of using loan line	None
Loan contract	CTBC Commercial Bank	2024/11/30~2025/11/30	The rights and obligations of using loan line	None
Financial lease contracts and mortgage contracts	Maxwealth Financial Leasing Co., Ltd.	2023/12/08~2025/12/08	The leasing financing asset and the obligations of repayment	None

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

5.1. Analysis of Financial Status

Unit: NTD thousands

Items	2023	2024	Difference	
			Amount	%
Current Asset	1,387,710	1,111,923	(275,787)	(19.87)
Investments accounted for using the equity method	182,792	197,193	14,401	7.88
Property, plant and equipment	558,501	544,553	(13,948)	(2.50)
Intangible assets	53,790	57,452	3,662	6.81
Other assets	175,923	189,147	13,224	7.52
Total Assets	2,358,716	2,100,268	(258,448)	(10.96)
Current Liabilities	888,098	575,000	(313,098)	(35.25)
Non-Current Liabilities	41,304	48,429	7,125	17.25
Total Liabilities	929,402	623,429	(305,973)	(32.92)
Capital Stock	370,000	370,000	0	0.00
Additional Paid-In Capital	658,243	659,930	1,687	0.26
Retained Earnings	535,397	550,111	14,714	2.75
Other Equity	(111,400)	(71,767)	39,633	(35.58)
Treasury stock	(32,858)	(32,858)	0	0.00
Equity Attributed to owners of the Company	1,419,382	1,475,416	56,034	3.95
Non-Controlling Interests	9,932	1,423	(8,509)	(85.67)
Total shareholders' equity	1,429,314	1,476,839	47,525	3.33
Analysis and explanations of the changes of more than 20% whose amount reaches NTD 10 million in the most recent two fiscal years:				
1. The reason and effect of change on major items:				
(1)Current Liabilities/ Non-Current Liabilities: The convertible corporate bonds issued by the Company have been issued for three years on May 2024. Bond investors were entitled to execute their sell-back rights, leading bondholders to redeem a total face value of NT\$218,600 thousand in 2024. Additionally, due to a decrease in inventory and an increase in the proportion of project contract revenue, the balance of notes payable and accounts payable in 2024 decreased by more than NT\$93,000 thousand. Consequently, current liabilities decreased by 35.25% compared to 2023, and total liabilities decreased by 32.92%				
(2)Other Equity : The other equity recorded by the Company represents the exchange				

differences arising from the translation of financial statements of foreign operations. At the end of 2024, compared to the end of 2023, the exchange rate of RMB against New Taiwan Dollar appreciated by 3.49%, leading to an increase of NT\$39,633 thousand in exchange differences.

2. If the effect is significant, the future plan should be explained

The above changes have no significant adverse effect on the Company, and there is no significant abnormality in the overall performance of the Company, so it is unnecessary to draw up a contingency plan.

5.2. Analysis of Operation Result

5.2.1 Financial Performance Comparison and Analysis Table

Unit: NTD Thousands

Item	2023	2024	Difference	
			Amount	%
Net Operating Revenue	1,774,243	1,818,199	43,956	2.48
Operating Cost	1,204,643	1,299,869	95,226	7.90
Operating Margin	569,600	518,330	(51,270)	(9.00)
Operating Expense	582,941	548,653	(34,288)	(5.88)
Other Profit and Net Expense and Loss	-	-	-	-
Operating Net Profit	(13,341)	(30,323)	(16,982)	127.29
Non-Operating Income and Expense	56,988	72,776	15,788	27.70
Income from continuing operations before income tax	43,647	42,453	(1,194)	(2.74)
Expense of Income Tax	(5,465)	16	5,481	(100.29)
Net Profit after Tax	38,182	42,469	4,287	11.23

Analysis and explanations of the changes of more than 20% whose amount reaches NTD 10 million in the most recent two fiscal years:

(1) Operating Net Profit : In 2024, consolidated revenue increased by NT\$43,956 thousand; however, gross profit decreased by NT\$51,270 thousand. The primary reason was that the revenue growth in 2024 was mainly attributed to project contract in Taiwan, which have relatively low gross profit margins. Additionally, intensified price competition in the Chinese market for equipment sales caused a slight decline in gross profit margins. Although operating expenses were well-controlled and decreased by NT\$34,288 thousand in 2024, the reduction in expenses was smaller than the decline in gross profit. As a result, operating net profit still fell by NT\$16,982 thousand compared to the same period last year

(2) Non-Operating Income and Expense : Net non-operating income and expenses in 2024 increased by NT\$15,788 thousands compared with 2023, mainly due to the

share of profit of associates and joint ventures accounted for using equity method of Yuh-Shan Environmental Engineering Co., Ltd., which rose by NT\$10,989 thousand compared to the prior year. Additionally, the Company partially sold its shares in Yuh-Shan in 2024, generating disposal gains of NT\$3,243 thousand. Other contributing factors included a reduction in valuation losses on convertible corporate bonds by NT\$9,949 thousand, gains of NT\$5,121 thousand from buy-back corporate bonds payable, an increase in foreign exchange gains by NT\$14,078 thousand, a decrease in interest income by NT\$3,788 thousand, a reduction in subsidy income by NT\$19,257 thousand, and a decline in other gains by NT\$4,548 thousand.

Due to the aforementioned factors, the pre-tax net profit of 2024 amounted to NT\$42,453 thousand, a decrease of NT\$1,194 thousand compared to NT\$43,647 thousand in 2023. The change is relatively minor.

5.2.2 Expected Sales Volume and its Accordance

In 2024, approximately 86% of the Company's revenue came from the Chinese market, with core business operations focused on the manufacturing and sales of environmental protection equipment, as well as the provision of related technical services. Due to the gradual stabilization of the economic landscape and the completion of infrastructure development in mainland China, the growth of the environmental protection market has slowed. The emphasis for future business development will be on the stock market, as reducing operating costs has become a key focus for customers. The Company plans to leverage its strengths in equipment, intelligent systems, and environmental engineering technologies to actively expand opportunities in equipment replacement and upgrading. Through product and technology integration, the Company aims to help customers reduce costs. Beyond the environmental protection market, in response to water resource shortages and imbalances caused by extreme weather conditions, the Company will also extend its business scope to include water resource management and energy-saving markets, which encompass hydraulic construction, in order to identify new growth opportunities.

In recent years, the Company has actively expanded its business in Taiwan, with Taiwan's revenue share exceeding 13% in 2024. The Company will continue to participate in public projects and smart technology businesses, as well as expand its maintenance and equipment replacement services for wastewater treatment plants. In April 2022, the Company established a

subsidiary in Vietnam and will continue to develop related business operations in Southeast Asia in the future to diversify its operations. With the contribution of performance from Taiwan and Southeast Asia, the Company's business is expected to remain stable.

5.3. Analysis of Cash Flow

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

5.3.1 Cash Flow Analysis for the Recent Years

Item	2023	2024	Difference	
			Amount	%
Cash Inflow (Outflow) by Operating Activities	(3,911)	(28,649)	(24,738)	632.52
Cash Inflow (Outflow) by Investment Activities	(85,860)	(78,950)	6,910	(8.05)
Cash Inflow (Outflow) by Fundraising Activities	(81,787)	(251,172)	(169,385)	207.11
Description of major changes (changes in the previous and future periods are more than 50% and the amount of changes is more than 5% of the paid in capital):				
(1)The increase in cash outflows from operating activities amounted to NT\$24,738 thousands, mainly due to reduced profits in 2024, and the combined effects of variations in accounts receivable and accounts payable.				
(2)The increase in net cash outflows from financing activities was mainly due to an outflow of NT\$220,240 thousand resulting from the buy-back of convertible corporate bonds in 2024. Additionally, dividend payments in 2024 were NT\$91,250 thousand lower compared to the previous period, alongside reductions in short-term and long-term borrowings. These factors collectively contributed to the overall increase in net cash outflows from financing activities.				

5.3.2 Rectification plans for liquidity shortages

In 2024, the buy-back of corporate bonds resulted in a significant net cash outflow. However, the Company's operations remain stable, consistently generating a steady cash flow from operating activities. The Company's financial resources are still ample, and it maintains stable financing relationships with banks, showing no signs of liquidity shortages.

5.3.3 Analysis on the Cash Liquidity in the next year

Unit: NTD thousands

Beginning Cash Balance	Estimated cash inflow from operating activities for the entire year	Estimated cash outflow for the entire year	Estimated Amount of Cash Balance (Deficiency)	Compensation Measures under deficiency in estimated cash balance	
				Investment Plans	Financial Management Plans
417,060	1,842,077	(1,849,674)	409,463	—	—
<p>1. Analysis of expected changes in cash flows in 2025:</p> <p>(1) Cash inflow from operating activities: mainly from cash inflow of business income.</p> <p>(2) Cash outflow: mainly used for operating expenses, repayment of loans and dividend distribution.</p> <p>2. Remedial measures and liquidity analysis of expected cash shortage: not applicable.</p>					

5.4. Major Capital Expenditure Items

There are no capital expenditure which reached 20% of the paid-in capital or reached the amount of NT\$300 million in 2024.

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

5.5.1 The Company's Re-Investment Policy

Re-investment policy of GSD is based on the core business considerations. In China, the Company focuses on the water treatment field of environmental protection market. In Taiwan, the Company takes smart water affairs as the development strategy and it is expected to use AIoT as the basis to expand the company's operation by developing smart water and involving in other environmental protection fields or circular economy. The Company entered the Southeast Asian market in 2022 by establishing GSD Enviro Tech Vietnam Company Limited. In addition, the Company also established CNCN (Beijing) Enviro Tech Co., Ltd. in 2022, whose business are mainly on sludge drying and energy management related equipment sales. There is no new re-investment in 2024.

Among the investment companies, although GSD Environmental Technology Co., Ltd. have been established for a period, because their main business is the research and development of AIoT related technologies, it takes a long time from product development to commercialization, so they are still in a state of loss. Then, GSD Enviro Tech Vietnam Company Limited and CNCN

(Beijing) Enviro Tech Co., Ltd., which have been established for less than three years, suffered losses due to the business benefit have not yet appeared during the start-up period. GSD Enviro Tech (Yangzhou) Co., Ltd. has put into operation in early 2023. It turned losses into profits in 2024. Except for the above-mentioned, all other investment companies were profitable. The Company has formulated “Investment Cycle”, “ Procedures for financial business between related enterprise groups”, “ Rules for supervision and management subsidiaries” and “ Regulations Governing the Acquisition and Disposal of Assets”, etc. and any relevant investment plan will be handled in accordance with the aforementioned rules and measures.

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

Unit: NTD thousands

Invested Company	Direct (Indirect) Shareholding Ratio	Recognized Investment Profit or Loss in the Most Recent Year	Reasons for Profit or Loss	Rectification Plans
Chuan Yuan Hydraulic Engineering Co., Ltd.	100%	40,516	Great Operation Status	NA
GSD Enviro Tech (Taiwan) Co., Ltd.	100%	5,864	Great Operation Status	NA
GSD Enviro Tech Vietnam Company Limited	85%	(721)	It is a newly established subsidiary on 2022/3/29, resulting in losses during the period of start-up, but the losses have been reduced in 2024.	In the future, it will actively expand the market to improve the loss situation.
Yuh Shan Environmental Engineering Co., Ltd.	22.38%	30,543	Great Operation Status	NA
GSD (China) Co., Ltd.	100%	29,771	Great Operation Status	NA
GSD Environmental Technology Co., Ltd	60%	(3,036)	It is responsible for the AIoT technology business in China, which is not the Company's core business and has high barriers to entry. In 2024, its revenue grew up and the losses have been reduced.	Its products are already able to generate revenue, and in the future, through the integration of its products and equipment sales business, it is expected to achieve revenue growth and generate profits.

Invested Company	Direct (Indirect) Shareholding Ratio	Recognized Investment Profit or Loss in the Most Recent Year	Reasons for Profit or Loss	Rectification Plans
CNCN (Beijing) Enviro Tech Co., Ltd.	60%	(9,890)	It is a newly established subsidiary on 2022/5/10, resulting in losses during the period of start-up.	In the future, it will actively expand the market to improve the loss situation.
GSD Enviro Tech (Yangzhou) Co., Ltd.	100%	13,946	It is established on 2020/12/29, and put in operation in February 2023, and turned losses into profits in 2024.	NA

5.5.3 Investment Plans for the Next Year

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

5.6. Analysis of Risk Management

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

(1) Interest rate

Year Item	2022		2023		2024	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
Interest income	18,801	1.02%	14,576	0.82%	10,629	0.58%
Interest expense	3,930	0.21%	3,871	0.22%	5,520	0.30%

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

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

(2) Foreign exchange rates

Item \ Year	2022	2023	2024
	Amount	Amount	Amount
Exchange benefit (loss)	10,301	(4,059)	10,019
Proportion in Sales	0.56%	(0.23%)	0.55%

The Company's exchange benefits (losses) in the last three years accounted for a very low proportion of sales. The Company's primary markets are in mainland China and Taiwan, with transactions conducted mainly in local currencies. This means that subsidiaries in mainland China primarily use the Chinese yuan (RMB) for payments, while subsidiaries in Taiwan use the New Taiwan dollar (TWD). Revenue in other currencies is relatively low, resulting in minimal exchange rate risk. the Company also controls the differences in foreign currency assets and liabilities as much as possible to achieve the natural hedging and minimize the impact of exchange rate fluctuation.

(3) Inflation

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

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

The Company has always been focused on the operation of the industry, and has not covered other high-risk industries. The financial policy is based on the principle of stability and conservatism, without making high leverage investment. The debt ratio in 2024 and 2023 is 29.68% and 39.40% respectively, with relatively low debt ratio and capital risk; the Company has

only engaged in providing funds and endorsing guarantees among its subsidiaries or between subsidiaries under its control. There is no derivative commodity transaction in the last two years. In the future if necessary for transactions due to business operation, the relevant risks will be strictly controlled by handled in accordance with “Regulations Governing the Acquisition and Disposal of Assets”, “Rules for Loaning of Funds to others”, “Rules for Making of Endorsements/Guarantees” and “Procedures for dealing with derivative transactions”.

5.6.3 Future Research & Development Projects and Corresponding Budget

(1) Future R&D plan

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

(2) Expected R&D expenditure

In the past three years, the Company's R&D expenditure accounted for about 3% ~ 5% of the total revenue. The R&D investment amount was adjusted flexibly with the Company's strategic development. In 2025, the R&D expenditure accounted for about 3% ~ 5% of the total revenue. The R&D expenses should be able to support future research plans and enhance the Company's industrial competitiveness.

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

The Company is registered in the British Caymans and has no substantial economic activities. Its main place of operation is mainland China and Taiwan. The implementation of the Company's business is in accordance with the important policies and laws and regulations of the country where it is located.

We should pay attention to the development trend of its important policies and the information of legal changes at any time. If there are any changes, we should consult lawyers, accountants and other relevant units or appoint them to make comments Evaluate and plan the corresponding measures, timely respond to changes in the market environment and take appropriate countermeasures. In the most recent fiscal year and up to the date of publication of the prospectus, there were no significant changes in policies and laws in the above regions that had a significant adverse impact on the company's financial business.

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

In recent years, there have been frequent ransomware attacks, and the importance of information security has gradually increased. Please refer to page 112~115 for the Company's control measures for information security risks.

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

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

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

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

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

5.6.8 Expected Benefits from, Risks Relating to and Response to Factory

Expansion Plans

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

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

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

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

1. Risks and Countermeasures of centralized purchase

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

2. Risks and Countermeasures of sales concentration

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

5.6.10 Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

In 2024 and as of the date of annual report publication in 2025, there were only 200,000 shares held by director Lee, Tzuoh-shoou in the name of another person (LTS International Ltd.) were transferred based on family inheritance considerations. There have been no substantial transfer shares

on other Directors and major shareholders.

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

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

5.6.12 Litigation or non litigation

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

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

Financial Risks in Mainland China:

As countries around the world gradually adopt a coexisting approach with the virus, the impact of the COVID-19 pandemic on the Company has diminished. However, the post-pandemic era brings with it a slowdown in economic growth in Mainland China and financial risks stemming from the slump in the real estate sector. The Company has always focused on our core business and has not ventured into real estate investment. Regarding banking relationships, we carefully select banks with better credit ratings and employ diversified deposits to avoid or mitigate the impact of financial risks in China. Up to the date of printing the annual report for the recent fiscal year, there have been no significant impacts on our company's finances due to these risks.

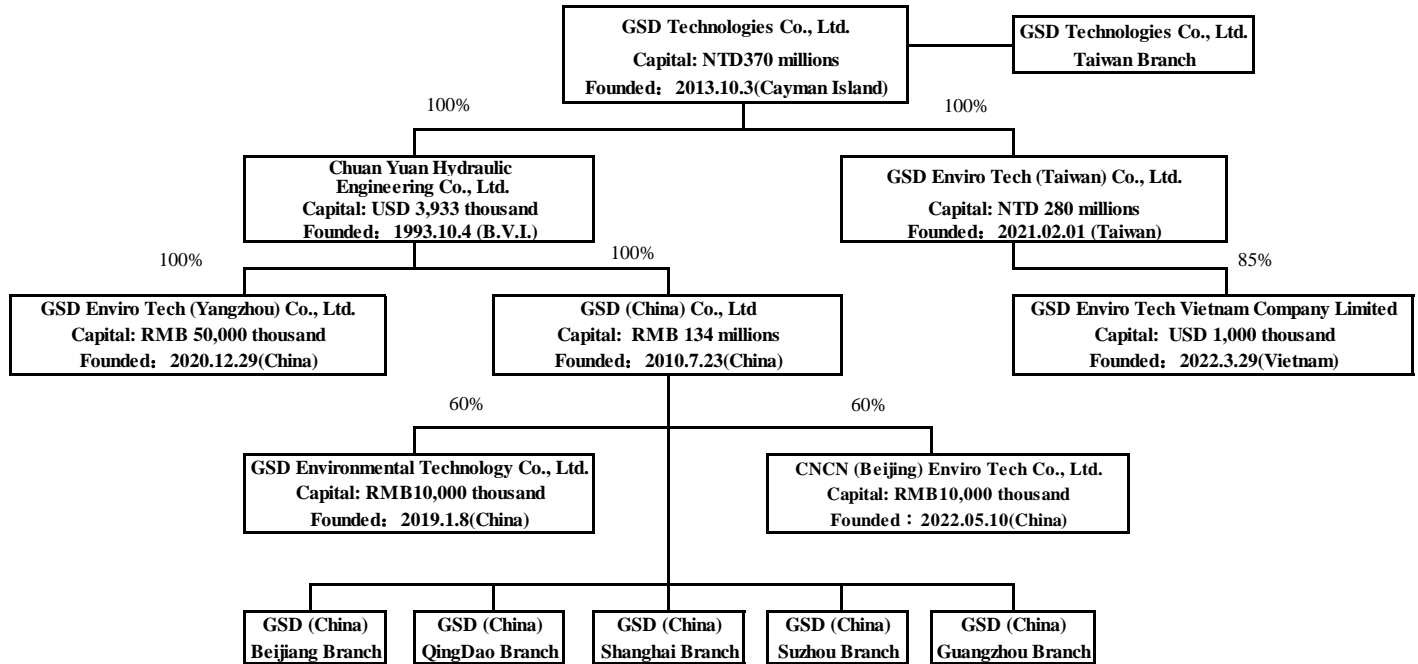
5.7. Other important matters

None

VI. Special Disclosure

6.1. Summary of Affiliated Companies

A. Organization



B. Brief Information of affiliates

Unit: Thousands				
Company	Founded	Address	Paid-in capital	Business
Chuan Yuan Hydraulic Engineering Co. ltd.	1993.10.4	Portcullis Chambers 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VIRGIN ISLANDS, BRITISH	USD12,223	Holding, re-investment
GSD Enviro Tech (Taiwan) Co., Ltd.	2021.2.1	NO.15,17,19,Minli St., Gushan Dist., Kaohsiung city 804, Taiwan (R.O.C)	TWD280,000	Mainly for re-investment, the sales, installation, maintenance and provision of related technical services for environmental protection equipment, and contracting of environmental engineering.
GSD Enviro Tech Vietnam Company Limited	2022.3.29	502 Huong Lo 2,Phuong Binh TRI Dong , Quan Binh Tan, Ho Chi Minh City, Vietnam.	USD 1,000	Mainly for the sales, installation, maintenance and provision of related technical services for aquaculture and environmental protection equipment.
GSD (China) Co., Ltd.	2010.7.23	No. 2399, Xinming Road, Pinghu Economic	RMB134,000	Mainly for the production, sales, installation, maintenance

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

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

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

March 31, 2025

Company	Title	Name	Holding shares	Holding percentage
Chuan Yuan Hydraulic Engineering Co. Ltd.	Chairman	Hsieh, Hung June (Legal representative of the Company)	3,932,735	100%
GSD Enviro Tech (Taiwan) Co., Ltd.	Chairman	Hsieh, Hung June (Legal representative of the Company)	28,000,000	100%
GSD Enviro Tech Vietnam Company Limited	Chair of shareholders meeting	Hsieh, Hung June	- (Note)	85%
	Legal representative & President	Chen, Shih Hsien		

GSD (China) Co., Ltd.	Chairman	Hsieh, Hung June	-	100%
	Director	Chen, Shih Hsien		
	Director	Wang, Qian		
	Supervisor	Hsieh, Mu-Chun		
	President	Wang, Qian		
GSD Enviro Tech (Yangzhou) Co., Ltd.	Chairman	Hsieh, Hung June	-	100%
	Director	Chen, Shih Hsien		
	Director	Wang, Qian		
	Supervisor	Hsieh, Mu-Chun		
	President	Wang, Qian		
GSD Environmental Technology Co., Ltd.	Chairman	Wang, Qian	-	60%
	Director	Hsieh, Hung June		
	Director	Liu, Xiao		
	Supervisor	Hsieh, Mu-Chun		
	President	Liu, Xiao		
CNCN (Beijing) Enviro Tech Co., Ltd.	Chairman	Wang, Qian	-	60%
	Director	Hsieh, Hung June		
	Director	Wang, Sih Ping		
	Supervisor	Hsieh, Mu-Chun		
	President	Wang, Sih Ping		

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

E. Operating performance of affiliates

Dec. 31, 2024, Unit: NT\$ thousands

Company	Capital	Assets	Liabilities	Equity	Net sales	Operating profit	Net Profit	EPS
Chuan Yuan Hydraulic Engineering Co. Ltd.	372,432	1,203,703	19,382	1,184,321	-	(80)	39,873	N/A
GSD Enviro Tech (Taiwan) Co., Ltd.	280,000	357,511	60,212	297,299	220,978	(34,835)	5,864	N/A
GSD Enviro Tech Vietnam Company Limited	24,484	32,111	9,941	22,170	35,298	(826)	(848)	N/A
GSD (China) Co., Ltd.	600,052	1,301,390	329,770	971,620	1,518,620	26,591	29,771	N/A
GSD Enviro Tech (Yangzhou) Co., Ltd.	223,900	317,988	102,384	215,604	268,298	12,893	13,636	N/A
GSD Environmental Technology Co., Ltd.	44,780	44,844	59,209	(14,365)	69,899	(5,148)	(5,060)	N/A
CNCN (Beijing) Enviro Tech Co., Ltd.	44,780	65,686	56,077	9,609	26,076	(16,185)	(16,484)	N/A

The total amount of assets, liabilities and equity listed in this table are translated at the exchange rate at the

end of 2024 (1 RMB: 4.478 TWD); the sales, operating profit and net profit of this period are translated at the average exchange rate in 2024 (1 RMB: 4. TWD).

F. Consolidated financial statements of subsidiaries:

The 2024 consolidated financial statements have been submitted to the Market Observation Post System. The data query path is as follows:

Market Observation Post System > Electronic Books> Financial Statements

<https://emops.twse.com.tw/server-java/t58query>

G. Report of affiliates: None.

6.2. Private Placement Securities in the Most Recent Years

For the most recent year and up to the date of publication of the annual report, the handling of private placement of securities shall disclose the date and amount adopted by the shareholders' meeting or the board of directors, the basis and rationality of price setting, the method selected by the specific person, the necessary reasons for conducting private placement, the object of private placement, qualification conditions, the number of subscription, the relationship with the company, the operation of the company, the actual subscription (or conversion) price The difference between the actual subscription (or conversion) price and the reference price, the impact of private placement on shareholders' equity, the situation of fund utilization, the progress of plan implementation and the appearance of plan benefits of private placement of securities from the time when the funds or prices are fully received to the time when the fund utilization plan is completed: None

6.3. Other supplementary events: None

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

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

The Company has stipulated the relevant contents for protecting the exercise of

shareholders' rights and interests in accordance with the "checklist for the protection of shareholders' rights and interests in the country of registration of foreign issuers" (hereinafter collectively referred to as the "checklist for the protection of shareholders' rights and interests") announced by Taiwan Stock Exchange Co., Ltd. on January 9, 2023. In addition, to comply with the amendments of the "checklist for the protection of shareholders' rights and interests", announced by Taiwan Stock Exchange Co., Ltd. on May 2, 2024, the Company will revise the Articles of association at the annual shareholders meeting. In view of the differences between the Articles of association and the requirements of the "checklist for the protection of shareholders' rights and interests", the reasons, the provisions of the country of registration (if any) and the impact on the shareholders' rights and interests of the Republic of China are as follows:

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
Definition of "Special Resolution": means the shareholder meeting attended by two-thirds of the represented shareholders of total outstanding shares and resolved by half of the attending shareholders' voting. If the total shareholding of the attending shareholders is less than the above-mentioned quota, it can be attended by half of the represented shareholders of total outstanding shares and resolved by two-thirds of the attending shareholders' voting.	The Company Acts of the Cayman Islands regulated that in principle, a special resolution means the shareholder meeting attended by half of the represented shareholders of total outstanding shares and resolved by two-thirds of the attending shareholders' voting.	According to the Rule No. 0991701319 by Taiwan Stock Exchange on April 13, 2010, Article 39 and Article 2(1) of the Articles of Incorporation special resolution shall have half of the represented shareholders of total outstanding shares to attend the shareholding meeting in persons. For institutional shareholders, it shall authorize the legal representatives to attend the meeting. Or a resolution is made with the vote for of two-thirds shareholders attended by Power of Attorney. So it meets both the laws of the Cayman Islands and the Company Acts of Taiwan for the requirement of listing company's attendance and voting.
<p>1. Without the resolutions of the shareholder meeting for the capital reduction, a company shall not eliminate its shareholding. And capital reduction shall base on the proportion of shares held by shareholders to reduce the shares.</p> <p>2. For capital reduction, the payment of returned shares can be made by property other than cash. The property for returned shares and the amount of the offset shall be subject to the resolutions of the shareholding meeting and the consent of the shareholders who receive the property.</p> <p>3. The value of the foregoing property and</p>	Article 14 to 18 of the Company Acts of the Cayman Islands stipulate the strict procedure and substantive rules for the capital reduction and the relevant rules are mandatory which can't be changed by the articles of the Incorporation.	Article 14 to 18 of the Company Acts of the Cayman Islands stipulate the strict procedure and substantive rules for the capital reduction and the relevant rules are mandatory which can't be changed by the Articles of the Incorporation. For the regulation of capital reduction, this has large differences from the checklist for shareholder rights protection measures on November 30 2018. For the avoidance of doubt, with the opinions of the Cayman Islands' lawyers, the Company has revised Article 14 of the Articles of Incorporation so that the capital reduction will comply with the procedure and conditions of the laws of the Cayman Islands and the applicable public company rules. For the regulation of capital reduction from the November 30 2018 checklist for shareholder rights

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
the amount of the offset shall be sent by the board of the director to CPAs for audit before the shareholding meeting		protection measures, it has stipulated on Article 24(1) of the Articles of Incorporation for local and foreign issuers that buy back the shareholding and eliminate it base on the proportion of the shareholding.
Companies adopt par value shares shall not convert its shares into no par value shares; companies adopt no par value shares shall also not convert its shares into par value shares.	Section 8(1) of the Cayman Islands Company Act “Provided further that no exempted company shall divide its capital into both shares of a fixed amount and shares without nominal or par value.” stipulates that exempted companies shall not contain both par value shares and no par value shares in its capital at the same time.	All the GSD’s shares issued adopt par value currently, the specification requirements in the left column is inapplicable with GSD. However, to avoid doubt, the Company proposed to amend article 7(5) to “The Company shall neither issue Shares without par value nor convert its Shares from Shares with par value to shares without par value.”.
1. All general meetings to be held in physical locations shall be held in the R.O.C. If the shareholder meeting held in physical locations is convened outside the Republic of China, it shall be declared to TWSE within 2 days of the resolution of the board of director meeting or the permission of the governing institution applied by shareholders. 2. When a company convenes the shareholder meeting outside the Republic of China, it shall entrust professional stock agency in the territory of the Republic of China to handle the matters of shareholder voting.	There are no relevant regulations from the laws of the Cayman Islands.	As stated on Article 31 of the articles of association: all general meetings to be held in physical locations shall be held in the R.O.C., the shareholder meeting in the territory of the Republic of China during the period of initial listing without exception. So it is not necessary to stipulate the additional procedure for permission or declaration of shareholder meeting held outside the Republic of the China. In addition, although the Company shall hold the shareholder meeting in the territory of the Republic of China during the initial public listing, the Company still entrust the relevant matters of the shareholders voting to the professional stock agency in the territory of the Republic of the China.
If a shareholder holds more than 3% of the total number of issued shares for more than one year, he / she may record the proposed matters and reasons in writing and request the board of directors to convene an interim meeting of shareholders. Within 15 days after the request is made, if the board of directors fails to give notice of the meeting, the shareholders may, with the permission of the competent authority, convene the meeting on their own.	There is no local authority in the Cayman Islands responsible for examining whether shareholders can convene a shareholders' meeting on their own.	Since the Company is a company incorporated in accordance with the Company Law of the Cayman Islands, and there is no local authority in charge of examining whether shareholders can convene the shareholders' meeting on their own, referring to the intention of tssz No. 0991701319 of the Taiwan Stock Exchange on April 13, 2010, Article 32 of the articles of association of the Company stipulates: "for more than one year, the company holds more than 3% of the total issued shares The shareholders of the above-mentioned shares may specify in writing the reasons and reasons for convening the meeting and request the board of

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
		directors to convene the shareholders' meeting. If the board of directors does not give notice of the shareholders' meeting within 15 days after receiving the request, the shareholders of the request may convene the shareholders' meeting by themselves. Without the permission of the competent authority.
Shareholders who exercise their voting rights in written or electronic form shall be deemed to attend the shareholders' meeting in person.	In accordance with the legal opinion of Cayman Islands lawyers, a shareholder who exercises voting rights in writing or electronically shall not be deemed to be present in person, but shall be deemed to have appointed the chairman of the shareholders' meeting as the proxy.	The latter paragraph of Article 57 of the Company's articles of association states: "when a shareholder exercises his or her voting rights in writing or by electronic means, it shall be deemed that he or she entrusts the chairman of the shareholders' meeting as his or her proxy to exercise his or her voting rights in accordance with the contents of the written or electronic document, but the chairman of the shareholders' meeting has no voting rights in respect of matters not mentioned or indicated in such contents, temporary motions or amendments to the original motion. For the avoidance of doubt, when the shareholders exercise their voting rights in the above-mentioned way, the temporary motion of the shareholders' meeting and the amendment to the original motion shall be deemed as abstention. Therefore, there is no significant difference between this article and the laws of the Republic of China in terms of actual operation, but in terms of interpretation, the chairman of the board of shareholders is the proxy of such shareholders who vote in written or electronic form, so as to meet the requirements of the Cayman Islands law that the resolution of the board of shareholders must be carried out by the participating shareholders in person or by the proxy at the same time on the spot.
<ol style="list-style-type: none"> 1. The charter may explicitly stipulate that the surplus earning distribution or loss off-setting proposal may be proposed at the close of each quarter or each half fiscal year. 2. The proposal of surplus earning distribution or loss off-setting for the first three quarters or half fiscal year, together with the business report and financial statements, shall be forwarded to supervisors for their auditing, and afterwards be submitted to the board of directors for approval. 3. When distributing surplus earning in accordance with the provision of the preceding paragraph the Company shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. 4. Distributing surplus earning in the form of new shares to be issued by the 	There are no relevant regulations from the laws of the Cayman Islands.	According to article 100(3), GSD is not adopting the quarterly or semi-annually earning distribution or loss off-setting policy now and requirements set in the left column shall not apply.

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
<p>Company in accordance with the provision of Paragraph Two shall subject to resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the Company. If the total shareholding of the attending shareholders is less than the abovementioned quota, it can be attended by half of the represented shareholders of total outstanding shares and resolved by two-thirds of the attending shareholders' voting. Those who issue cash should be resolved by the board of directors.</p> <p>5. Earning distribution or loss off-setting proposal by the Company in accordance with the provisions of the preceding four paragraphs shall be made based on the financial statements audited or reviewed by a certified public accountant.</p>		
<p>1. If the Company has setup the supervisors, they shall be elected by the shareholder meeting. At least one of the supervisors shall have a domestic residence.</p> <p>2. The term of the supervisor shall not exceed 3 years, but they can be reelected, but he may be eligible for reelection.</p> <p>3. When all supervisors are dismissed, the board of directors shall hold the interim shareholder meeting within 60 days to elect.</p> <p>4. The supervisors shall supervise the execution of the Company's business, investigate the situation of the operation and finance at any time, audit the booking and documents and ask board of direct or managers to submit the report.</p> <p>5. The supervisor shall audit the various records of shareholder prepared by the board of directors and report to the shareholder meeting.</p> <p>6. The supervisors can represent the Company to assign CPA and lawyers to audit the matters they are responsible for.</p> <p>7. The supervisor can attend the board of director meeting to state their opinions. Where the board of directors or directors conducts the operations in violation of laws, the articles or the resolutions of the shareholder meeting, the supervisors shall notify the board of director or director to stop their actions.</p>	<p>There are no relevant regulations from the laws of the Cayman Islands.</p>	<p>The Company adopt the audit committee system and do not setup the supervisor, so the regulations of the leftmost column is not applicable for the Company</p>

Difference items	Laws of the Cayman Islands	Regulations of the memorandum & article of association, and explanation
8. The supervisors shall perform the right of supervision independently. 9. The supervisor shall not serve as the director, manger or other employee of the Company.		
1. Shareholders who hold more than 1% of the total issued shares of the company for more than six months may request in writing the audit committee to file a lawsuit against the directors of the company, and the Taipei District Court of Taiwan may be the court of first instance. 2. Within 30 days after the shareholder's request, if the audit committee does not file a lawsuit, the shareholder may file a lawsuit for the company, and the Taipei District Court of Taiwan may be the court of first instance.	There are no relevant regulations from the laws of the Cayman Islands.	Article 86 of the Company's articles of association provides that minority shareholders can request in writing any independence of the audit committee. The Company shall file a lawsuit with a court of competent jurisdiction (including Taipei District Court of Taiwan) against a director who damages the Company in the performance of his / her duties or violates the laws of the Cayman Islands, the listing (OTC) regulations or the articles of association of the company. If the independent director does not file a lawsuit within 30 days from the date of receiving the aforesaid request, the shareholder of the request may file a lawsuit for the company to the extent permitted by the Cayman act. The articles of association of the company will be amended at this year's general meeting to meet the requirements of the leftmost column in accordance with the instructions of the Taiwan Stock Exchange Corporation's Announcement No. 1131701804 dated May 2, 2024.
Companies with a paid-in capital of at least NT\$2 billion at the end of the most recent fiscal year must complete the electronic filing of the shareholders' meeting handbook and other relevant meeting documents at least 30 days before the annual shareholders' meeting.	There are no relevant regulations from the laws of the Cayman Islands.	The articles of association of the company will be amended at this year's general meeting to meet the requirements of the leftmost column in accordance with the instructions of the Taiwan Stock Exchange Corporation's Announcement No. 1131701804 dated May 2, 2024.

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

GSD Technologies Co. Ltd.

Chairman: Hsieh, Hung-June

March 31, 2025