ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000135

To the Board of Directors and Shareholders of Advanced Lithium Electrochemistry (Cayman) Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries (the "Group") as at June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022 and 2021, and its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's consolidated financial statements as at and for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements as at and for the six months ended June 30, 2022 are stated as follows:

Impairment assessment of accounts receivable and long-term receivables

<u>Description</u>

Refer to Notes 4(11), 5(2), 6(3) and 7(3) B for uncertainty of accounting estimates and assumptions in relation to accounts receivable and long-term receivables (shown as part of other non-current assets) and details of loss allowance for receivables.

The Group assesses whether there is any indication that receivables might have been impaired, taking into account the aging of accounts receivable, customers' financial conditions and payment terms. Since the process of assessing the loss allowance involves management's subjective judgement and the balance of receivables is significant to the financial statements, we considered the impairment assessment of accounts receivable and long-term receivables a key audit matter.

As of June 30, 2022, the Group's accounts receivable and long-term receivables and allowance for bad debts amounted to NT$1,286,085 thousand and NT$1,237,742 thousand, respectively.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A. Assessed the reasonableness of the accounting policy on impairment assessment of receivables;
B. Assessed the effectiveness of the internal control system related to the establishment and approval of customer credit lines;
C. Sampled and tested the completeness and accuracy of the aging report of accounts receivable at the balance sheet date, used it as the calculation basis of the provision for loss allowance and verified the accuracy of the provision for loss allowance; and

D. Discussed with the management the collectability of significant past due accounts, tested the collection of accounts receivable after the balance sheet date and verified the adequacy of loss allowance for individually significant overdue receivables.

Impairment assessment of property, plant, equipment and intangible assets

Description

Refer to Note 4(19) for accounting policy on impairment of property, plant and equipment as well as intangible assets, and Note 6(7) for details of accounts. The recoverable amounts of property, plant and equipment and intangible assets of the Group are measured based on fair value less costs of disposal, which is used to determine whether there is any impairment. The estimation of the aforementioned measurement of fair value is subject to the professional judgment of management and involves numerous assumptions and material unobservable inputs. Any changes in judgments and estimates may affect the ultimate result of accounting estimates and may have a material impact on the financial statements. Thus, we have included the key assumptions in estimating the recoverable amounts used in the impairment assessment of property, plant and equipment and intangible assets as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained the appraisal report from the external valuation expert who was commissioned by the management to determine whether the measurement method the management used is commonly adopted in the industry and is considered appropriate; and

B. Examined whether the significant unobservable input had reflected the assumptions that would be used for similar assets, and assessed the reasonableness of the assumptions used.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Wei-Hao Lin, Yu-Kuan

For and on behalf of PricewaterhouseCoopers, Taiwan

August 26, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	June 30, 2022	December 31, 2021	June 30, 2021
	Current assets				
1100	Cash and cash equivalents	6(1)	$ 524,940	$ 217,101	$ 251,084
1136	Current financial assets at amortised cost, net	8	72,282	51,156	28,650
1170	Accounts receivable, net	6(3)	48,343	38,456	4,932
1180	Accounts receivable - related parties	6(3) and 7	-	-	-
1200	Other receivables		2,227	10,729	31,887
1210	Other receivables - related parties	7	-	-	-
1220	Current income tax assets		108	148	148
130X	Inventory	6(4)	161,925	68,298	37,216
1410	Prepayments	6(5)	65,775	89,005	52,706
1470	Other current assets		7,121	5,781	3,409
11XX	**Total current assets**		882,721	480,674	410,032
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	-	-	87,739
1535	Non-current financial assets at amortised cost, net	8	20,002	20,000	-
1550	Investments accounted for under equity method	6(6)	-	-	-
1600	Property, plant and equipment	6(7) and 8	484,526	484,017	459,131
1755	Right-of-use assets	6(8)	2,628	1,249	3,344
1780	Intangible assets		20,277	32,346	45,241
1840	Deferred income tax assets		13,465	13,465	13,465
1900	Other non-current assets	7 and 8	63,931	63,327	63,449
15XX	**Total non-current assets**		604,829	614,404	672,369
1XXX	**Total assets**		$ 1,487,550	$ 1,095,078	$ 1,082,401

(Continued)

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2022	December 31, 2021	June 30, 2021
	Current liabilities				
2100	Short-term borrowings	6(9)	$ 126,748	$ 150,000	$ 60,531
2130	Current contract liabilities	6(18)	23,040	28,840	21,230
2170	Accounts payable		113,204	25,640	9,056
2200	Other payables	6(10)	114,213	117,072	51,484
2220	Other payables - related parties	7	-	-	86,180
2250	Provisions for liabilities - current		34,818	34,818	34,818
2280	Current lease liabilities	6(8)	1,435	1,249	2,574
2320	Long-term liabilities, current portion	6(11)	15,396	27,957	21,983
2365	Current refund liabilities	6(18)	6,853	6,278	3,222
2399	Other current liabilities		6,172	2,685	2,875
21XX	**Total current liabilities**		441,879	394,539	293,953
	Non-current liabilities				
2540	Long-term borrowings	6(11)	120,951	203,790	175,651
2580	Non-current lease liabilities	6(8)	1,193	-	770
25XX	**Total non-current liabilities**		122,144	203,790	176,421
2XXX	**Total liabilities**		564,023	598,329	470,374
	Equity attributable to owners of parent				
	Share capital	6(14)			
3110	Common stock		700,000	600,000	920,997
	Capital surplus	6(15)			
3200	Capital surplus		515,044	123,521	123,521
	Accumulated deficit	6(16)			
3350	Accumulated deficit		(314,538)	(250,893)	(433,665)
	Other equity interest	6(17)			
3400	Other equity interest		23,021	24,121	1,174
31XX	**Equity attributable to owners of the parent**		923,527	496,749	612,027
36XX	Non-controlling interest		-	-	-
3XXX	**Total equity**		923,527	496,749	612,027
	Significant contingent liabilities and unrecognised contract commitments	9			
3X2X	**Total liabilities and equity**		$ 1,487,550	$ 1,095,078	$ 1,082,401

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

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	Three months ended June 30 2022	Three months ended June 30 2021	Six months ended June 30 2022	Six months ended June 30 2021
4000	Operating revenue	6(18)	$ 116,657	$ 62,918	$ 223,361	$ 107,854
5000	Operating costs	6(4)(22)(23)	(111,180)	(84,529)	(232,813)	(150,003)
5950	Gross profit (loss) from operations		5,477	(21,611)	(9,452)	(42,149)
	Operating expenses	6(22)(23)				
6100	Selling expenses		(26,506)	(17,347)	(51,014)	(34,217)
6200	Administrative expenses		(47,822)	(28,473)	(85,222)	(47,346)
6300	Research and development expenses		(14,623)	(10,516)	(37,607)	(21,385)
6450	Expected credit impairment gain	7 and 12(2)	-	2,544	-	1,127
6000	Total operating expenses		(88,951)	(53,792)	(173,843)	(101,821)
6900	Operating loss		(83,474)	(75,403)	(183,295)	(143,970)
	Non-operating income and expenses					
7100	Interest income		169	118	190	297
7010	Other income	6(19) and 7	21	3,985	244	6,187
7020	Other gains and losses	6(20)	1,147	(7,499)	2,690	(7,266)
7050	Finance costs	6(21)	(3,556)	(2,019)	(6,995)	(4,196)
7055	Expected credit impairment loss	7 and 12(2)	-	(233,440)	-	(284,717)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	-	-	-	-
7000	Total non-operating income and expenses		(2,219)	(238,855)	(3,871)	(289,695)
7900	**Loss before income tax**		(85,693)	(314,258)	(187,166)	(433,665)
7950	Income tax expense	6(24)	-	-	-	-
8200	**Loss for the period**		($ 85,693)	($ 314,258)	($ 187,166)	($ 433,665)
	Other comprehensive income	6(17)				
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		($ 4,117)	$ 182	($ 1,100)	$ 296
8300	**Total other comprehensive income (loss) for the period**		($ 4,117)	$ 182	($ 1,100)	$ 296
8500	**Total comprehensive loss for the period**		($ 89,810)	($ 314,076)	($ 188,266)	($ 433,369)
	Loss attributable to:					
8610	Owners of parent		($ 85,693)	($ 314,258)	($ 187,166)	($ 433,665)
8620	Non-controlling interests		-	-	-	-
	Total		($ 85,693)	($ 314,258)	($ 187,166)	($ 433,665)
	Comprehensive loss attributable to:					
8710	Owners of parent		($ 89,810)	($ 314,076)	($ 188,266)	($ 433,369)
8720	Non-controlling interests		-	-	-	-
	Total		($ 89,810)	($ 314,076)	($ 188,266)	($ 433,369)
	Loss per share (in dollars)	6(25)				
9750	Basic loss per share		($ 1.31)	($ 5.24)	($ 2.98)	($ 7.23)

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

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
			Capital Surplus					Other Equity Interest				
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Capital surplus, share options	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
2021												
Balance at January 1, 2021		$1,600,197	$ 116,585	$ 2,006	$ -	$ 4,930	($ 679,200)	$ 22,852	($ 21,974)	$1,045,396	$ 15	$1,045,411
Loss for the period		-	-	-	-	-	(433,665)	-	-	(433,665)	-	(433,665)
Other comprehensive income for the period	6(17)	-	-	-	-	-	-	296	-	296	-	296
Total comprehensive income (loss) for the period		-	-	-	-	-	(433,665)	296	-	(433,369)	-	(433,369)
Capital reduction used to offset against accumulated deficit	6(14)	(679,200)	-	-	-	-	679,200	-	-	-	-	-
Disposal of subsidiary		-	-	-	-	-	-	-	-	-	(15)	(15)
Balance at June 30, 2021		$ 920,997	$ 116,585	$ 2,006	$ -	$ 4,930	($ 433,665)	$ 23,148	($ 21,974)	$ 612,027	$ -	$ 612,027
2022												
Balance at January 1, 2022		$ 600,000	$ 116,585	$ 2,006	$ -	$ 4,930	($ 250,893)	$ 24,121	$ -	$ 496,749	$ -	$ 496,749
Loss for the period		-	-	-	-	-	(187,166)	-	-	(187,166)	-	(187,166)
Other comprehensive loss	6(17)	-	-	-	-	-	-	(1,100)	-	(1,100)	-	(1,100)
Total comprehensive income (loss) for the period		-	-	-	-	-	(187,166)	(1,100)	-	(188,266)	-	(188,266)
Issuance of shares	6(14)	100,000	495,556	-	-	-	-	-	-	595,556	-	595,556
Compensation costs of employee stock warrants	6(13)	-	-	-	19,488	-	-	-	-	19,488	-	19,488
Employee stock warrants expired		-	-	-	(14,787)	14,787	-	-	-	-	-	-
Employee stock warrants exercised		-	4,701	-	(4,701)	-	-	-	-	-	-	-
Capital surplus used to offset against accumulated deficit		-	(116,585)	(2,006)	-	(4,930)	123,521	-	-	-	-	-
Balance at June 30, 2022		$ 700,000	$ 500,257	$ -	$ -	$ 14,787	($ 314,538)	$ 23,021	$ -	$ 923,527	$ -	$ 923,527

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

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 187,166)	($ 433,665)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	-	283,590
Depreciation (including right-of-use assets)	6(22)	26,803	27,196
Amortisation	6(22)	13,018	12,973
Net loss on financial assets at fair value through profit or loss	6(20)	133	1,522
Interest expense	6(21)	6,995	4,196
Interest income		(190)	(297)
Loss on disposal of property, plant and equipment	6(20)	-	(8)
Loss on disposal of investments	6(20)	-	4
Share-based payments	6(13)	19,488	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(133)	(1,522)
Accounts receivable		(9,887)	2,423
Other receivables		8,502	(30,031)
Inventories		(93,627)	1,492
Prepayments		23,230	(4,291)
Other current assets		(1,340)	64
Changes in operating liabilities			
Contract liabilities		(5,800)	19,213
Accounts payable		87,564	(82)
Other payables		16,878	(12,680)
Refund liabilities		575	(60)
Other current liabilities		3,487	35
Cash outflow generated from operations		(91,470)	(129,928)
Interest received		190	297
Interest paid		(6,995)	(4,196)
Net cash flows used in operating activities		(98,275)	(133,827)

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ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at amortised cost		$ 27,381	$ -
Acquisition of financial assets at amortised cost		(48,506)	(11,349)
Proceeds from disposal of subsidiaries (net of cash of subsidiary disposed)		-	28
Acquisition of property, plant and equipment	6(26)	(45,970)	(4,751)
Proceeds from disposal of property, plant and equipment		-	8
Acquisition of intangible assets		(949)	-
Increase in refundable deposits		(604)	(12,380)
Net cash flows used in investing activities		(68,648)	(28,444)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		126,748	527,556
Decrease in short-term borrowings		(150,000)	(482,582)
Increase in long-term borrowings		-	60,000
Decrease in long-term borrowings		(95,400)	(7,700)
Payment of lease liabilities		(1,079)	(1,482)
Proceeds from issuance of shares	6(14)	595,556	-
Net cash flows from financing activities		475,825	95,792
Effect of changes in foreign currency exchange		(1,063)	(235)
Net increase (decrease) in cash and cash equivalents		307,839	(66,714)
Cash and cash equivalents at beginning of period		217,101	317,798
Cash and cash equivalents at end of period		$ 524,940	$ 251,084

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

ADVANCED LITHIUM ELECTROCHEMISTRY (CAYMAN) CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. (the "Company")

The Company was established in Cayman Islands on November 16, 2007. As of June 30, 2022, the number of shares authorised amounted to 70,000,000 shares with a par value of $10 (in dollars) per share, and the paid-in capital was $700,000.

The Company and its subsidiaries (collectively referred herein as the "Group") are mainly engaged in the research, manufacture and sales of materials for Lithium Iron Phosphate Nano Co-crystalline Olivine (LFP-NCO) and key materials of Olivine-type structure lithium battery.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on August 26, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities	January 1, 2023

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or noncurrent’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, the remaining are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of Investor	Name of Subsidiary	Main Business Activities	June 30, 2022	December 31, 2021	June 30, 2021	Remark
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry Co., Ltd.	Research, manufacturing and sales of LFP-NCO and key materials of olivine-type structure lithium battery	100	100	100	
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees Eco Ark Co., Ltd.	Manufacturing and installation of electricity generation, transmission and distribution of machinery, and manufacturing and distribution of batteries, cars and peripherals	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) June 30, 2022	Ownership (%) December 31, 2021	Ownership (%) June 30, 2021	Remark
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry (HK) Co., Ltd.	Investment holdings	100	100	100	
Advanced Lithium Electrochemistry (HK) Co., Ltd.	Advanced Lithium Electrochemistry (China Shanghai) Ltd.	Research and development, trading	100	100	100	
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees US, Corp.	Investment holdings	100	100	100	Note 2
Aleees US, Corp.	Aleees AU Pty. Ltd.	Research, manufacturing and sales of LFP-NCO and key materials of olivine-type structure lithium battery	100	100	-	Note 3
Aleees US, Corp.	Aleees Texas, LLC	Research, manufacturing and sales of LFP-NCO and key materials of olivine-type structure lithium battery	100	-	-	Note 4
Aleees US, Corp.	Aleees EU SARL	Research, manufacturing and sales of LFP-NCO and key materials of olivine-type structure lithium battery	100	-	-	Note 5

Note 1: The Board of Directors during its meeting on December 28, 2018 resolved that the date of dissolution of the subsidiary, Aleees Eco Ark Co., Ltd., was on December 31, 2018 and the liquidation will start on January 8, 2019.

Note 2: The registration of Advanced Lithium Electrochemistry (US), LLC was completed on April 13, 2021, and the Company held a 100% equity interest in Advanced Lithium Electrochemistry (US), LLC. On July 6, 2021, the Board of Directors resolved for the Company to change its name to Advanced Lithium Electrochemistry (US), Corp.. In addition, the subsidiary has been renamed as Aleees US, Corp. on April 15, 2022.

Note 3: The registration of Alees AU Pty Ltd. was completed on September 7, 2021, and the Company held a 100% equity interest in Alees AU Pty. Ltd.. The subsidiary has been renamed as Aleees AU Pty. Ltd. on May 20, 2022.

Note 4: The registration of Aleees Texas, LLC. was completed on March 11, 2022, and the Company held a 100% equity interest in Aleees Texas, LLC.

Note 5: The registration of Aleees EU SARL was completed on April 8, 2022, and the Company held a 100% equity interest in Aleees EU SARL.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translations

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor)－lease receivables/operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

The perpetual inventory system is adopted for inventory recognition. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the standard costs. Standard costs take into consideration the normal production capacity and differences arising during the period are amortised into cost of sales. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3～25 years
Machinery and equipment	3～8 years
Testing equipment	6～10 years
Office equipment	3～4 years
Others	3～8 years

(17) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) Intangible assets

Intangible assets, mainly license fees and computer software costs, are amortised on a straight-line basis over their estimated useful lives of 3 ~ 12 years.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at cash amount of original invoice.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Provisions

Provisions (including warranties, decommissioning, restructuring, onerous contracts, and contingent liabilities from business combinations, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders.Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. The Group manufactures and sells Battery powder. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Government grants

B. The product is often sold with volume discounts based on aggregate sales over a 6-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales returns, discounts and allowances. Accumulated experience is used to estimate and provide for the sales returns, discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales returns, discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the credit term for sales transaction is consistent with market practice.

C. The Group's obligation to provide repair for faulty products under the standard warranty terms is recognised as a provision.

D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Assessment of loss allowance for accounts receivable and long-term receivables (recognised in other non-current assets)

The Group uses judgements and assumptions to determine the collectability of receivables. The collectability is affected by various factors: the aging of accounts receivable, customers' financial conditions, payment terms, etc. When sales are not expected to be collected, the Group recognises a specific allowance for bad debts after the assessment. The process of assessing impairment of long-term receivables involves management's subjective judgement which may result in a material adjustment.

As of June 30, 2022, the Group's carrying amount of receivables amounted to $48,343.

B. Impairment assessment of tangible and intangible assets (excluding goodwill)

When assessing the impairment, the Group determines valuation technique and assumptions of a specific group of assets based on how assets are utilised and industrial characteristics. Fair value measurement depends on estimates based on the management's subjective judgement as well as multiple assumptions and significant unobservable inputs. The final result of accounting estimates may vary as a result of any changes in these judgements and estimates.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Demand deposits and Checking accounts	$ 524,940	$ 217,101	$ 251,084

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at the balance sheet date is the carrying amount of all cash and cash equivalents.

B. Cash and cash equivalents pledged to others as collateral were classified as current financial assets at amortised cost, net. The information is provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

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

	June 30, 2022	December 31, 2021	June 30, 2021
Non-current items:			
Equity instruments			
Unlisted stocks	$ -	$ -	$ 109,713
	-	-	109,713
Valuation adjustment	-	-	(21,974)
	$ -	$ -	$ 87,739

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $0, $0 and $87,739 as at June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

B. There were no amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income for the three months and six months ended June 30, 2022 and 2021.

C. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents financial assets at fair value through other comprehensive income held by the Group was $0, $0 and $87,739, respectively.

D. In August 2021, the registration of capital reduction was completed by Advanced Lithium Electrochemistry (Guizhou) Limited. Accordingly, the fair value of the capital reduction by returning cash amounted to $96,509 and the cumulative loss on disposal was $13,204 which had been reclassified to 'Accumulated deficit'. Refer to Note 7(3) for the details.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(3) Accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable – third parties	$ 68,289	$ 58,402	$ 24,743
Accounts receivable – related parties	91,108	91,108	92,948
	159,397	149,510	117,691
Less: Allowance for bad debts	(111,054)	(111,054)	(112,759)
	$ 48,343	$ 38,456	$ 4,932

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
	Accounts receivable	Accounts receivable	Accounts receivable
Not past due	$ 40,757	$ 21,135	$ 4,161
Up to 30 days	-	8,870	735
31 to 90 days	3,651	8,451	36
91 to 180 days	3,935	-	-
Over 180 days	111,054	111,054	112,759
	$ 159,397	$ 149,510	$ 117,691

The above ageing analysis was based on past due date.

B. As of June 30, 2022, December 31, 2021 and June 30, 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to $123,029.

C. For the six months ended June 30, 2022 and 2021, interest income recognised in profit or loss was $0 for both periods.

D. The Group has no notes and accounts receivable pledged to others as collateral.

E. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes receivable and accounts receivable held by the Group was the book value.

F. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	June 30, 2022		
	Cost	Allowance for value decline and obsolescence	Book value
Raw materials	$ 58,679	($ 402)	$ 58,277
Work in progress	10,700	-	10,700
Semi-finished goods	51,045	(5,316)	45,729
Finished goods	51,372	(4,153)	47,219
	$ 171,796	($ 9,871)	$ 161,925

	December 31, 2021		
	Cost	Allowance for value decline and obsolescence	Book value
Raw materials	$ 34,384	($ 1,623)	$ 32,761
Work in progress	7,947	(2,329)	5,618
Semi-finished goods	20,573	(5,187)	15,386
Finished goods	19,855	(5,322)	14,533
	$ 82,759	($ 14,461)	$ 68,298

	June 30, 2021		
	Cost	Allowance for value decline and obsolescence	Book value
Raw materials	$ 8,509	($ 1,690)	$ 6,819
Work in progress	2,203	(1,732)	471
Semi-finished goods	16,040	(6,357)	9,683
Finished goods	29,117	(8,874)	20,243
	$ 55,869	($ 18,653)	$ 37,216

Expenses and losses incurred on inventories for the period:

	Three months ended June 30,	
	2022	2021
Cost of inventories sold	$ 86,244	$ 63,352
(Gain from price recovery of inventory) loss on inventory obsolescence	2,004	(1,184)
Unallocated fixed overhead cost	22,932	22,361
	$ 111,180	$ 84,529

	Six months ended June 30,	
	2022	2021
Cost of inventories sold	$ 198,858	$ 110,063
Gain from price recovery of inventory	(4,593)	(3,130)
Unallocated fixed overhead cost	38,548	43,070
	$ 232,813	$ 150,003

For the three months ended June 30, 2021 and six months ended June 30, 2022 and 2021, the gain on reversal resulted from the enhancement of inventories management.

(5) Prepayments

	June 30, 2022	December 31, 2021	June 30, 2021
Prepayment for purchases	$ 13,720	$ 44,083	$ 8,323
Overpaid sales tax	36,323	34,805	37,861
Others	15,732	10,117	6,522
	$ 65,775	$ 89,005	$ 52,706

(6) Investments accounted for under equity (June 30, 2022 and December 31, 2021: None.)

	2021
At January 1 (June 30)	$ -

	June 30, 2021
Emerald Battery Technologies Co., Ltd.	$ -

A. Basic information

Company name	Location	Interest held June 30, 2021	Relationship	Measurement method
Emerald Batter Technologies Co., Ltd.	Taiwan	Note 1	Strategic alliance	Equity method

Note 1: The Company sold its 100% equity interest in Emerald Battery Technologies Co., Ltd. on March 5, 2021, and accordingly, the Company lost its control over the subsidiary. Refer to Note 6 (26) for the details of the disposal.

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amount of the Group's individually immaterial associates amounted to $0.

	Three months ended June 30, 2021
Net loss for the period from continuing operations	$ -
Other comprehensive loss, net of tax	-
Total comprehensive loss for the period	$ -

	Six months ended June 30, 2021
Net loss for the period from continuing operations	$ -
Other comprehensive loss, net of tax	-
Total comprehensive loss for the period	$ -

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2022									
Cost	$ 147,910	$ 192,593	$ 620,329	$ 106,108	$ 1,576	$ 510	$ 295,497	$ 16,860	$ 1,381,383
Accumulated depreciation and impairment	-	(73,707)	(557,891)	(80,768)	(1,214)	(510)	(183,276)	-	(897,366)
	$ 147,910	$ 118,886	$ 62,438	$ 25,340	$ 362	$ -	$ 112,221	$ 16,860	$ 484,017
2022									
Opening net book amount as at January 1	$ 147,910	$ 118,886	$ 62,438	$ 25,340	$ 362	$ -	$ 112,221	$ 16,860	$ 484,017
Additions	-	2,773	3,004	584	5	-	8,698	11,169	26,233
Reclassifications	-	-	3,911	-	-	-	-	(3,911)	-
Net exchange differences	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(3,392)	(8,974)	(2,217)	(84)	-	(11,057)	-	(25,724)
Closing net book amount as at June 30	$ 147,910	$ 118,267	$ 60,379	$ 23,707	$ 283	$ -	$ 109,862	$ 24,118	$ 484,526
At June 30, 2022									
Cost	$ 147,910	$ 195,366	$ 627,244	$ 106,691	$ 1,573	$ 510	$ 303,182	$ 24,118	$ 1,406,594
Accumulated depreciation and impairment	-	(77,099)	(566,865)	(82,984)	(1,290)	(510)	(193,320)	-	(922,068)
	$ 147,910	$ 118,267	$ 60,379	$ 23,707	$ 283	$ -	$ 109,862	$ 24,118	$ 484,526

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2021									
Cost	$ 147,910	$ 191,755	$ 608,868	$ 99,014	$ 1,732	$ 510	$ 279,622	$ 7,558	$ 1,336,969
Accumulated depreciation and impairment	-	(67,525)	(542,787)	(76,225)	(1,203)	(510)	(168,767)	-	(857,017)
	$ 147,910	$ 124,230	$ 66,081	$ 22,789	$ 529	$ -	$ 110,855	$ 7,558	$ 479,952
2021									
Opening net book amount as at January 1	$ 147,910	$ 124,230	$ 66,081	$ 22,789	$ 529	$ -	$ 110,855	$ 7,558	$ 479,952
Additions	-	-	325	561	-	-	3,659	348	4,893
Reclassifications	-	-	-	4,126	-	-	-	(4,126)	-
Depreciation charge	-	(3,463)	(9,290)	(2,267)	(84)	-	(10,610)	-	(25,714)
Closing net book amount as at June 30	$ 147,910	$ 120,767	$ 57,116	$ 25,209	$ 445	$ -	$ 103,904	$ 3,780	$ 459,131
At June 30, 2021									
Cost	$ 147,910	$ 191,755	$ 609,193	$ 103,664	$ 1,725	$ 510	$ 281,939	$ 3,780	$ 1,340,476
Accumulated depreciation and impairment	-	(70,988)	(552,077)	(78,455)	(1,280)	(510)	(178,035)	-	(881,345)
	$ 147,910	$ 120,767	$ 57,116	$ 25,209	$ 445	$ -	$ 103,904	$ 3,780	$ 459,131

A. No interest was capitalised to property, plant and equipment for the three months and six months ended June 30, 2022 and 2021.

B. The Group’s buildings and structures include buildings and improvements, piping and system construction which are depreciated over 25 years and 6 years, respectively.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements－lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The warehouses leased by the Group have lease terms which were not longer than 12 months.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
	Carrying amount	Carrying amount	Carrying amount
Buildings	$ 2,628	$ 1,249	$ 3,344

	Three months ended June 30,	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings	$ 558	$ 644

	Six months ended June 30,	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings	$ 1,079	$ 1,482

D. For the three months and six months ended June 30, 2022 and 2021, the additions to right-of-use assets were $0, $0, $2,458 and $0, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended June 30,	
	2022	2021
Items affecting profit or loss		
Expense on short-term lease contracts	$ 1,228	$ 2

	Six months ended June 30,	
	2022	2021
Items affecting profit or loss		
Expense on short-term lease contracts	$ 1,709	$ 2

F. For the six months ended June 30, 2022 and 2021, the Group’s total cash outflow for leases were $2,788 and $1,484, respectively.

(9) Short-term borrowings

Type of borrowings	June 30, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 126,748	2.53%~3.25%	Current financial assets at amortised cost, net and Property, plant and equipment

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 150,000	2.25%	Property, plant and equipment

Type of borrowings	June 30, 2021	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 60,531	2.12%~2.25%	Current financial assets at amortised cost, net and Property, plant and equipment

For the three months and six months ended June 30, 2022 and 2021, interest expense arising from short-term borrowings that were recognised in profit or loss amounted to $1,685, $545, $2,979 and $1,629, respectively.

(10) Other payables

	June 30, 2022	December 31, 2021	June 30, 2021
Wages and salaries payable	$ 16,199	$ 25,309	$ 12,812
Professional services fees	15,465	10,222	8,426
Payable on machinery and equipment	12,275	32,012	3,078
Others	70,274	49,529	27,168
	$ 114,213	$ 117,072	$ 51,484

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2022
Sunny Bank secured borrowings	Aug. 24, 2020 ~ Aug. 24, 2027, interest and principal payable monthly	3.75%	Property, plant and equipment	$ 31,416
〃	Aug. 24, 2020 ~ Aug. 24, 2035, interest and principal payable monthly	2.53%	〃	62,674
〃	Dec. 28, 2021 ~ Dec. 28, 2028, interest and principal payable monthly	4.55%	Property, plant and equipment and Non-current financial assets at amortised cost, net	42,257
				136,347
Less: Current portion				(15,396)
				$ 120,951

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021
Sunny Bank secured borrowings	Aug. 24, 2020 ~ Aug. 24, 2027, interest and principal payable monthly	3.75%	Property, plant and equipment	$ 66,333
〃	Aug. 24, 2020 ~ Aug. 24, 2035, interest and principal payable monthly	2.25%	〃	64,689
〃	May 10, 2021 ~ May 10, 2028, interest and principal payable monthly	4.75%	〃	55,725
〃	Dec. 28, 2021 ~ Dec. 28, 2028, interest and principal payable monthly	4.75%	Property, plant and equipment and Non-current financial assets at amortised cost. net	45,000
				231,747
Less: Current portion				(27,957)
				$ 203,790

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2021
Sunny Bank secured borrowings	Aug. 24, 2020 ~ Aug. 24, 2027, interest and principal payable monthly	3.75%	Property, plant and equipment	$ 71,538
〃	Aug. 24, 2020 ~ Aug. 24, 2035, interest and principal payable monthly	2.25%	〃	66,699
〃	Aug. 24, 2020 ~ May. 10, 2028, interest and principal payable monthly (Note 1)	4.75%	〃	59,397
				197,634
Less: Current portion				(21,983)
				$ 175,651

Interest expense on the long-term borrowings recognised in profit or loss amounted to $1,871, $1,474, $4,016 and $2,567 for the three months and six months ended June 30, 2022 and 2021, respectively.

Note 1: The borrowings have been repaid in advance in June 2022.

(12) Pensions

A. Effective July 1, 2005, Advanced Lithium Electrochemistry Co., Ltd., Aleees Eco Ark Co., Ltd. and Emerald Battery Technologies Co., Ltd. have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The Company's Mainland China subsidiary, Advanced Lithium Electrochemistry (China Shanghai) Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on 21% of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

C. The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2022 and 2021 were $1,396, $1,223, $2,725 and $2,436, respectively.

(13) Share-based payment

A. For the six months ended June 30, 2022, the Group's share-based payment arrangements were as follows (For the six months ended June 30, 2021: None.):

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2022.3.23	742	NA	Vested immediately

Part of the share-based payment arrangements above are settled by equity.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant weighted average information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per share (in dollars)
Cash capital increase reserved for employee preemption	2022.3.23	$ 86.1	$ 60.0	63.02%	0.09 years	-	0.59%	$ 26.2643

Note: Volatility is calculated by using the Company's historical stock trading data (daily) with a period from the date the Company listed on Taipei Exchange to stock options grant date.

C. Expenses incurred on share-based payment transactions are shown below:

	Three months ended June 30, 2022	Three months ended June 30, 2021
Equity-settled	$ -	$ -

	Six months ended June 30, 2022	Six months ended June 30, 2021
Equity-settled	$ 19,488	$ -

(14) Share capital

A. As of June 30, 2022, the Company's authorised capital was $3,000,000, consisting of 300,000 thousand shares of ordinary stock, and the paid-in capital was $700,000 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows (in shares):

	2022	2021
Options outstanding at January 1	60,000,000	160,019,664
Cash capital increase	10,000,000	-
Capital reduction to cover the deficit	-	(67,919,975)
Options outstanding at June 30	70,000,000	92,099,689

C. As resolved by the shareholders during their meeting on June 27, 2016, the Company planned to privately issue 46,000 thousand shares (9,283 thousand shares after capital reduction) with par value of $10 per share. On August 23, 2016, the Board of Directors approved the price of private placement at $35. The rights and obligations afforded by the ordinary shares in the private placement are the same with issued shares except that the shares in the private placement are not allowed to be traded freely within three years after delivery pursuant to Article 43-8 of Securities and Exchange Act.

D. On April 15, 2021, the shareholders during their meeting resolved to reduce capital of 67,920 thousand shares in the ratio of 42.4447679% to offset against accumulated deficit. The capital reduction was completed in May 2021.

E. On October 7, 2021, the shareholders during their special meeting resolved to reduce capital of 32,100 thousand shares in the ratio of 34.8532002% to offset against accumulated deficit. The capital reduction was completed in November 2021.

F. On December 10, 2021, the Board of Directors during its meeting resolved to increase its capital by issuing 10,000 thousand new shares with a par value of NT$10 (in dollars) per share, which was approved by the FSC on March 8, 2022. The issuance price was NT$60 (in dollars) per share, and the capital increase was completed in May 2022.

(15) Capital surplus

The Board of Directors exercises its authority accordingly when appropriating net income, for which provision is appropriated to be paid for contingencies and commitments, dividends, operations, investments or other purposes.

(16) Retained earnings (accumulated deficit)

A. Under the Company's Articles of Incorporation, the Company shall appropriate net income in accordance with the appropriation plan proposed by the Board of Directors and approved at the stockholders' meeting. The Board of Directors shall propose the appropriation of net income in conformity with the following:

(a) Pay all taxes;

(b) The current year's earnings are to offset prior years' operating losses;

(c) 10% of the remaining amount shall be set aside as legal reserve, until the legal reserve equals the total capital stock balance;

(d) Set aside as special reserve in accordance with regulations governing listed companies or requests of the competent authority;

(e) After setting aside in accordance with (a) through (c) stated above, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

The Board of Directors should determine the percentage for directors', supervisors' and employees' bonus when appropriating net income. However, stockholders can recommend the percentage during resolution. Any remaining profit is for dividend appropriation. The Company is at the early stage of industrial development, and enterprise life cycle is at the growing stage. In order to respond to future operating expansion plans, along with maintaining dividend balance and stockholders' return, the dividend policy is to appropriate through cash or new share issuance or through both or as bonus. The Board of Directors is authorized to determine actual appropriation percentage in accordance with the Company's Articles of Incorporation and regulations governing publicly listed companies, and takes into consideration the financials, business and operations. However, dividend appropriation should not be less than 10% of the remaining profit and cash dividends should not be less than 10% of the total dividends.

B. The Company has incurred operating losses for the year ended December 31, 2021, and thus had no earnings for distribution.

(17) Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ -	$ 24,121	$ 24,121
Foreign currency translation - Group	-	(1,100)	(1,100)
At June 30	$ -	$ 23,021	$ 23,021

	2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	($ 21,974)	$ 22,852	$ 878
Foreign currency translation - Group	-	296	296
At June 30	($ 21,974)	$ 23,148	$ 1,174

(18) Operating revenue

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

Three months ended June 30, 2022	Battery powder				
	China	Other Asia Countries	Europe	Others	Total
Revenue from contracts with external customers	$ 10,002	$ 106,620	($ 1,575)	$ 1,610	$ 116,657

Three months ended June 30, 2021	Battery powder				
	China	Other Asia Countries	Europe	Others	Total
Revenue from contracts with external customers	$ 54,279	$ 7,490	$ 1,136	$ 13	$ 62,918

Six months ended June 30, 2022	Battery powder				
	China	Other Asia Countries	Europe	Others	Total
Revenue from contracts with external customers	$ 28,564	$ 166,608	$ 26,032	$ 2,157	$ 223,361

Six months ended June 30, 2021	Battery powder				
	China	Other Asia Countries	Europe	Others	Total
Revenue from contracts with external customers	$ 78,193	$ 23,631	$ 5,735	$ 295	$ 107,854

A. Contract liabilities

(a)The Group has recognised the following revenue-related contract liabilities:

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Contract liabilities-product sales contract	$ 23,040	$ 28,840	$ 21,230	$ 2,017

(b)Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Three months ended June 30,	
	2022	2021
Product sales contract	$ 3,283	$ -

	Six months ended June 30,	
	2022	2021
Product sales contract	$ 22,224	$ 1,053

B. When products are sold with a right of return, the entity will recognise revenue in the amount of consideration to which the entity expects to be entitled. The expected sales discounts and returns are not recognised in revenue. The entity recognises a refund liability and an asset representing its right to recover the products from the customer:

	June 30, 2022	December 31, 2021	June 30, 2021
Current asset recognised as right to recover products from customers (shown as 'Other current assets')	$ 3,732	$ 5,183	$ 2,851
Current refund liabilities	(6,853)	(6,278)	(3,222)
	($ 3,121)	($ 1,095)	($ 371)

C. The Group's operating revenue was affected by the preventive measures implemented locally at the customers' country as a result of the COVID-19 pandemic for 2021. The impact on the Group's operations will depend on the subsequent situation of the pandemic.

(19) Other income

	Three months ended June 30,	
	2022	2021
Rental income	$ -	$ 1,577
Government grants	-	-
Other income	21	2,408
	$ 21	$ 3,985

	Six months ended June 30,	
	2022	2021
Rental income	$ -	$ 3,152
Government grants	203	-
Other income	41	3,035
	$ 244	$ 6,187

(20) Other gains and losses

	Three months ended June 30, 2022	Three months ended June 30, 2021
Gain on disposal of property, plant and equipment	$ -	$ -
Losses on disposals of investments	-	-
Foreign exchange gains (losses)	1,337	(5,971)
Losses on financial assets at fair value through profit or loss	(186)	(1,522)
Other losses	(4)	(6)
	$ 1,147	($ 7,499)

	Six months ended June 30, 2022	Six months ended June 30, 2021
Gain on disposal of property, plant and equipment	$ -	$ 8
Losses on disposals of investments	-	(4)
Foreign exchange gains (losses)	2,830	(5,726)
Losses on financial assets at fair value through profit or loss	(133)	(1,522)
Other losses	(7)	(22)
	$ 2,690	($ 7,266)

(21) Finance costs

	Three months ended June 30, 2022	Three months ended June 30, 2021
Interest expense	$ 3,556	$ 2,019

	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest expense	$ 6,995	$ 4,196

(22) Expenses by nature

	Three months ended June 30, 2022	Three months ended June 30, 2021
Employee benefit expense	$ 41,914	$ 28,581
Depreciation charges on property, plant and equipment	12,746	12,461
Depreciation charges on right-of-use assets	558	644
Amortisation charges on intangible assets	6,518	6,487

	Six months ended June 30,	
	2022	2021
Employee benefit expense	$ 100,288	$ 59,739
Depreciation charges on property, plant and equipment	25,724	25,714
Depreciation charges on right-of-use assets	1,079	1,482
Amortisation charges on intangible assets	13,018	12,973

(23) Employee benefit expense

	Three months ended June 30,	
	2022	2021
Wages and salaries	$ 36,606	$ 24,126
Share-based payments	-	-
Labour and health insurance fees	2,798	2,312
Pension costs	1,396	1,223
Other personnel expenses	1,114	920
	$ 41,914	$ 28,581

	Six months ended June 30,	
	2022	2021
Wages and salaries	$ 70,440	$ 50,568
Share-based payments	19,488	-
Labour and health insurance fees	5,540	4,833
Pension costs	2,725	2,436
Other personnel expenses	2,095	1,902
	$ 100,288	$ 59,739

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 10% for employees' compensation and shall not be higher than 1% for directors' remuneration.

B. The Company had an accumulated deficit as of June 30, 2022 and 2021, thus, the Company did not recognise employees' compensation and directors' and supervisors' remuneration.

C. Information about the appropriation of employees' compensation and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2022	2021
Current tax:		
Current tax on profits for the period	$ -	$ -
Prior year income tax overestimation	-	-
Total current tax:	$ -	$ -
Deferred tax:		
Origination and reversal of temporary differences	$ -	$ -
Income tax expense (benefit)	$ -	$ -
	Six months ended June 30,	
	2022	2021
Current tax:		
Current tax on profits for the period	$ -	$ -
Prior year income tax overestimation	-	-
Total current tax:	$ -	$ -
Deferred tax:		
Origination and reversal of temporary differences	$ -	$ -
Income tax expense (benefit)	$ -	$ -

(b)The income tax charge/(credit) relating to components of other comprehensive income is as follows: None.

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. The liFePO4 lithium battery of the Group's subsidiary, Advanced Lithium Electrochemistry Co., Ltd., is eligible for the incentives stipulated under the Regulations to Encourage Manufacturers and Technical Service Providers in Emerging Significant Strategic Industries for five years (the privilege expires in December 2022).

C. The income tax returns of Aleees Eco Ark Co., Ltd. through 2018 have been assessed and approved by the Tax Authority.

D. The income tax returns of Advanced Lithium Electrochemistry Co. through 2020 have been assessed and approved by the Tax Authority.

(25) Loss per share

	Three months ended June 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 85,693)	65,385	($ 1.31)

	Three months ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 314,258)	60,000	($ 5.24)

	Six months ended June 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 187,166)	62,707	($ 2.98)

	Six months ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 433,665)	60,000	($ 7.23)

Note 1: For the three months and six months ended June 30, 2021, the weighted average number of ordinary shares outstanding were retrospectively adjusted based on the capital reduction to offset accumulated deficit ratio of 34.8532002% in November 2021.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six months ended June 30, 2022	Six months ended June 30, 2021
Purchase of property, plant and equipment	$ 26,233	$ 4,893
Add: Opening balance of payable on equipment	32,012	2,936
Less: Ending balance of payable on equipment	(12,275)	(3,078)
Cash paid during the period	$ 45,970	$ 4,751

B. The Group sold 99.7% of shares in Emerald Battery Technologies Co., Ltd. on March 5, 2021 and therefore lost control over the subsidiary. The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	March 5, 2021
Consideration received	
Cash	$ 4,935
Carrying amount of the assets and liabilities	
Cash	$ 4,907
Prepayments	32
Total net assets	$ 4,939

(27) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Other payables-related parties	Lease liabilities
At January 1, 2022	$ 150,000	$ 231,747	$ -	$ 1,249
Changes in cash flow from financing activities	(23,513)	(95,400)	-	(1,079)
Changes in other non-cash items	261	-	-	2,458
At June 30, 2022	$ 126,748	$ 136,347	$ -	$ 2,628

	Short-term borrowings	Long-term borrowings (including current portion)	Other payables-related parties	Lease liabilities
At January 1, 2021	$ 15,557	$ 145,334	$ 87,540	$ 6,107
Changes in cash flow from financing activities	44,974	52,300	-	(1,482)
Changes in other non-cash items	-	-	(1,360)	(1,281)
At June 30, 2021	$ 60,531	$ 197,634	$ 86,180	$ 3,344

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party: None.

(2) Names of related parties and relationship:

Names of related parties	Relationship with the Group
FDG Electric Vehicles Limited	Other related party
FDG Kinetic Limited	Other related party
FDG Investment Holdings Limited	Other related party
FDG Kinetic (Chongqing) Lithium Ion Battery Materials Co., Ltd.	Other related party
Tianjin Sinopoly New Energy Technology Co., Ltd.	Other related party
Jillin Sinopoly New Energy Technology Co., Ltd.	Other related party
Aleees Eco Ark (Ningbo) Ltd.	Other related party
Advanced Lithium Electrochemistry (Guizhou) Limited	Other related party (Note 2)
Emerald Battery Technologies Co., Ltd.	Associate (Note 1)

Note 1: The Company disposed all its investment in Emerald Battery Technologies Co., Ltd. in March 2021, thus, this company was listed in associates from then on.

Note 2: The Company disposed all its investment in Advanced Lithium Electrochemistry (Guizhou) Limited in August 2021, thus, this company was not considered a related party from then on. The company was renamed as Guizhou Gui'an Industry Real Estate Co., Ltd..

(3) Significant related party transactions and balances:

A. Receivables from related parties:

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable:			
- Other related parties			
FDG Investment Holdings Limited	$ 68,523	$ 68,523	$ 70,545
Tianjin Sinopoly New Energy Technology Co., Ltd.	14,316	14,316	14,201
Others	8,269	8,269	8,202
	91,108	91,108	92,948
Less: Allowance for bad debts			
FDG Investment Holdings Limited	(68,523)	(68,523)	(70,545)
Tianjin Sinopoly New Energy Technology Co., Ltd.	(14,316)	(14,316)	(14,201)
Others	(8,269)	(8,269)	(8,202)
	(91,108)	(91,108)	(92,948)
	$ -	$ -	$ -

	June 30, 2022	December 31, 2021	June 30, 2021
Other receivables:			
- Other related parties			
FDG Investment Holdings Limited	$ -	$ -	$ 48,136
Aleees Eco Ark (Ningbo) Ltd.	10,641	10,641	10,641
	10,641	10,641	58,777
Less: Allowance for bad debts			
FDG Investment Holdings Limited	-	-	(48,136)
Aleees Eco Ark (Ningbo) Ltd.	(10,641)	(10,641)	(10,641)
	(10,641)	(10,641)	(58,777)
	$ -	$ -	$ -

B. Other non-current assets

	June 30, 2022	December 31, 2021	June 30, 2021
Long-term receivables			
- Other related party			
FDG Electric Vehicles Limited	$ 1,126,688	$ 1,126,688	$ 1,126,688
Less: Allowance for bad debts			
FDG Electric Vehicles Limited	(1,126,688)	(1,126,688)	(1,126,688)
	$ -	$ -	$ -

(a) On August 25, 2016, the Company invested in five-year unlisted convertible bonds with zero coupon rate issued by FDG Electric Vehicles Limited. The principal of the bond amounted to HK$275,000,000 upon maturity with conversion price of HK$0.5. Within 183 days after one year from the completion date of purchase (including the first and the last days), either disposal of such convertible bonds or trading of converted shares are restricted according to the purchase agreement.

(b) The share consolidation implemented by FDG Electric Vehicles Limited was effective on September 5, 2019, thus, the conversion price of the Company's convertible bonds was increased from HK$0.5 to HK$10.

(c) On August 19, 2020, FDG Electric Vehicles Limited announced that its joint and several provisional liquidators had provided notice to former Board of Directors to terminate their position immediately in the HKEX. The joint and several provisional liquidators are fully responsible for the company's management since the appointment. Due to the aforementioned event, the Company will have the right to ask the company to pay the unpaid principal of the convertible bonds immediately in accordance with the terms of convertible bonds. On August 31, 2020, the Company issued an immediate repayment request to FDG Electric Vehicles

Limited and appointed lawyers to handle subsequent legal matters. In addition, the Company had already carefully assessed the related information on financial condition of FDG Electric Vehicles Limited and its subsidiaries, and estimates its potential loss taking into consideration its financial ability and repayment terms.

C. Loans to /from related parties

Loans from related parties (shown as 'Other payables')

	June 30, 2022	December 31, 2021	June 30, 2021
- Other related party Advanced Lithium Electrochemistry (Guizhou) Limited	$ -	$ -	$ 86,180

No interest was incurred on the loan for the three months and six months ended June 30, 2022 and 2021.

D. Other transactions

	Three months ended June 30, 2022	Three months ended June 30, 2021
FDG Investment Holdings Limited	$ -	$ 1,575
FDG Kinetic (Chongqing) Lithium Ion Battery Materials Co., Ltd.	-	2,255
	$ -	$ 3,830

	Six months ended June 30, 2022	Six months ended June 30, 2021
FDG Investment Holdings Limited	$ -	$ 3,150
FDG Kinetic (Chongqing) Lithium Ion Battery Materials Co., Ltd.	-	2,827
	$ -	$ 5,977

E. In 2017, the Group formally entered into a cooperative investment agreement with the Management Committee of Guizhou Guian New Area (through its wholly-owned affiliate, Development Investment Co., Ltd., hereinafter referred to as 'Guian New Area') and FDG Investment Limited (through its wholly-owned affiliate, FDG Kinetic (Guian) Holdings Limited). The joint venture company was established with a registered capital of RMB 250 million. FDG Investment Limited, Guian New Area, and the Company, holds 51%, 40% and 9% equity interest, respectively. In February 2021, the shareholders of Advanced Lithium Electrochemistry (Guizhou) Limited during their meeting resolved to reduce the capital by returning cash. The registration of capital reduction was completed in the end of August 2021. The proceeds from the aforementioned capital reduction have been fully collected and offset against the Group's borrowing from Advanced Lithium Electrochemistry (Guizhou) Limited.

(4) Key management compensation

	Three months ended June 30,	
	2022	2021
Salaries and other short-term employee benefits	$ 1,342	$ 1,341
Post-employment benefits	30	30
	$ 1,372	$ 1,371

	Six months ended June 30,	
	2022	2021
Salaries and other short-term employee benefits	$ 3,073	$ 2,986
Post-employment benefits	60	59
	$ 3,133	$ 3,045

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value			
Pledged asset	June 30, 2022	December 31, 2021	June 30, 2021	Purpose
Bank deposits (shown as 'Current and Non-current financial assets at amortised cost, net')	$ 92,284	$ 71,156	$ 28,650	Short-term and long-term borrowings, letters of credit, trust and pledge for customs
Refundable deposits paid (recognised in other non-current assets)	62,380	62,386	62,380	Asset preservation and pledge for customs
Property, plant and equipment	266,177	266,797	268,677	Short-term and long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. On July 18, 2016, the Group's subsidiary, Aleees Eco Ark Co., Ltd. (hereafter referred as "Aleees") received a notice of civil charge issued by Hsinchu District Court No. 105-Zon-Su-Zi-147 and on April 6, 2017, received continued indictment (hereafter referred as "Zon-Su-Zi-147"). In addition to that, a bill of indictment issued by Hsinchu District Court No. 107-Zon-Su-Zi-216 (hereafter referred as "Zon-Su-Zi-216") was received by Aleees on October 31, 2018. The civil charges Zon-Su-Zi-147 and Zon-Su-Zi-216 were filed by Hsin Chu Bus Co., Ltd. claiming for compensation for the driver's fee totaling $34,946 and $51,030, respectively, plus interest at 5% per annum until the debt is repaid. In its verdict on Zon-Su-Zi-147, the Hsinchu District Court stated that the accused, Aleees, shall compensate the complainant, Hsin Chu Bus Co., Ltd., for the driver's fee. In the Group's opinion, Aleees is not entirely accountable for the driver's fee, which involved the issue regarding land utilisation for recharging. As the Group believes that there was misinterpretation of the facts during the first trial, the Group has filed an appeal with the Taiwan High Court (No. 107-Zon-Su-Zi-805 (hereafter referred as "Zon-Su-Zi-805")), which had been denied by the Taiwan High Court on June 27, 2019. On August 18, 2022, as stated in the judgement No.109-Tai-Shang-Zhi-002292 of the Supreme Court, the original judgment was rescinded and remanded back to the Taiwan High Court for retrial. As of the report date, the ultimate outcome of the case cannot presently be determined. However, the Group has recognised the amount of possible losses after evaluation. The oral argument procedure for Zon-Su-Zi-216 was originally set on January 24, 2019 but the argument for the case is the same as that for No.109-Tai-Shang-Zhi-002292 of the Supreme Court, Aleees is not entirely accountable for the driver’s fee. In order to avoid the differences in the judgments between two cases, the court decided to cease the appeal procedures for Zon-Su-Zi-216 on January 22, 2019. As of the report date, the effect to the Group cannot be estimated.

The land utilisation for recharging was recognised as illegal use by the government authority and Aleees believes it cannot provide recharge service due to the problem of land use right. The problem was caused by Hsinchu City Government handing over the land to Hsin Chu Bus Co., Ltd. which then commissioned Aleees to provide recharge service. However, Aleees was mandatorily asked to demolish any structures built on the land and recover the land, causing damages to Aleees. Thus, on July 6, 2017, Aleees filed for state compensation with the Hsinchu District Court against Hsinchu City Government, seeking for $10,000 as compensation, and retained the right of claim for the remaining amount. The case is under trial with the Hsinchu District Court (No.106- Zon-Guo--Zi-2) and in order to avoid the differences in the judgments between the case and the abovementioned No.109-Tai-Shang-Zhi-002292, the court decided to cease the appeal procedures for Zon-Su-Zi-2 on October 24, 2018. As of the report date, the ultimate outcome of the case cannot presently be determined.

B. The Company and FDG Electric Vehicles (Group) Co., Ltd. (hereinafter referred to as “FDG Electric Vehicles Limited”) established a long-term cooperative relationship, whereby both parties made investment in each other to achieve capital cooperation during the year ended December 31, 2016. In August 2020, the Company asked FDG Electric Vehicles Limited to early repay the convertible corporate bonds, but FDG Electric Vehicles Limited did not repay the bonds. To ensure the right of the Company and shareholders, the Company filed with the court a request for a ruling that prohibits the borrower, FDG Investment Holdings Limited (hereinafter referred to as FDG Investment Holdings), which is a subsidiary of FDG Electric Vehicles Limited, to transfer, pledge and dispose its shareholding of the Company's 9,283 thousand private placement shares (after completing the capital reduction in 2021).The Company pledged $50,000 as collateral to the Taiwan Taipei District Court and received the execution order from the Court in December 2020 (Bei-Yuan-Zhong 109 Si-Zhi-Quan-Mu-Zi No. 644). Subsequently, the Company filed with the court a request for a ruling that prohibits FDG Investment Holdings to exercise the rights of shareholders on its shareholding of the Company's 9,283 thousand private placement shares (after completing the capital reduction in 2021).The Company pledged $9,380 as collateral to the Taiwan Taoyuan District Court and received the execution order from the Court in April 2021

(110 Si-Zhi-Quan-Zi No. 78).

(2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	$ 18,262	$ 28,138	$ 26,343

B. License reauthorization contract:

(a) The Group has signed a license reauthorization contract with LiFePO4+C Licensing AG on July 4, 2011. The contract requires the Group to construct a plant and produce cathode materials for Lithium iron phosphate (LiFePO4) with annual production of 1,000 tons in Quebec, Canada during the extended 3 years as stated in the contract (before July 4, 2014).

(b) The Group assessed that the needs in American and European markets were lower than its expectation, thus, the Group and LiFePO4+C Licensing AG completed an amendment for the license reauthorization contract on August 26, 2013. The amendment extends the construction of the plant and the completion requirement for operation for 12 months, which is, to build a cathode materials plant with a minimum of annual production of 1,000 tons in Quebec, Canada as of July 4, 2015. If the Group fails to build the plant on schedule, LiFePO4+C Licensing AG has the right to claim an extension fee of US$300,000 and to terminate the license reauthorization contract.

(c) The Group assessed the potential for growth in electric cars and energy storage system in Europe, U.S. and Canada. Thus, the Group and LiFePO4+C Licensing AG completed an amendment for the license reauthorization contract on November 19, 2014. The amendment states that the Group can choose to build a powder plant, battery plant, battery module plant or electric bus system integration plant in Quebec, Canada, whereby the capital expenditure shall be at least US$6 million as of July 4, 2015, and that the average annual full-time employment shall be at least 10 employees as of July 4, 2018. If the Group fails to meet its obligations as stated in the amendment and thus influences rights of the license contract, there may be an impact on the Group’s operations and financial position.

(d) The Group has negotiated with LiFePO4+C Licensing AG to terminate the aforementioned license reauthorization contract by consent on September 21, 2021. However, as LiFePO4+C Licensing AG still had unresolved issues with the contract termination, the subsequent relevant legal matters are ongoing. In addition, due to prudent consideration, the Group still prepared and amortised related expenses in accordance with IFRSs.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group monitors capital on the basis of the gearing ratio, taking into account that the Group belongs to an emerging industry. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Total borrowings	$ 263,095	$ 381,747	$ 258,165
Less: Cash and cash equivalents	(524,940)	(217,101)	(251,084)
Net debt	(261,845)	164,646	7,081
Total equity	923,527	496,749	612,027
Total capital	$ 661,682	$ 661,395	$ 619,108
Debt to capital ratio	-	25%	1%

(2) Financial instruments

A. Financial instruments by category

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	$ -	$ -	$ 87,739
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	524,940	217,101	251,084
Current and non-current financial assets at amortised cost, net	92,284	71,156	28,650
Accounts receivable (including related parties)	48,343	38,456	4,932
Other receivables (including related parties)	2,227	10,729	31,887
Guarantee deposits paid (shown as 'Other current assets')	63,931	63,327	63,449
Long-term receivables-related parties	-	-	-
	$ 731,725	$ 400,769	$ 467,741

	June 30, 2022	December 31, 2021	June 30, 2021
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	$ 126,748	$ 150,000	$ 60,531
Accounts payable	113,204	25,640	9,056
Other accounts payable (including related parties)	114,213	117,072	137,664
Long-term borrowings (including current portion)	136,347	231,747	197,634
Refund liabilities	6,853	6,278	3,222
	$ 497,365	$ 530,737	$ 408,107
Lease liabilities	$ 2,628	$ 1,249	$ 3,344

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group evaluates abovementioned risks periodically in order to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group expected that currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 7,922	29.72	$ 235,442
HKD : NTD	275,030	3.79	1,042,364
RMB : NTD	24,822	4.439	110,185
Financial liabilities			
Monetary items			
USD : NTD	$ 5,925	29.72	$ 176,091

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 6,332	27.68	$ 175,270
HKD : NTD	275,000	3.560	979,000
RMB : NTD	4,193	4.344	18,214
Financial liabilities			
Monetary items			
USD : NTD	$ 847	27.68	$ 23,445

	June 30, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency : functional currency)				
Financial assets				
Monetary items				
USD : NTD	$ 9,080	27.86	$ 252,969	
HKD : NTD	282,471	3.58	1,011,246	
RMB : NTD	3,129	4.309	13,483	
Financial liabilities				
Monetary items				
USD : NTD	$ 713	27.86	$ 19,864	

v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2022 and 2021 amounted to $1,337, ($5,971), $2,830 and ($5,726), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Six months ended June 30, 2022		
	Degree of variation	Effect on profit (loss)	Effect on other comprehensive income (loss)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 2,354	$ -
HKD : NTD	1%	10,418	-
RMB : NTD	1%	1,102	-
Financial liabilities			
Monetary items			
USD : NTD	1%	($ 1,761)	$ -

	Six months ended June 30, 2021		
	Degree of variation	Effect on profit (loss)	Effect on other comprehensive income (loss)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 2,530	$ -
HKD : NTD	1%	10,112	-
RMB : NTD	1%	135	-
Financial liabilities			
Monetary items			
USD : NTD	1%	($ 199)	$ -

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as financial assets at fair value through other comprehensive income measured at fair value or at fair value through profit or loss.

ii. The Group's investments in equity securities is comprised of foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six months ended June 30, 2022 and 2021 would change due to gains/losses on equity securities classified as at fair value through profit or loss. Refer to Note 12(3) H. Other components of investment would have increased/decreased by $0 and $877, respectively, as a result of other comprehensive income classified as investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. The Group's borrowings are at floating rates. During the six months ended June 30, 2022 and 2021, the Group's borrowings at variable rate were denominated in NTD.

ii. At June 30, 2022 and 2021, if interest rates on NTD denominated borrowings had been 0.25% higher with all other variables held constant, post-tax profit for the six months ended June 30, 2022 and 2021, would have been $526 and $258 lower, respectively, mainly as a result of higher interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Credit risk arises from deposits with banks and financial institutions, including outstanding receivables and contractual cash flows of debt instruments at fair value through profit or loss. For bank and financial institutions, only institutions with good credit quality are accepted.

ii. The Group adopts the assumption under IFRS 9 that if the contract payments were past due over 60 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iii. In line with credit risk management procedure, the default occurs when the contract payments are not expected to be recovered and are reclassified to overdue receivables.

iv. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with product types. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of June 30, 2022, December 31, 2021 and June 30, 2021, the provision matrix is as follows:

June 30, 2022	Individual disclosure	Not past due	Up to 60 days past due	61-120 days past due	121-180 days past due	181-360 days past due	Over 360 days	Total
Expected loss rate	100%	0%	0%	0%	0%	0-13%	100%	
Total book value								
- Accounts receivable	$ 3,220	$ 40,757	$ -	$ 6,238	$ 1,348	$ -	$ 107,834	$ 159,397
- Other receivables	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,641	$ 10,641
Loss allowance	$ 3,220	$ -	$ -	$ -	$ -	$ -	$ 118,475	$ 121,695

Long-term accounts receivable (included in other non-current assets)

Expected loss rate	100%	0%	0%	0%	0%	0%	0%	
Total book value	$ 1,126,688	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,126,688
Loss allowance	$ 1,126,688	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,126,688

December 31, 2021	Individual disclosure	Not past due	Up to 60 days past due	61-120 days past due	121-180 days past due	181-360 days past due	Over 360 days	Total
Expected loss rate	100%	0%	0%	0%	0%	0-20%	100%	
Total book value								
- Accounts receivable	$ 3,220	$ 21,135	$ 17,321	$ -	$ -	$ -	$ 107,834	$ 149,510
- Other receivables	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,641	$ 10,641
Loss allowance	$ 3,220	$ -	$ -	$ -	$ -	$ -	$ 118,475	$ 121,695

Long-term accounts receivable (included in other non-current assets)

Expected loss rate	100%	0%	0%	0%	0%	0%	0%	
Total book value	$ 1,126,688	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,126,688
Loss allowance	$ 1,126,688	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,126,688

June 30, 2021	Individual disclosure	Not past due	Up to 60 days past due	61-120 days past due	121-180 days past due	181-360 days past due	Over 360 days	Total
Expected loss rate	100%	0%	0%	0%	0-5%	0-76%	100%	
Total book value								
- Accounts receivable	$ 3,220	$ 4,161	$ 771	$ -	$ -	$ -	$ 109,539	$ 117,691
- Other receivables	$ 7,288	$ -	$ -	$ -	$ -	$ -	$ 51,489	$ 58,777
Loss allowance	$ 10,508	$ -	$ -	$ -	$ -	$ -	$ 161,028	$ 171,536

Long-term accounts receivable (included in other non-current assets)

Expected loss rate	100%	0%	0%	0%	0%	0%	0%	
Total book value	$ 1,126,688	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,126,688
Loss allowance	$ 1,126,688	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,126,688

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2022			
	Accounts receivable	Other receivables	Long-term receivables	Total
At January 1	$ 111,054	$ 10,641	$ 1,126,688	$ 1,248,383
Provision for impairment	-	-	-	-
At June 30	$ 111,054	$ 10,641	$ 1,126,688	$ 1,248,383

	2021			
	Accounts receivable	Other receivables	Long-term receivables	Total
At January 1	$ 115,935	$ 56,728	$ 841,971	$ 1,014,634
Provision for impairment	-	2,049	284,717	286,766
Reversal of impairment loss	(3,176)	-	-	(3,176)
At June 30	$ 112,759	$ 58,777	$ 1,126,688	$ 1,298,224

For provisioned loss for the three months and six months ended June 30, 2022 and 2021, the impairment losses (gains) arising from customers' contracts and other receivables are $0, ($2,544), $0 and ($1,127), respectively. In addition, loss recognised from long-term receivables amounted to $0, $233,440, $0 and $284,717, respectively.

viii. The amount recognised under the financial assets at amortised cost are mainly restricted deposits. Such financial institutions are with high credit quality, so it expects that the probability of counterparty default is remote.

(c) Liquidity risk

i. Cash flow forecasting is performed and aggregated by Group treasury. Group treasury monitors rolling forecasts of the operating entities' liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.

ii. The Group has the following undrawn borrowing facilities:

	June 30, 2022	December 31, 2021	June 30, 2021
Floating rate:			
Expiring within one year	$ 392,928	$ 211,383	$ 302,474
Expiring more than one year	-	-	-
	$ 392,928	$ 211,383	$ 302,474

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities	Within 1 year	Over 1 year	2 ~ 5 years	Over 5 years
June 30, 2022				
Short-term borrowings	$ 126,748	$ -	$ -	$ -
Accounts payable	113,204	-	-	-
Other payables	114,213	-	-	-
Long-term borrowings (including current portion)	19,822	19,822	59,466	58,146
Refund liabilities	6,853	-	-	-
Lease liability	1,435	1,193	-	-

Non-derivative financial liabilities	Within 1 year	Over 1 year	2 ~ 5 years	Over 5 years
December 31, 2021				
Short-term borrowings	$ 150,000	$ -	$ -	$ -
Accounts payable	25,640	-	-	-
Other payables	117,072	-	-	-
Long-term borrowings (including current portion)	36,176	36,176	108,527	85,800
Refund liabilities	6,278	-	-	-
Lease liability	1,249	-	-	-

Non-derivative financial liabilities	Within 1 year	Over 1 year	2 ~ 5 years	Over 5 years
June 30, 2021				
Short-term borrowings	$ 60,531	$ -	$ -	$ -
Accounts payable	9,056	-	-	-
Other payables	51,484	-	-	-
Other payables to related parties	86,180	-	-	-
Long-term borrowings (including current portion)	25,946	26,306	81,263	84,076
Refund liabilities	3,222	-	-	-
Lease liability	2,574	770	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in convertible bonds and equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, restricted cash (shown as 'Other current asset and other non-current asset), short-term borrowings, notes payable, accounts payable, other payables and long-term liabilities (including current portion) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2022, December 31, 2021 and June 30, 2021 is as follows:

June 30, 2022 and December 31, 2021：None.

June 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprensive income				
Equity securities	$ -	$ -	$ 87,739	$ 87,739

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

(b) For high-complexity financial instruments, the fair value is measured by the appraiser assigned by the Group using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market and involve subjective judgement by the management and appraiser. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3) H.

E. For the six months ended June 30, 2022 and 2021, there was no transfer between Level 1 and Level 3.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2022 and 2021:

	2022	
	Non-derivative instrument	Hybird instrument
At January 1 (June 30)	$ -	$ -

	2021	
	Non-derivative instrument	Hybird instrument
At January 1 (June 30)	$ 87,739	$ -

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

June 30, 2022 and December 31, 2021:None.

	Fair value at June 30, 2021		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	$	87,739	Net asset value	N/A	N/A	N/A

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed: June 30, 2022, December 31, 2021 and June 30, 2021: There was no effect from changes in the valuation parameter.

(4) Other Matter

The growth of the Group's operating revenue was affected by the COVID-19 global pandemic. Based on the Group's assessment, the pandemic has no significant impact on the Group's going concern, impairment of assets and financing risks, and the impact on the Group's operations will depend on the subsequent situation of the pandemic.

13. SUPPLEMENTARY DISCLOSURES

The disclosures on investee companies were based on financial statements reviewed by independent auditors and the following transactions with subsidiaries were eliminated when preparing consolidated financial statements. The following disclosure information is for reference only. The related information on investee companies was translated using the average rates of USD:NTD = 1:28.75 and USD:NTD = 1:29.72 for the six months ended June 30, 2022 and June 30, 2022, respectively.

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Refer to table 3.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more:

Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

The Group manages through product types. Each significant product type needs a different technique and market strategy, thus, is individually disclosed in management information.

(2) Measurement of segment information

A. The accounting policies, judgements, assumptions and estimates of the operating segments are in agreement with the significant accounting policies summarised in Notes 4 and 5.

B. The Group's assets are shared and liabilities are managed and dispatched under unified policies; thus, under operating management, assets and liabilities are not allocated to each operating segment, financial income and expenses, profit or loss relating to investment and profit or loss on disposal of assets are not distributed to each operating segment, nor used for performance measurement, but are consolidated under 'other segments'.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Three months ended June 30, 2022:

	Materials	Others	Eliminations	Total
Inter-segment revenue - external customers	$ 116,657	$ -	$ -	$ 116,657
Total segment loss	($ 65,260)	($ 18,214)	$ -	($ 83,474)

Six months ended June 30, 2022:

	Materials	Others	Eliminations	Total
Inter-segment revenue - external customers	$ 223,361	$ -	$ -	$ 223,361
Total segment loss	($ 153,808)	($ 29,487)	$ -	($ 183,295)

Three months ended June 30, 2021:

	Materials	Others	Eliminations	Total
Inter-segment revenue - external customers	$ 62,918	$ -	$ -	$ 62,918
Total segment loss	($ 63,588)	($ 11,815)	$ -	($ 75,403)

Six months ended June 30, 2021:

	Materials	Others	Eliminations	Total
Inter-segment revenue - external customers	$ 107,854	$ -	$ -	$ 107,854
Total segment loss	($ 124,596)	($ 19,374)	$ -	($ 143,970)

(4) Reconciliation for segment income (loss): None.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Loans to others

Six months ended June 30, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six months ended June 30, 2022	Balance at June 30, 2022 (Note 4)	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
1	Advanced Lithium Electrochemistry Co., Ltd.	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Other receivables - related parties	Y	$ 150,000	$ 90,000	$ 90,000	-	Short-term financing	-	Working capital financing	-	None	-	$ 293,865	$ 293,865	
2	Advanced Lithium Electrochemistry (HK) Co., Ltd.	Advanced Lithium Electrochemistry (China Shanghai) Ltd.	Other receivables - related parties	Y	105,000	105,000	97,658	-	Short-term financing	-	Working capital financing	-	None	-	261,055	261,055	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: The column of "Nature of loan" shall fill in "Business transaction" or "Short-term financing".

Note 3: (1) For the Company’s loans to investee companies accounted for using equity method, the ceiling of the total lending is 100% of the parent company’s net assets while the ceiling of individual lending is 100% of the parent company’s net assets;

(2) For loans of the subsidiary - Advanced Lithium Electrochemistry Co., Ltd. To affiliates, the ceiling of the total leanding is 40% of the lending company's net assets while the ceiling of individual lending is 40% of the lending company's net assets.

(3) For loans of the subsidiary - Advanced Lithum Electrochemistry (HK) Co., Limited to affiliates, the ceiling of the total leanding is 800% of the lending company's net assets while the ceiling of individual lending is 800% of the lending company's net assets.

Note 4: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Provision of endorsements and guarantees to others

Six months ended June 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2022	Outstanding endorsement/ guarantee amount at June 30, 2022	Actual amount drawn down (Note 4)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China	Footnote
0	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry Co., Ltd.	(2)	$ 1,847,054	$ 577,176	$ 487,865	$ 202,909	-	52.83%	$ 1,847,054	Y	N	N	
0	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees AU Pty Ltd.	(2)	1,847,054	5,355	5,113	5,113	-	0.55%	1,847,054	Y	N	N	
1	Advanced Lithium Electrochemistry Co., Ltd.	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	(3)	1,469,328	33,286	33,286	26,748	29,900	4.53%	1,469,328	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Unless agreed by stockholders, the ceiling of the Company's guarantee to other companies and individual entity is 200% of the Company's net assets based on the latest financial statements audited or reviewed by accountants; unless agreed by stockholders, the ceiling the celing of the Company and its subsidiaries' guarantee to other companies and individual entity is 200% of the Company's net assets based on the latest financial statements audited or reviewed by independent accountants. The Company may provide endorsements and guarantees to the entities that are directly or indirectly owned by the Company for more than 90% ownership as logn as the total amount is not higher than 10% of the Company's net worth. For the entities that are 100% directly or indirectly owned by the Company are not subject to the 10% net woth limit.

Note 4: The amount drawn down is the actual credit line obtained from banks or the endorsement/ guarantee actually completed.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Six months ended June 30, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2022		Addition		Disposal (Note 2)				Balance as at June 30, 2022	
Investor	Marketable securities	General ledger account	Counterparty (Note 1)	Relationship with the investor (Note 1)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount (Note 3)
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry Co., Ltd.	Investments accounted for under equity method	-	-	155,647,125	$ 419,592	43,152,875	$ 431,529	-	$ -	$ -	$ -	198,800,000	$ 734,664

Note 1:Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 2: It refers to the capital reduction of the Company’s subsidiary, Advanced Lithium Electrochemistry Co., Ltd.

Note 3: The amount includes the investment income (loss), the cumulative translation adjustment and the adjustment of sidestream transactions between subsidiaries.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Six months ended June 30, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	FDG Electric Vehicles Limited	Other related party	Long-term receivable (Note 1) $1,126,688	-	$ 1,126,688	Note 2	$ -	$ 1,126,688

Note 1: The Company’s investment in convertible corporate bonds early expired on August 31, 2020, therefore, the Company transferred the convertible bonds to long-term receivables due from related parties.
Note 2: The Company has appointed lawyers to handle the related legal process.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

Six months ended June 30, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Advanced Lithium Electrochemistry Co., Ltd.	Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	2	Other receivables	$ 90,000	Note 5	6%
2	Advanced Lithium Electrochemistry (HK) Ltd.	Advanced Lithium Electrochemistry (China Shanghai) Ltd.	1	Other receivables	97,658	Note 5	7%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories;
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: No further disclosure of counterparty transactions, and disclosure standard of significant transactions is above $20 million.

Note 5: It refers to loans between affiliates.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Names, locations and other information of investee companies (not including investees in Mainland China)

Six months ended June 30, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at June 30, 2022					
Investor	Investee	Location	Main business activities	Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six months ended June 30, 2022	Investment income (loss) recognised by the Company for the six months ended June 30, 2022	Footnote
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithium Electrochemistry Co., Ltd.	Taiwan	Research, manufacturing and sale of LFP-NCO and key materials of olivine-type structure lithium battery	$ 2,540,043	$ 2,108,514	198,800,000	100	$ 734,647	($ 135,947)	($ 135,962)	Subsidiary (Note 1)
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees Eco Ark Co., Ltd.	Taiwan	Manufacturing and distribution of batteries, cars and peripherals	1,675,000	1,675,000	52,800,000	100	16,285	(9,530)	(9,530)	Subsidiary (Note 2)
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Advanced Lithum Electrochemistry (HK) Co., Limited	Hong Kong	Various types of investments	592,862	592,862	19,330,000	100	32,632	(4,332)	(4,332)	Subsidiary
Advanced Lithium Electrochemistry (Cayman) Co., Ltd.	Aleees US, Corp.	America	Various types of investments	34,789	34,789	12,500,000	100	26,244	(9,103)	(9,103)	Subsidiary
Aleees US, Corp.	Aleees AU Pty. Ltd.	Australia	Research, manufacturing and sales of LFP-NCO and key materials of olivine-type structure lithium battery	28,788	13,890	1,442,389	100	21,817	(7,169)	(7,169)	Subsidiary of subsidiary
Aleees US, Corp.	Aleees EU SARL	Europe	Research, manufacturing and sales of LFP-NCO and key materials of olivine-type structure lithium battery	1,600	-	50,000	100	1,232	(323)	(323)	Subsidiary of subsidiary (Note 3)
Aleees US, Corp.	Aleees Texas, LLC	America	Research, manufacturing and sales of LFP-NCO and key materials of olivine-type structure lithium battery	2,952	-	100,000	100	1,924	(1,045)	(1,045)	Subsidiary of subsidiary (Note 4)

Note 1: Unrealised gain on sidestream intercompany transaction was included.

Note 2: The Board of Directors during its meeting on December 28, 2018 resolved the dissolution of the subsidiary, Aleees Eco Ark Co., Ltd., and the date of dissolution was on December 31, 2018. It is under the liquidation.

Note 3: Aleees EU SARL was established on April 8, 2022, and the Company held a 100% equity interest in the company.

Note 4:Aleees Texas, LLC was established on March 11, 2022, and the Company held a 100% equity interest in the company.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and subsidiaries

Information on investments in Mainland China

Six months ended June 30, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Net income of investee for the six months ended June 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2022 （Note 2）	Book value of investments in Mainland China as of June 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Advanced Lithium Electrochemistry (China Shanghai) Ltd.	Design of battery and trading	$481,203	Note 1	$ -	$ -	$ -	$ -	($ 7,756)	100	($ 7,756)	($ 68,445)	$ -	

Company name (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Advanced Lithium Electrochemistry (China Shanghai) Ltd.	$ -	$ -	$ -

Note 1: The investment in the investee companies are remitted by the parent company-Advanced Lithium Electrochemistry (Cayman) Co., Ltd. through investing in an existing company in the third area -Advanced Lithum Electrochemistry (HK) Co., Limited, which then invested in the investee in Mainland China.Thus, the investment amounts are not applicable for disclosure.

Note 2: Information based on financial statements audited by the parent company's independent auditors.

Advanced Lithium Electrochemistry (Cayman) Co., Ltd. and Subsidiaries

Information on investees

Six months ended June 30, 2022

Table 8

Investee	Shares held as at June 30, 2022	
	Number of shares	Ownership
FDG Kinetic Limited’s custodian account with KGI BANK	9,283,146	13.26%

Note 1：The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

Note 2：If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and shares held in trust, at the same time, shareholders who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.