

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



Minutes of the Annual Shareholders' Meeting

Time: 9:00 a.m., Thursday, April 15, 2021

Place: No. 398, Taoying Road., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.) (at Chuto Plaza Hotels –Fu Guei Hall)

Quorum: 113,319,402 shares were represented by the shareholders and proxies present at the meeting (including e-voting 26,613,671 shares), which amounted to 70.81% of the Company's 160,019,664 issued and outstanding shares.

President (Directors): Wei-Min Shen 、Chang, Yie-Yun 、Wang, Husan

Chairman of Meeting: Chang, Sheng-Shih

Prepared by: Lee, I-Ching

1. The Chairman declared the meeting duly constituted.
2. Chairman's speech: Omitted.
3. Report Items

Proposal 1:

Proposal: Business Report of 2020.

Explanation: Business Report of 2020, attached in Attachment 1 of the Meeting Agenda, page 9~10.

Proposal 2:

Proposal: Inspection Report of Audit Committee of 2020.

Explanation:

1. In accordance with Article 14, paragraph 4, subparagraph 3 of the Taiwan Securities Transaction Act, when the company sets up the audit committee, the provisions of the Taiwan Securities Transaction Act, the Company Act and other relevant laws for the supervisor are approved by the audit committee.
2. In accordance with the above provisions, the Audit Committee shall use the provisions of Article 228 of the Company Act to review the business report, financial statements and proposals of the deficit compensation approved by the 8nd meeting of the 9th Board of Directors, and issue a verification report. Please refer to Attachment 2 of the Meeting Agenda, page 11.

Proposal 3:

Proposal: The report of sound business operation 2020.

Explanation:

1. In accordance with No.1030051218 of the Financial Supervisory Commission on December 26, 2014 and No. 1090340270 of the Financial Supervisory

Commission on May 7, 2020 the company has reported the implementation of sound business operation 2020 at the 9th meeting of the 8th term board of directors on March 4, 2021.

2. The report of sound business operation 2020 are as attached in Attachment 3 of the Meeting Agenda, page 12~14.

【Supplementary explanation】

2020 capital reduction plan to offset company losses

1. the financial structure and make up for accumulated losses, it is proposed to reduce NT\$1,115,539,900, and eliminate 111,553,990 shares of common stock, shares are eliminated according to the shareholding ratio of shareholders. It is estimated that the number of shares will be reduced by approximately 461.780447 shares, and the capital reduction ratio will be approximately 46.1780447%
2. Approved with No. 1090340270 of the Financial Supervisory Commission on May 7, 2020. New stocks listing on June 22, 2020.
3. The report of sound business operation 2020 are as attached in Attachment 3 of the Meeting Agenda, page 12~14 ◦

Proposal 4:

Proposal: Report of private equity 2020.

Explanation: Capital injection by issuance of 15 million shares of common stocks through private placement had been terminated by the resolution of the board of Directors due to can not be done before the expiry date on April 9, 2021.

Proposal 5:

Proposal: Revision of the report on the “Guidelines for Operating in Good Faith”.

Explanation: The modification table of the “Guidelines for Operating in Good Faith” is attached as page 15~17, Attachment 4.

4. Proposed Items

Proposal 1: (By the Board of Directors)

Proposal: Proposal for Business Report and Financial Statements 2020, please approve it.

Explanation:

1. The consolidated financial statements 2020 of the company was reviewed by the accountant Wei-Hao Wu and Yu-Kuan Lin of PwC Taiwan, and reports were issued with unreserved opinions.
2. The business report and financial statements 2020 accepted by the board of directors, and it is proposed to the shareholders' meeting for approval.
3. Business report are as attached in Attachment 1 of the Meeting Agenda, page 9~10.
4. Consolidated financial statements are as attached in Attachment 5 of the Meeting Agenda, page 18~31.

VOTE RESULTS,

	Votes	% of the total represented share present
For	170,205,662 (e-vote 25,454,929)	98.85%
Against	79,624 (e-vote 78,269)	0.07%
Invalid/Abstain	1,216,064 (e-vote 1,080,473)	1.07%

Resolution: Resolution: The above proposed was approved as proposed.

Proposal 2: (By the Board of Directors)

Proposal: Proposal of the deficit compensation 2020, please approve it.

Explanation:

1. The company's 2020 after-tax loss is NT\$679,199,747, plus the loss to be made up at the beginning of the period of NT\$1,115,539,905 and the reduced paid-in capital of NT\$1,115,539,900 to make up for the loss, and the accumulated loss to be compensated at the end of the period is NT\$ 679,199,752 yuan.
2. Since the company has a loss after tax in 2020, it will not allocate or distribute dividends in accordance with the Articles of Incorporation.
3. Proposal of the deficit compensation 2020 are as attached in Attachment 6 of the Meeting Agenda, page 32.

VOTE RESULTS,

	Votes	% of the total represented share present
For	112,006,850 (e-vote 25,437,416)	98.84%
Against	107,477 (e-vote 104,122)	0.09%
Invalid/Abstain	1,204,537 (e-vote 1,072,133)	1.06%

Resolution: Resolution: The above proposed was approved as proposed.

5. Discussion Items

Proposal 1: (By the Board of Directors)

Proposal: Proposal for a capital reduction plan to offset company losses.

Explanation:

1. The Company's paid-up capital is NT\$1,600,196,640 and issued 160,019,664 shares. As of December 31, 2020, deficit yet to be compensated of NT\$679,199,752.
2. In order to improve the financial structure and make up for accumulated losses, it is proposed to reduce NT\$679,199,750, and eliminate 67,919,975 shares of common stock, shares are eliminated according to the shareholding ratio of shareholders. It is estimated that the number of shares will be reduced by approximately 424.447679 shares, and the capital reduction ratio will be approximately 42.447679%.
3. If the shares are less than one share after capital reduction, the shareholder may be required to complete the registration with the Company's stock agency with five days before the share stop-transfer date. If such registration is not completed

within the prescribed time limit, the shareholder shall, reissue the cash as per the denomination of shares to the nearest NTD(round down). For those share less than one share, the Chairman of the company is authorized to contact specific persons to subscribe for the shares at denomination.

4. This time, for the shares replacement due to capital reduction, the new shares will be issued as shares in scripless form, the rights and obligations of which are the same as those of ordinary shares already issued; the paid-up capital after the reduction shall be NT\$920,996,890, divided into 92,099,689 shares at NT\$10 per share.
5. The base date of the share replacement due to capital reduction, the operation plan of share replacement due to capital reduction or the ratio of capital reduction shall be adjusted as a result of the change of the capital stock and other related matter, etc. When such matters are required by actual facts or as amended by the competent authority, the Chairman of the company shall be authorized by the shareholder's meeting to handle the affairs.

【Supplementary explanation】

In accordance with the letter Cheng Pao Fa Tzu No. 1100001062 from Securities and Futures Investors Protection Center on April 7, 2021, the Company explained relevant matters:

(I) Reasons for capital reduction

The Company proposed to conduct capital reduction to compensate the cumulative loss in the past, improve the financial structure and enhance net value of the company. By doing so, the Company hopes to have sustainable development.

Until Dec. 31, 2020, the total net value of the Company was NT\$ 1,045,396 thousand; the paid-in capital was 160,020 thousand shares; the net value per share was around NT\$ 6.53. If we stimulate the percentage of capital reduction, net value per share after capital reduction would be NT\$ 11.35. Still, the actual net value after capital reduction on the prepared financial statements at the time shall prevail.

(II) Improving business plans and implementing measures for control and management

1. The status of improvements on business plans in 2020 was reported in the shareholders' meeting agenda. Brief explanations on the strategies for improving business plans are given as follows:

(1).New business development plan

The business which mainly relied on new energy vehicle market in mainland China has been growing, and it has accumulated an remarkable sales outcome for more than ten years so far. In addition to maintaining the sales in the new energy vehicle market, the company continually optimizes its product and customer portfolio, and actively expands the new niche market of lithium battery cathode material. Hopefully, we can develop long-term cooperation with well-known customers at home and abroad in order to lay a good foundation for the company's future development and enhance momentum for the company's stable growth:

(a). Expansion of the energy storage lithium iron battery market

To keep up with the trend of energy saving and carbon reduction, many countries around the world have launched supporting policies to promote the energy storage, and demand for electricity storage products have been growing. The global renewable energy device capacity continues to increase, and the solar and wind energy markets have grown substantially because of the instability of renewable energy power generation. Energy storage equipment can enhance stable power supply, which brought about energy storage business opportunities for homes, industries, and electric vehicles; and with the surge in demand for 5G, big data, and cloud computing. The data center market continues to grow also contributes to the increase in energy storage demand. According to the analysis and prediction of the research organization Wood Mackenzie, the capacity of energy storage systems deployed globally may reach 741GWh by 2030, with a compound annual growth rate of 31%.

Batteries still play a critical role in terms of the cost of energy storage components. Thanks to the development of electric vehicles, the continuous expansion of lithium battery production capacity has made battery prices more competitive in the market, which also promoted the rise of the energy storage market. Since the energy storage system adopts batteries for generating green energy, the most demanded products have shifted from lead-acid batteries to lithium-iron batteries. However, safety concerns arise due to several ternary lithium-iron battery explosion cases, lithium-iron batteries have become the first choice in the energy storage market.

The company has signed contracts with well-known large Japanese companies and explored into the household energy storage market; we have also been trading with new customers in Europe, the United States, Asia and other regions while supplying products to the industrial energy storage market.

(b). Expansion of the lithium iron battery market that replaces lead-acid batteries for vehicles

In the past, lead-acid batteries were widely used in the start-up batteries of automobiles and motorcycles due to the advantage of their low cost. However, as most countries have been demanding energy conservation and carbon reduction, the governments are actively promoting the electrification of automobiles by paying equal attention to encouragement and penalty policies. The trend has driven global both old and new automakersto actively develop new vehicles using ecological energy. While pure electric vehicles still need to overcome the infrastructure problems of the accessibility of charging facilities, traditional gasoline vehicles have begun to set off a trend of adopting hybrid power. An observation on the development of various countries shows that the main driving force of the hybrid vehicle market comes from the emission

regulations which get stricter year by year. TrendForce believes that hybrid vehicles will become the main vehicle types in the European, American, and Japanese markets, and the growth rate will exceed that of pure electric vehicles.

In order to actualize lightweight design, most car manufacturers make it a priority to adopt lithium-iron batteries for voltage systems above 12V. The continuous growth of hybrid vehicles above 12V is expected to brationoost the market demand for lithium-iron battery consumption in the future.

(2).Product R&D plans

- (a).Improve and optimize existing products.
- (b).Improve and optimize existing products.
- (c). Active investment in the development of high nickel ternary cathode materials.

2.Implement measures for control and management

To improve the performance of business plans and enhance operation capabilities in financial and business performance, the management of the Company will regularly hold business management meetings to conduct comparative analysis and track management on the scheduled operational, R&D, financial and expenses goals and make necessary rectification and adjustment measures, which will be submitted to and reviewed by the Board every season. The Company will ensure to implement project progress, achieve continuous financial and business improvements, reach the goal of operational efficiency as well as reporting and explaining the status of implementation to all shareholders during regular shareholders meeting.

VOTE RESULTS,

	Votes	% of the total represented share present
For	111,957,392 (e-vote 25,387,958)	98.79%
Against	167,164 (e-vote163,809)	0.14%
Invalid/Abstain	1,194,308 (e-vote1,061,904)	1.05%

Resolution:Resolution:The above proposed was approved as proposed.

Proposal 2: (By the Board of Directors)

Proposal: Proposal for the raising of private equity.

Explanation:

1. In order to cope with the company's future development or reinvestment or increase the working capital, and enhance the company's competitiveness, it is proposed the company to handle no more than 20 million shares of private equity to issue new shares of capital increase in cash. It is proposed the shareholders' meeting to authorize the board of directors to take into account the market conditions and meet the actual needs of the company, and handle the following financing methods and principles.
2. In accordance with Article 43 paragraph 6 of the Securities and Exchange Act and

the “Directions for Public Companies Conducting Private Placements of Securities”, statements are as follows:

A. Basis and reasonableness of private equity pricing

- (1). Basis for the issuing price: The price of the common stock issued by the private capital increase in cash will be no less than 80% of the reference price, which will be determined on the pricing date. The reference price is calculated based on the highest price in the following two benchmarks.
 - (a) The issuing price shall be determined by the average of the common stock closing price which is calculated on 1, 3 or 5 business days before the pricing date, deducting the bonus shares’ ex-right and dividends, and adding back the stock price after the capital reduction.
 - (b) The issuing price shall be determined by the average of the common stock closing price which is calculated on 30 business days before the pricing date, deducting the bonus shares’ ex-right and dividends, and adding back the stock price after the capital reduction.
- (2). Reasonableness of the issuing price: The actual issue price is intended to be authorized by the board of directors in accordance with the law and to be within the range of no less than the resolutions of the shareholders' general meeting, depending on the specific future contacts, market conditions and the company's future prospects. The basis for the above-mentioned private placement price is in accordance with the regulations of the competent authority, and at the same time, the timing, object and quantity of the transfer of private equity are in strict restrictions. Also, it is not allowed to be listed in the OTC within 3 years, and the liquidity is poor. Therefore, the portion of private placements should be reasonable.

B. The means of selecting the specified persons

- (1). Private placements of securities are limited to the specific persons pursuant to Article 43 paragraph 6 of the Securities and Exchange Act and the Financial Supervisory certificate No. 0910003455 of the Financial Supervisory Commission on June 13, 2002.
- (2). If the subscriber is a strategic investor: The company will choose the subscriber with good understanding of the company's operations and is beneficial to future operations. Individuals or legal persons who assists the company to improve its quality, reduce costs, and increase efficiency by applying the person’s own experience, techniques, brand reputation or channel programs, etc. In order to improve the company's financial structure and strengthen its solvency, the funds of the subscribers can improve the overall financial quality of the company. The huge cost of capital and operational risks can be reduced, and the company's financial structure can be improved. It is proposed that the board of directors to be authorized to

review the relevant qualifications of strategic investors.

(3). If the subscriber is an insider or related parties of the company: Currently there are no planned applicants for insider or related parties.

(4). The subscriber has not yet been arranged by the company, and it is proposed that the board of directors to be authorized to decide the arrangement of the actual subscriber.

C. Reasons for private placement

(1). Reasons for not using public offerings: Considering the timeliness, convenience and issuing costs, we plan on cash capital increase through private placement.

(2). The purpose and the expected benefits of the private equity shares: The total number of private equity shares is limited to no more than 20 million shares, and the book value per share is NT\$10. It is proposed to authorize the board of directors for private placement several times (up to three times) within one year from the date of resolution of the shareholders' meeting. The funds for each of the private placements are used to enrich working capital, reinvestment or other capital needs for future development, and effectively reduce the cost of capital, strengthen the company's competitiveness and enhance operational efficiency.

3. Private shares of the private placement of securities shall have the same rights and obligations as issued shares, and shall not be transferred except to the transferees specified in Article 43 paragraph 8 of the Securities and Exchange Act within three years from the delivery date. After three full years since the delivery date, it is proposed to authorize the board of directors to apply to the competent authority for the privately placed securities to be traded on the over-the-counter markets in accordance with the relevant laws and regulations.

4. Except for the portion of private placements, the essential contents of the private placement plan includes issuing price, number of shares, issuance conditions, project plans, progress in the use of funds, expected benefits, and other unfinished matters. If there are any modifications in the future due to changes in objective environmental factors, it is proposed that the board of directors is authorized to fully handle it in accordance with relevant regulations.

5. In accordance with the letter Cheng Pao Fa Tzu No. 1100000348 from Securities and Futures Investors Protection Center on Jan. 8, 2021, the Company explained relevant matters in the reply Cayman Alees Tzu No. AC210205001 on Feb. 5, 2021

A. Please explain the necessity and rationality for conducting private placements during this shareholders meeting

The Board agreed to conduct private placements by resolution on Jan. 14, 2021. The Company shall use the funds from private placements to meet future

development, re-investments or cash flow needs. Considering timeliness, convenience and distribution costs, private placements have the features of high speed and convenience and may not be freely transferable within three years, and hence, ensured business stability of the company. Hence, proposals for private placements to raise funds were arranged in the regular shareholders meeting during the past two years for unexpected needs.

The amount of "cash and cash equivalents" in the company's consolidated balance sheet on September 30, 2020, reached approximately 117.26% of the "operating income" in the consolidated income statement for the year 2019. The cash flow of the consolidated financial report for the third quarter of 2020 presents net inflows and other situations. This comes from the 348,000 thousand NT dollars of capital funding that was raised in the third quarter of 2020. However, in 2020, due to the impact that Covid 19 pandemic has brought on the global economy, there was a sharp plunge in the operating income. To facilitate the company's future operations and raise funds for research and development, this private placement case should be necessary and reasonable.

B. Please carefully evaluate the purpose of private placement, its impact on management rights, and the impact on shareholders' equity

(1). Purpose of private placement

The purpose of private placement is to response to other funding needs for future development, enrich working capital and repay loans. Therefore, the timeliness, convenience, and issuance cost of the private placement are included in consideration. Private placement has quick and easy features. In the other side, it has restrictions that cannot be transferred within three years. It ensures a stable long-term relationship between the company and strategic investors. As a result, the company plans to raise funds through private placement.

(2). Impact on management rights

It is estimated that the fund raised from the private placement can account for 12.5% of the paid-in capital. At present, the company's management team is expected to control more than 25% of the equity. Currently, the list of applicants has not yet been confirmed. This case is only an alternative plan for an increase of finance. In the case that capital increase is deemed to be necessary, three issuances within a year will be adopted, and there will be no significant impact on the operating rights. If a single issuance causes a major change in the operating rights, the securities underwriters will be consulted in accordance with relevant laws and regulations for the necessity or evaluation methods on the rationality of the transfer of operating rights caused by private equity.

(3). Impact on shareholders' equity

The company expects to enhance business performance through the assistance of strategic investors' experience, technology and knowledge. This will help the company to grow steadily in the future. It will also have positive benefits for enhancing shareholders' equity.

VOTE RESULTS,

	Votes	% of the total represented share present
For	111,885,517 (e-vote 25,315,083)	98.73%
Against	224,414 (e-vote 222,059)	0.19%
Invalid/Abstain	1,208,933 (e-vote 1,076,529)	1.06%

Resolution:Resolution:The above proposed was approved as proposed.

Proposal 3: (By the Board of Directors)

Proposal: Proposal for modification of the “Regulations of Acquisition or Disposal of Assets”.

Explanation:

1. The amendment is in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” is release by the Financial Supervisory Commission.
2. Modified “Regulations of Acquisition or Disposal of Assets” Table are as attached in Attachment 7 of the Meeting Agenda, page 33~37.

VOTE RESULTS,

	Votes	% of the total represented share present
For	110,050,885 (e-vote 25,439,451)	97.11%
Against	102,416 (e-vote 101,061)	0.09%
Invalid/Abstain	3,165,563 (e-vote1,073,159)	2.79%

Resolution:Resolution:The above proposed was approved as proposed.

6. Extemporary Motions

(Questions raised by the shareholders and the management’s responses were omitted)

7. Closure of the Meeting: 11:07 a.m., Thursday, April 15, 2021

This meeting minutes was recorded in accordance with Article 183, paragraph 4 of the provisions of the Company Act. The meeting audio recording still prevail regarding the meeting content, proceedings and shareholders’ statements



Chairman



Recorder