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

**Minutes of the Annual General Meeting**

Time: 9:00 a.m., Monday, June 27, 2016

Place: No. 398, Tao Ying Road, Taoyuan City, Taiwan (at Chuta Plaza Hotel)

Quorum: 116,649,790 shares were represented by the shareholders and proxies present at the meeting, which amounted to 70.88% of the Company's 164,573,654 issued and outstanding shares.

President (Directors): Mr. Sheng, Wei-Min · Mr. Lin, Chien-Yuan · Mr. Pien, Chung-Shih · Mr. Wang, Tien-Lai · Mr. Ma, Chen-Wei

President: LEE and LI Tseng, Ken-Ying (Attorney), PWC Amenda Lin (CPA) · The General Manager of Advanced Lithium Electrochemistry Co., Ltd., KC Cheng · The Assistant President of Finance Division of Advanced Lithium Electrochemistry Co., Ltd., Anpang Huang.

Chairman of Meeting: Chang, Sheng-Shih

Prepared by: Jamie Lee

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

(1) To report the business of 2015

Explanations:

The 2015 Business Report is attached as Handbook pp15-16, Attachment 1.

(2) Audit Committee's review report

Explanations:

(i)Reference is made to Paragraph 3 of Article 14-4 of the ROC Securities and Exchange Act. For a company that has established an audit committee, applicable laws and regulations in connection with the supervisors should apply *mutatis mutantis* to the audit committee.

(ii)As such, Article 228 of the ROC Company Act should apply *mutatis mutantis* to the Audit Committee. And the Audit Committee has issued the review report after reviewing the business report and the plan for making up the Company's loss (submitted by the 18<sup>th</sup> meeting of the board of directors of the Company (the "**Board**") of the 6<sup>th</sup> term) and the financial statements (approved by the 18<sup>th</sup> meeting of the Audit Committee of the 2<sup>nd</sup> term and then submitted by the 18<sup>th</sup> meeting of the Board of the 6<sup>th</sup> term). A copy of such review report is attached as Handbook p17, Attachment 2.

(3) To report the business plan of 2015

Explanations:

(i) According to 2014.12.26 FSC No.1030051218 letter, the Company has reported the 2015 Business Plan to the 18<sup>th</sup> meeting of the Board of the 6<sup>th</sup> term.

(ii) The 2015 Business Plan is attached as Handbook pp18-19, Attachment 3.

#### 4. Proposed Items

##### **Proposal No. 1** (Proposed by the Board)

Adoption of 2015 Business Report and Financial Statements

##### **Explanation:**

(1)The Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Ya-Hui Cheng and Yen-Na Li of PWC Firm.

(2)Also Business Report and Financial Statements have been approved by the Board and examined by the Audit Committee of the Company.

(3)The 2015 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached as pp15-16, pp20-26, Attachment 1 and Attachment 4.

##### **VOTE RESULTS,**

	Votes	% Votes For
For	113,004,971	96.88%
Against	0	0%
Invalid/Abstain	3,644,819	3.12%

**RESOLVED AS AN ORDINARY RESOLUTION,** that the Business Report and consolidated Financial Statements for year ended December 31, 2015 be and are approved.

##### **Proposal No. 2** (Proposed by the Board)

Adoption of the Proposal for 2015 Deficit Compensation

##### **Explanation:**

(1)Please refer to the 2015 Deficit Compensation Statement as follows:

##### Deficit Compensation Statement

2015

(Unit: NTD\$)

Items	Total
Accumulated deficit of prior years	0
(-): 2015 net loss	(430,783,156)

Deficit yet to be compensated – at the end of 2015	(430,783,156)
Items for compensating deficit:	
Additional paid-in capital	430,783,156
Deficit yet to be compensated	0

(2)The Company proposed not to distribute dividends, compensation of directors and employee bonus.

(3)The Deficit Compensation of 2015 is attached as p27, Attachment 5.

**VOTE RESULTS,**

	Votes	% Votes For
For	113,004,971	96.88%
Against	0	0%
Invalid/Abstain	3,644,819	3.12%

**RESOLVED AS AN ORDINARY RESOLUTION,** that the Deficit Compensation of 2015 be and are approved.

**Proposal No. 3 (Proposed by the Board)**

Adoption of the amendment plan for 2014 capital increase through cash injection

**Explanation:**

(1)The Company has applied capital increase NTD 720 millions through cash injection on 2014, due to the private placement did not on schedule, and the operation of Aleees (Taiwan) is getting better, it can make its own profit, therefore, the Company propose to amend the capital utilization plan as below:

①Original plan and schedule:

Contents of the Plan	Date scheduled to complete	Aggregate total fund required Unit: K NTD
To suffice working capital	2016 Q1	520,000
To reimburse bank loan	2017 Q1	200,000
Total		720,000

②The plan and schedule after amended:

Contents of the Plan		Date scheduled to complete	Aggregate total fund required Unit: K NTD
To suffice working capital	Aleees(Taiwan)	2016 Q2	137,508
	Aleees Eco Ark (Taiwan)	2016 Q2	287,992

	Aleees SH	2015 Q3	94,500 (Note)
	Sub-total		520,000
	To reimburse bank loan	2017 Q1	200,000
	Total		720,000

Note: Passed by BOARD dated on April 27, 2015.

- ③ The benefits anticipated to be yielded: The above items still used in the group, therefore, the benefits did not change.
- ④ The discrepancy between original and after amended: The interests saving in 2015 is NTD 12.132 millions, there is no discrepancy between original and the after amended.
- ⑤ The impact on shareholders' equity: There is no benefits change on this amended; therefore, there is no material impact on shareholders' equity.
- (2) This amendment has approved by the BOARD dated on August 12, 2015, and also approved by CBC no.1040035857 document, the Assessment Report provided by Yuan Ta Securities Co., Ltd. is attached as pp28-33, Attachment 6.

#### VOTE RESULTS,

	Votes	% Votes For
For	113,004,971	96.88%
Against	0	0%
Invalid/Abstain	3,644,819	3.12%

**RESOLVED AS AN ORDINARY RESOLUTION**, that the amendment plan for 2014 capital increase through cash injection be and are approved.

#### 5. Discussion Items:

##### **Proposal No.1 (Proposed by the Board)**

In order to cooperate with strategic investor, the Company decides to private placement of securities to issue common shares. Please proceed to discuss.

##### **Explanation:**

(1) For the future development and in order to promote the competition of the Company, it is hereby proposed that the shareholders' meeting to authorize the Board of Directors ("Board") at the appropriate time, seeking the company owned the business or competitiveness which can helps the Company, and setting up the partnership with the Company, and becomes the strategic investor of the Company. Therefore, it plans to cash offering by private placement, to intrude the strategic investor becomes the shareholder of the Company ("The Private"). The Private shall be handled within one year from the resolution made by the shareholders' meeting.

(2) Fund raising method(s) and handling principles of issuance of private placement shares:

① Within the limit of 46,000,000 common shares, the par value of the new common shares to be issued per share is NT\$10. The total amount of the private placement will be calculated according to the final private placement price.

② Basis and reasonableness for determination of the subscription price of the private placement shares:

The issue price of the private placement shares shall be no less than 70% of the reference price. It is deciding on the pricing date. The reference price will follow the below two formulas which is higher:

- (i) The higher of (x) the simple average closing price of the Company's common shares for 1, 3 or 5 trading days prior to the pricing date;
- (ii) Or (y) the simple average closing price of the Company's common shares for 30 trading days prior to the pricing date.

The per share price of this Private maybe lower that the per share of issued by marketing reasons, cause the pricing formula is based on the laws and regulations, so the pricing formula is reasonable. The impact on the shareholders' equity is the accumulated losses incurred between the actual Private pricing and issued price, the cumulative loss of the Company's future will depend on operating conditions, in order to apply for capital reduction, earnings or capital reserves to make up for it.

According to the laws or regulations, when the Private price is lower than 80% of the reference price, the Company shall provide the opinion on the reasonableness to shareholders for consent reference. Therefore, the Company provides the Opinion on the Reasonableness of Gfortune Securities Co., Ltd. is attached as pp34-40, Attachment 7.

③ The method, purpose, necessity and projected benefits to determine specific investor(s):

- (i) The investors subscribing to the private placement common shares must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s).
- (ii) At the beginning, the Board choices FDG Kinetic Investment Limited (It is set up by FDG Kinetic Limited for the purpose of this Private) to be the Private subscriber. It is expected to comply the authorization of the shareholders' meeting and the final pricing of the Board , using NT \$ 35 per share to subscribe for the Company's private placement of 46,000,000 common shares ( it is accounting for dilution of the Company 27.9%% of the issued shares of the total number, and after the completion of private placement paid-in capital 21.8%), and will pay the shares after getting approval by shareholders' meeting and related governments.

A. The list of subscriber, the method, purpose of the subscriber and the relations with the Company:

The list of subscriber	The method, purpose	The relations with the Company

<p>FDG Kinetic Investment Limited. (It is set up by FDG Kinetic Limited for the purpose of this Private)</p>	<p>Choosing the subscriber is who owned the business or competitiveness which can directly or indirectly helps the Company: FDG Kinetic Investment Limited.( It is set up by FDG Kinetic Limited for the purpose of this Private), the intention is to stabilize the Company’s customers, consolidation of the Company owned its leading position of NCO-LFP battery cathode materials, strengthening the vertical integration of operations, in order to effectively extend the company-owned group size and operation of sustainable development, protection of employees’ and shareholders’ equity.</p>	<p>Nil</p>
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B. FDG Kinetic Investment Limited is 100% subsidiary of FDG Kinetic Limited., the top 10% shareholders of FDG Kinetic Limited. as described below:

Top 10% shareholders	Percentage (%)	The relations with the Company
Sinopoly Strategic Investment Limited	67.188%	Nil
SK China Company Limited	5.242%	Nil
STANDARD UNION INVESTMENT LIMITED	0.052%	Nil
NGAN FAI WONG	0.019%	Nil
CHOW SIU LUNG HERBERT + CHOW YU JO WAN JOANNE	0.007%	Nil
CHOW SIU LUNG HERBERT	0.003%	Nil
GO DANIEL T	0.002%	Nil

CHENG YU KUEN	0.001%	Nil
NGO HOK YU	0.001%	Nil
CHAN KENG SENG U/D	0.001%	Nil
CHAN SWEE LAN	0.001%	Nil

C. The method, purpose, necessity and projected benefits to determine subscriber(s):

- (a) The method, purpose: Choosing the subscriber is who owned the business or competitiveness which can directly or indirectly helps the Company, FDG Kinetic Investment Limited( It is set up by FDG Kinetic Limited for the purpose of this Private), the intention is to stabilize the Company's customers, consolidation of the Company owned its leading position of NCO-LFP battery cathode materials, strengthening the vertical integration of operations, in order to effectively extend the company-owned group size and operation of sustainable development, protection of employees' and shareholders' equity.
- (b) The necessity: The mother company of FDG Kinetic Investment Limited is FDG Kinetic Limited, and the main shareholder of FDG Kinetic Limited is FDG Electric Vehicles Limited, they are both listing company in HK. The main invests business of FDG Kinetic Limited is manufacture Li battery cathode materials and batteries, it has finished the merger of 100% shares in SK (Chongqing) Li battery materials Company- a three element polymer lithium battery factory in Chongqing, China original owned by Korea SK Group on Sep. 2015. FDG Kinetic Limited has signed the Strategic Cooperation Agreement with SK China Company Limited, they all agree that they will focus on cathode materials, and work for the research and business co-work on new energy supply chain. FDG Electric Vehicles Limited mainly focus on the manufacture and sell of electric vehicles, it has set up a electric car research and design center in Beijing, its production center is in Hangzhou and Yunnan, its capacity is 100 thousands electric vehicles, FDG Electric Vehicles Limited also joints venture with Smith Electric Vehicles Corp. to set up a company for selling logistic electric vehicles. FDG Electric Vehicles Limited also sets up a lithium battery research plant in Jilin and Tianjin, the total amount invested in electric vehicles and battery supply chain is over hundreds billions. Choosing FDG Kinetic Investment Limited. (It is set up by FDG Kinetic Limited for the purpose of this Private) to be strategic investor, is expected to make vertical integration of business, to enhance the position of supply chain in China market.

- (c) The projected benefits: After finish the Private, the Company will subscribe for FDG Electric Vehicles Limited common shares and convertible bonds (please see below **Proposal No.2**), in view of future development in China of FDG Electric Vehicles Limited, it is expected that the Company can promote its business scales, and set up long-term co-work relationship with customers, also by this time to improve the Company's profitability, promote the whole shareholders' equity, it will be positive influence in financial and shareholders' equity of the Company.
- (iii) Under any situations, if FDG Kinetic Investment Limited. (It is set up by FDG Kinetic Limited for the purpose of this Private) can not join this Private, Board would find another strategic investor to join this Private within one year from the date getting shareholders' meeting.

④ The necessity of issuance of private placement shares :

- (i) The reason of not using public offering: Considering the actual demands, for private placement shares.
- (ii) Private credit: Within the limit of 46,000,000 common shares, authorizes Board to handle within one year from the date getting approval by shareholders' meeting
- (iii) Use of proceeds, the schedule and the projected benefits: The Company plans to use the funds raised from issuance of the private placement shares to set up strategic alliance in China electric vehicles market, so that the Company can get benefits from the future development in China electric vehicles market. The project benefits is to promote the Company's business scales, and to build up the long-term relationship with customers, its expected to improve the Company's profitability, promote the whole shareholders' equity, it will be positive influence in financial and shareholders' equity of the Company.

⑤ The new common shares to be issued to private placement shares are subject to the selling restrictions within three years after the delivery date of the private placement shares under Article 43-8 of the Securities and Exchange Act, and will have the same rights and obligations as the Company's existing issued and outstanding common shares. According to the regulations, the Company will apply these shares for public procedure and listing when the three year restriction is expired.

⑥ After the shareholders meeting approves issuance the private placement shares, it is proposed for the shareholders meeting to authorize the Board to determine and amend, at the Board's sole dissertation, the terms and condition of the private placement shares , the plan for the use of proceeds, the schedule and projected benefits and all matters in connection therewith, in accordance with the Company's actual needs, market conditions and relevant regulations and if any amendment



thereto is required by change of the regulations or as required by the regulator's instruction or based on the Company's operation evaluation or change of the market conditions, the Board is authorized to make the required amendments at the Board's sole discretion.

- (3) There is no material change in the right of management before the Board decided the Private, and it is expected that there will not be changed in the right of management when handling the Private.
- (4) Board has approved the Private, and authorized the Director or whom he designated, to represent the Company deal with or sign any related transaction documents with FDG Kinetic Investment Limited (It is set up by FDG Kinetic Limited for the purpose of this Private), it is proposed for the shareholders meeting to authorize the Director or whom he designated to handle all related matters, including but not limited to, signing related documents, or work for the signature procedure of the subscribe agreement with FDG Kinetic Investment Limited (if there is no change in subscriber)
- (5) According to the regulations or laws of Taiwan, if handling the Private needs to get approval in advance, or needs to fulfill application, thus the Private shall be based on finish those procedures.
- (6) This **Proposal No.1** has approved by the Audit Committee, it is proposed for the shareholders meeting approval.

**VOTE RESULTS,**

	Votes	% Votes For
For	111,892,642	95.92%
Against	1,112,329	0.95%
Invalid/Abstain	3,644,819	3.12%

**RESOLVED AS AN ORDINARY RESOLUTION,** that the Proposal No.1 case be approved and adopted.

**Proposal No.2 (Proposed by the Board)**

The Company agreed to subscribe for FDG common shares and convertible bonds. Please proceed to discuss.

**Explanation:**

- (1) According to the Regulations Governing the Acquisition and Disposal of Assets of the Company ("Regulations").
- (2) In order to set up the strategic alliance with FDG Electric Vehicles Limited, it is proposed that the Company will subscribe the new shares 430,000,000 shares (HKD 0.5/per share ) and convertible bonds HKD 275,000,000 (converting price is HKD 0.5/per share )by FDG Electric Vehicles Limited ("The Subscription").
- (3) After FDG Kinetic Investment Limited (It is set up by FDG Kinetic Limited for the

purpose of this Private) joins the Company's private placement, FDG Kinetic Limited will become the affiliate of the Company, further, FDG Electric Vehicles Limited will also become the affiliate of the Company, therefore, the Company subscribes for FDG Electric Vehicles Limited common shares and convertible bonds shall follow the Regulations. According to the Regulations, Article 5.6.3, when the Company acquires assets other than real property from a related party and the transaction amount more than NT\$300 million, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board:

- ① The objectives, indispensability and anticipated benefits of the real estate to be acquired or disposed: The Company plans to use the funds raised from issuance of the private placement shares to set up strategic alliance in China electric vehicles market, so that the Company can get benefits from the future development in China electric vehicles market. The project benefits is to promote the Company's business scales, and to build up the long-term relationship with customers, its expected to improve the Company's profitability, promote the whole shareholders' equity, it will be positive influence in financial and shareholders' equity of the Company.
- ② The reasons why to choose the subject related party for the transaction: For setting up strategic alliance, choosing FDG Electric Vehicles Limited to be transaction party.
- ③ With respect to the acquisition of real property from a related party, the supporting documents to back up the rationality of the terms of transaction for appraisal under the Regulations: NA
- ④ The date while the related party previously obtained the subject assets, the transaction target and the relationship with the Company and the related party: NA
- ⑤ The revenues and expenditures anticipated for the respective months of the year ahead of the anticipated execution of the agreement, with assessment of the indispensability in the transaction and rationality of the capital utilization: This is the part of strategic alliance, it is expected to get benefits from the future development in China electric vehicles market. The project benefits is to promote the Company's business scales, and to build up the long-term relationship with customers, its expected to improve the Company's profitability, promote the whole shareholders' equity, it will be positive influence in financial and shareholders' equity of the Company.
- ⑥ An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article. Please see attached as pp41-50, pp51-55, Attachment 8 and Attachment 9.
- ⑦ Restrictive terms and other major covenants in the present transaction: It is proposed for the approval of the shareholders meeting, and the Subscription will be started when every conditions get ready and approval.
- ⑧ An opinion issued by a CPA engaged to review whether the transaction with the affiliated

enterprise conforms with ordinary commercial terms and whether it is not damaging to the interests of the Company and its minority shareholders. Please see attached as pp51-55, Attachment 9.

(4) Board has approved the Subscription, and authorized the Director or whom he designated, to represent the Company deal with or sign any related transaction documents with FDG Electric Vehicles Limited, it is proposed for the shareholders meeting to authorize the Director or whom he designated to handle all related matters, including but not limited to, signing related documents, or work for the signature procedure of the subscribe agreement with DG Electric Vehicles Limited.

(5) This **Proposal No.2** has approved by the Audit Committee, it is proposed for the shareholders meeting approval.

**VOTE RESULTS,**

	Votes	% Votes For
For	113,004,971	96.88%
Against	0	0%
Invalid/Abstain	3,644,819	3.12%

**RESOLVED AS AN ORDINARY RESOLUTION,** that the Proposal No.2 case be approved and adopted.

**Proposal No.3 (Proposed by the Board)**

Amendment to the Articles of Incorporation. Please proceed to discuss.

**Explanation:**

In order to conform to the needs of commercial practice and related commercial laws, the Company hereby proposes to amend the Articles of Incorporation. Please refer to pp56-60 ( Attachment 10) for details.

**VOTE RESULTS,**

	Votes	% Votes For
For	113,004,971	96.88%
Against	0	0%
Invalid/Abstain	3,644,819	3.12%

**RESOLVED AS AN ORDINARY RESOLUTION,** that the Proposal No.3 case be approved and adopted.

**Proposal No. 4 (Proposed by the Board)**

Amendment to the Regulations Governing Shareholders' Meeting. Please proceed to discuss.

**Explanation:**

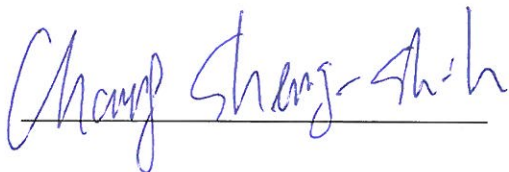
In order to conform to the needs of commercial practice and related commercial laws, the Company hereby proposes to amend the Regulations Governing Shareholders' Meeting. Please refer to pp61 ( Attachment 11) for details.

**VOTE RESULTS,**

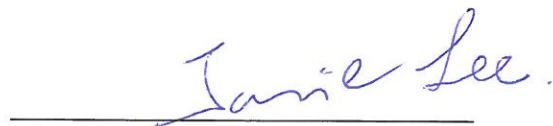
	Votes	% Votes For
For	113,004,971	96.88%
Against	0	0%
Invalid/Abstain	3,644,819	3.12%

**RESOLVED AS AN ORDINARY RESOLUTION,** that the Proposal No.4 case be approved and adopted.

6. Ad Hoc Motion: None
7. Adjournment of meeting



Chairman



Recorder