

Alternative Energy International Limited (Hong Kong) Shareholder Newsletter – 23rd February 2010

This newsletter is for shareholders of Alternative Energy International Limited (Hong Kong) Company Number 964562 (“AEIL”) to bring them up to date with the company’s affairs.

Accounts and Audit

The AEIL (Hong Kong) accountant and auditors report for 2008-09 was filed in January 2010 in compliance with Hong Kong law.

Independent Assessment and Australian Commercialisation

A confidential and preliminary report has been conducted by Ivan Winter of Ingenia Pty Ltd under the commission of AEI Pty Ltd. AEI Pty Ltd is a 100% owned Australian subsidiary of AEIL HK. The report was prepared with the cooperation of Alternative Energy Australia Pty Ltd in order to determine the commercial readiness of the Mackay CHR50 prototype.

Two extracts from the preliminary report include:

This is because of break through advances by AEIL scientists and engineers that have lowered the operating temperatures by several hundred degrees Celsius. A new patent is under development and the potential for lower capital equipment costs and even lower hydrogen production costs than previously estimated has been achieved.

Active discussions are underway with AEA for the early commercialisation of the AEI CHR™ technology in Australia. A JV company with AEA Pty Ltd and AEI Pty Ltd is a desirable outcome under discussion. This structure would enable AEIL to maintain control of the IP while allowing AEA Pty Ltd to complete commercialization and raise funds together.

AEIL IP

An independent review of the IP of AEIL confirms that all transfers of the patents from AEI BVI have been completed.

Shareholder Registration

We have appointed Company ShareCare to maintain our share register and handle all shareholders’ enquiries. This is a business conducted by Kixstaart Equities Limited ACN 106 211 983 which holds Australian Financial Services License 275444. The business specialises in share registers for unlisted companies with multiple shareholders. You can email them on shares@ausfirst.com for any information regarding your shares.

For information regarding the company’s business, please contact the Management team (details below).

Next Steps

Priorities are:

- (a) Register all shares in individual names
- (b) Complete alpha CHR50 in Australia
- (c) Prepare for Hannover Fair in April 2010 and WHEC 2010 in Essen, Germany in May
- (d) Support AEA activities in Australia

Alternative Energy International Management Limited (HK)

Suites 1601-1603 Kinwick Centre

32 Hollywood Rd Central Hong Kong

+61-7-5572-0298 phone

[*info@aei-hydrogen.com*](mailto:info@aei-hydrogen.com)

[*www.aei-hydrogen.com*](http://www.aei-hydrogen.com)