

CIRCULAR DATED 14 APRIL 2011

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the contents of this Circular or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of Alternative Energy Limited (the "Company"), you should forward this Circular immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee.



**ALTERNATIVE ENERGY LIMITED**

Incorporated and registered in the Republic of Singapore under the Companies Act (Cap. 50) of Singapore with  
registered number 200619290H  
ISIN Number: SG9999004659

**CIRCULAR TO SHAREHOLDERS**

**in relation to**

- 1) The Proposed Renewal of the Share Buy-Back Mandate;**
- 2) The Proposed Renewal of the General Issue Mandate; and**
- 3) The Proposed Renewal of the Authority to Issue and Allot Shares under the Company's Employee Share Option Scheme and Share Performance Plan**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	: 27 April 2011 at 2:30 p.m.
Date and time of Annual General Meeting	: 29 April 2011 at 2:30 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2:00 p.m. on the same day and at the same place)
Place of Annual General Meeting	: Magnolia Room Mezzanine Level Shangri-La Hotel 22 Orange Grove Road Singapore 258350

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## CORPORATE INFORMATION

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**Board of Directors** : Mr Christopher George Edward Nightingale *Executive Chairman*  
Mr Richard Anthony Finlayson Lascelles *Independent Director*  
Mr Bay Yew Chuan *Independent Director*  
Mr Noel Meaney *Independent Director*  
Dr Eric Goh Swee Ming *Executive Director*

**Company Secretary** : Mr Yap Lian Seng

**Registered Office** : 1 Science Park Road  
#02-09, The Capricorn  
Singapore Science Park II  
Singapore 117528

**Nominated Adviser  
And Broker** : Beaumont Cornish Limited  
2nd Floor, Bowman House  
29 Wilson Street  
London EC2M 2SJ  
United Kingdom

**Singapore Legal  
Adviser to the  
Company** : Stamford Law Corporation  
10 Collyer Quay  
#27-00 Ocean Financial Centre  
Singapore 049315

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:-

"Act"	:	Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
"AIM"	:	AIM, a market operated by London Stock Exchange plc
"AIM Rules"	:	The AIM Rules for Companies and Rules for Nominated Advisers published by the London Stock Exchange plc governing admission to and operation of AIM
"AGM"	:	An annual general meeting of the Company
"Companies Amendment Act"	:	The Companies (Amendment) Act 2005 of Singapore
"Company"	:	Alternative Energy Limited
"Directors"	:	Directors of the Company for the time being
"EPS"	:	Earnings per Share
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	12 April 2011, being the latest practicable date prior to the printing of this Circular
"NTA"	:	Net tangible assets
"Share Buy-Back Mandate"	:	The general mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Circular and the rules and regulations set forth in the Act and the AIM Rules
"Shareholders"	:	Registered holders of Shares
"Shares"	:	Ordinary shares in the capital of the Company
"%" or "per cent."	:	Per centum or percentage

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa, and words importing persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Act or any modification thereof, as the case may be, unless the context otherwise requires.

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## LETTER TO SHAREHOLDERS

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### ALTERNATIVE ENERGY LIMITED (Incorporated in the Republic of Singapore)

#### Directors:-

Mr Christopher George Edward Nightingale  
Mr Richard Anthony Finlayson Lascelles  
Mr Bay Yew Chuan  
Mr Noel Meaney  
Dr Eric Goh Swee Ming

#### Registered Office:-

1 Science Park Road  
#02-09, The Capricorn  
Singapore Science Park II  
Singapore 117528

14 April 2011

To: The Shareholders of Alternative Energy Limited

Dear Sir/Madam

#### 1. INTRODUCTION

The Directors are convening an AGM to be held on 29 April 2011 (the “**2011 AGM**”) to, *inter alia*, seek Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate to allow the Company to purchase its issued Shares, the proposed renewal of the general issue mandate and the proposed renewal of the authority to issue and allot Shares under the Company's Employee Share Option Scheme and Share Performance Plan.

The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to the proposals, and to seek Shareholders' approval for such proposals at the 2011 AGM.

#### 2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

##### 2.1 Background

At the AGM held on 31 May 2010 (the “**2010 AGM**”), the Shareholders had approved the renewal of a Share Buy-Back Mandate (the “**2010 Mandate**”) to enable the Company to purchase or otherwise acquire Shares, subject to the rules of AIM and the Act. The 2010 Mandate was expressed to take effect on the date of the passing of the resolution approving the 2010 Mandate and unless varied or revoked by the Company in general meeting, will expire on the earlier of the date on which the next AGM is held or the date by which the next AGM is required by law to be held.

The Directors are proposing that the Share Buy-Back Mandate previously approved at the 2010 AGM be renewed at the 2011 AGM so as to take effect until the date the next AGM is held or is required by law to be held or the date the Share Buy-Back Mandate is revoked or varied by the Company in general meeting, whichever is the earlier.

##### 2.2 Rationale for the Share Buy-Back Mandate

A share buy-back at an appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements, in an expedient and cost efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the Company's share structure

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## LETTER TO SHAREHOLDERS

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and may, depending on market conditions, lead to an enhancement of the EPS and/or NTA per share of the Company.

The proposed renewal of the Share Buy-Back Mandate will provide the Company with an efficient mechanism to enhance return to Shareholders when circumstances permit. The Share Buy-Back Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short term speculation.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity (for example, share trading volume) and working capital of the Company.

### 2.3 Authority and Limits of the Share Buy-Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company if the Share Buy-Back Mandate is renewed at the 2011 AGM are substantially the same as previously approved by Shareholders at the 2010 AGM and are summarised below:-

(a) Maximum number of Shares

The total number of Shares which can be purchased pursuant to the proposed Share Buy-Back Mandate is such number of Shares which represents up to a maximum of ten per cent. (10%) of the issued ordinary Share as at the date of the AGM on which the resolution authorising the Share Buy-Back Mandate is passed.

Purely for illustrative purposes, on the basis of 1,428,672,561 Shares (including treasury shares) in issue as at the Latest Practicable Date, not more than 142,867,256 Shares (rounded to the nearest whole Share)(representing ten per cent. (10%) of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Buy-Back Mandate is approved, up to the earlier of:-

- (i) the date of the next AGM; or
- (ii) the date by which the next AGM is required by law to be held; or
- (iii) the time when such mandate is revoked or varied by the Shareholders of the Company in general meeting.

(c) Manner of purchases or acquisitions of Shares

Purchases of Shares can be effected by the Company in either one of the following two (2) ways or both:

- (i) market purchases on AIM ("**Market Purchase**"); and/or
- (ii) an off-market acquisition on an equal access scheme as defined in Section 76C of the Act ("**Off-Market Purchase**"). The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, and the Act, as they consider fit in the interests of the Company in connection with or in relation to Off-Market Purchase schemes. The Off-Market Purchase scheme must, however, satisfy the following conditions:-

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## LETTER TO SHAREHOLDERS

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- (aa) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (bb) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (cc) the terms of all the offers are the same, except that there shall be disregarded:-
  - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

(d) Price Restrictions

The purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for a Share as determined by the Directors must not exceed such limitations as may be prescribed by the AIM Rules or the Act.

### 2.4 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

### 2.5 Treasury Shares

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act, as amended by the Companies Amendment Act, are summarised below:-

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share(s) into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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## LETTER TO SHAREHOLDERS

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(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:-

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister.

### 2.6 Source of Funds

In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Memorandum and Articles of Association, and the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash and where relevant, settlement shall be in accordance with the trading rules of AIM. Previously, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may only be made out of the Company's distributable profits. The Companies Amendment Act now permits the Company to also purchase or acquire its own Shares out of capital, as well as from its distributable profits. The Company intends to utilise internal funds to finance the purchases of Shares.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity (for example, share trading volume) and working capital of the Company and the Group.

### 2.7 Financial Impact

Shares purchased or acquired by the Company will be cancelled or may be held or dealt with as treasury shares. The consideration to be paid by the Company for the purchase or acquisition of Shares (excluding brokerage, commissions, stamp duties, goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The financial impact on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the renewal of the Share Buy-Back Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired and the amount (if any) borrowed by the Company to fund the purchase or acquisition.

The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share buy-back before execution.

Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.



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## LETTER TO SHAREHOLDERS

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### 2.8 AIM

A share buy-back is a transaction which falls under the requirements of Rule 21 of the AIM Rules, whereby the Company will ensure that the Company will not repurchase any of its own Shares during a “close period”, as defined in the AIM Rules.

The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the orderly trade of the Shares or the listing status of the Company.

As at the Latest Practicable Date, apart from its Shares listed on AIM, the Company also has 1,922,966 treasury shares.

### 2.9 Tax Implications

#### 2.9.1 Buy-back using distributable profits

Under Section 10J of the Income Tax Act (Chapter 134) of Singapore, a company resident in Singapore which repurchases its own ordinary shares (whether to hold as treasury shares or otherwise) using its distributable profits is deemed to have paid a dividend to its shareholders from whom the shares are purchased regardless of whether the buyback was done through a market purchase or an off-market purchase. The Company will, in repurchasing its own Shares out of its distributable profits, be deemed to have paid a dividend to its Shareholders from whom the Shares are purchased on the date of the payment.

From 1 January 2003, the imputation system to regulate the distribution of corporate profits by companies resident in Singapore was replaced by the one-tier corporate system under which the tax paid by such companies will be the final tax and will not be imputed back to shareholders. Shareholders will not be taxed on the Singapore dividends received under the one-tier system, i.e. the tax assessed is no longer available for franking dividend payments.

#### 2.9.2 Buy-back using contributed capital

Under Section 10J of the Income Tax Act (Chapter 134) of Singapore, a company resident in Singapore which repurchases its own ordinary shares (whether to hold as treasury shares or otherwise) using its contributed capital is not deemed to have paid a dividend to its shareholders from whom the shares are repurchased.

The tax treatment of the receipt from a share buy-back made out of contributed capital in the hands of a selling Shareholder will be treated like any other sale made on AIM. Whether the proceeds from such a sale are taxable in the hands of the selling Shareholder will depend on whether such proceeds are receipts of an income or a capital nature.

**Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholders. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.**

#### 2.10 Reporting Requirements

Within thirty (30) days of the passing of the resolution to renew the Share Buy-Back Mandate, the Directors shall lodge a copy of the relevant Shareholders' resolution with the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”).

The Directors shall lodge with ACRA a notice of share purchase within thirty (30) days of a share buy-back. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of treasury

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## LETTER TO SHAREHOLDERS

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shares held, the Company's issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

### 3. THE PROPOSED RENEWAL OF THE GENERAL ISSUE MANDATE

At the 2010 AGM, the Shareholders had authorised and empowered the Directors to allot and issue Shares and/or instruments that might or would require Shares to be issued (the “**2010 General Issue Mandate**”). The 2010 General Issue Mandate was expressed to take effect from the passing of the resolution approving the 2010 General Issue Mandate and unless varied or revoked by the Company in general meeting, will expire on the earlier of the conclusion of the next AGM or the date by which the next AGM is required by law to be held.

The Directors are proposing that the 2010 General Issue Mandate be renewed at the 2011 AGM so as to take effect until the conclusion of the next AGM or or the date by which the next AGM is required by law to be held, whichever is the earlier.

### 4. THE PROPOSED RENEWAL OF THE AUTHORITY TO ISSUE AND ALLOT SHARES

In a member resolution in writing dated 2 July 2007, Christopher Nightingale, the then sole member of the Company approved the Alternative Energy Limited Employee Share Option Scheme (the “**ESOS**”) and the Alternative Energy Limited Share Performance Plan (the “**SPP**”)

At the 2010 AGM, the Shareholders had authorised and empowered the Directors to issue and allot Shares pursuant to the exercise of options under the ESOS and the vesting of awards under the SPP (the “**2010 Issue Authority**”). The 2010 Issue Authority was expressed to take effect on the date of the passing of the resolution approving the 2010 Issue Authority and unless varied or revoked by the Company in general meeting, will expire on the earlier of the conclusion of the next AGM or the date by which the next AGM is required by law to be held.

The Directors are proposing that the 2010 Issue Authority be renewed at the 2011 AGM so as to take effect until the conclusion of the next AGM or or the date by which the next AGM is required by law to be held, whichever is the earlier.

### 5. DIRECTORS' INTERESTS

- (a) The interests of Directors in the Shares of the Company as recorded in the Register of Directors' Shareholdings pursuant to Section 164 of the Act, as at the Latest Practicable Date, were as follows:-

<u>Directors</u>	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>Number of Shares</u>	<u>%</u>	<u>Number of Shares</u>	<u>%</u>
Christopher George Edward Nightingale	2	negligible	607,041,479 <sup>(1)</sup>	42.49
Richard Anthony Finlayson Lascelles	25,000,000	1.75	–	–

## LETTER TO SHAREHOLDERS

Noel Meaney	25,000,000	1.75	–	–
Bay Yew Chuan	25,000,000	1.75	–	–
Dr Eric Goh Swee Ming	7,058,823	0.49	–	–

**Notes:**

- (1) Held through Perfection Group Limited, a company of which Mr Christopher Nightingale is the sole legal and beneficial owner of its entire issued share capital.

### 6. SUBSTANTIAL SHAREHOLDERS' INTERESTS

The substantial Shareholders of the Company as recorded in the Register of Substantial Shareholders pursuant to Section 88 of the Act, as at the Latest Practicable Date, were as follows:-

<u>Substantial Shareholder</u>	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>Number of Shares</u>	<u>%</u>	<u>Number of Shares</u>	<u>%</u>
Perfection Group Limited	607,041,479 <sup>(1)</sup>	42.49	–	–
Pershing Nominees Limited A/C AGCLT	214,370,000	15.00	–	–
Morstan Nominees Limited	137,750,000	9.64	–	–
Roy Nominees Limited	113,500,000	7.94	–	–

**Notes:**

- (1) A company of which Mr Christopher Nightingale is the sole legal and beneficial owner of its entire issued share capital.

### 7. DIRECTORS' RECOMMENDATION

Shareholders should read and consider carefully this Circular in its entirety before giving their approval for the proposed renewal of the Share Buy-Back Mandate, the proposed renewal of the general issue mandate and the proposed renewal of the authority to issue and allot Shares under the ESOS and SPP.

All the Directors recommend that Shareholders vote in favour of the proposed renewal of the Share Buy-Back Mandate, the proposed renewal of the general issue mandate and the proposed renewal of the authority to issue and allot Shares under the ESOS and SPP as they are in the interests of the Company.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who have delegated detailed supervision of this Circular) collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm that having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects and there are no other material facts, the omission of which would make any statement in this Circular misleading.

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## LETTER TO SHAREHOLDERS

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Where information contained in this Circular has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

### 9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 1 Science Park Road, #02-09, The Capricorn, Singapore Science Park II, Singapore 117528 during normal business hours from the date of this Circular up to the date of the AGM:-

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the Admission Document dated 9 October 2007.

Yours faithfully  
For and on behalf of  
**The Board of Directors**

Christopher Nightingale  
Executive Chairman

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## NOTICE OF ANNUAL GENERAL MEETING

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**ALTERNATIVE ENERGY LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Reg. No. 200619290H)

### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at the Magnolia Room, Mezzanine Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on 29 April 2011 at 2:30 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2:00 p.m. on the same day and at the same place) for the following purposes:

#### **As Ordinary Business:**

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 August 2010, together with the Auditor's Report thereon. (Resolution 1)
2. To re-elect Dr Eric Goh Swee Ming being a Director who retires by rotation pursuant to Article 91 of the Articles of Association of the Company. (Resolution 2)
3. To re-elect Mr Christopher George Edward Nightingale being a Director who retires by rotation pursuant to Article 91 of the Articles of Association of the Company. (Resolution 3)
4. To re-appoint Messrs BDO Raffles as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 4)

#### **As Special Business:**

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments.

#### **5. SHARE ISSUE MANDATE**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "Act") and the relevant rules of AIM as may be varied or imposed from time to time, authority be and is hereby given to the Directors of the Company to:

- (i) issue and allot shares in the capital of the Company (including, without limitation) by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of warrants, options, debentures or other instruments convertible into shares,

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## NOTICE OF ANNUAL GENERAL MEETING

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at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution shall be subject to any relevant limits and manner of calculation as may be prescribed (if any, from time to time) by the rules of AIM;
- (b) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of AIM for the time being in force (unless such compliance has been waived by AIM), the Act and the Articles of Association for the time being of the Company; and
- (c) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 5)

### 6. AUTHORITY TO ISSUE AND ALLOT SHARES

- (a) ALTERNATIVE ENERGY LIMITED SHARE PERFORMANCE PLAN ("AEL SHARE PERFORMANCE PLAN")

THAT pursuant to Section 161 of the Companies Act, Chapter 50 and the relevant rules of AIM as may be varied or imposed from time to time, the Directors of the Company be and are hereby authorised to offer, allot and issue or deliver from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of awards under the AEL Share Performance Plan and unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 6(a))

- (b) ALTERNATIVE ENERGY LIMITED SHARE OPTION SCHEME ("AEL ESOS")

THAT pursuant to Section 161 of the Companies Act, Chapter 50 and the relevant rules of AIM as may be varied or imposed from time to time, the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the AEL ESOS and unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 6(b))

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## NOTICE OF ANNUAL GENERAL MEETING

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### 7. PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

THAT:-

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:-
  - (i) on-market purchase(s) on AIM; and/or
  - (ii) off-market purchase(s) (if effected otherwise than on AIM) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all laws, regulations and rules of AIM as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-
  - (i) the date on which the next Annual General Meeting of the Company is held; or
  - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;
- (c) in this Resolution:-

**"Maximum Percentage"** means the number of Shares representing 10 per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and **"Maximum Price"** in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed such limitations as may be prescribed by the rules of AIM and the Act; and
- (d) the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 7)

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## NOTICE OF ANNUAL GENERAL MEETING

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8. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Yap Lian Seng  
Company Secretary

Singapore,  
14 April 2011

**Notes:**

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to attend and vote on its behalf.
3. The instrument appointing a proxy must be deposited at the office of the Company's Secretary at **10 Collyer Quay, #27-00, Ocean Financial Centre, Singapore 049315** not less than 48 hours before the time appointed for holding of the Annual General Meeting.



## PROXY FORM

### ALTERNATIVE ENERGY LIMITED

(Incorporated in the Republic of Singapore)  
(Company Reg. no. 200619290H)

### PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of Alternative Energy Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at the Magnolia Room, Mezzanine Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on 29 April 2011 at 2:30 p.m. (or as soon thereafter following the conclusion or adjournment of the Extraordinary General Meeting of the Company to be held at 2:00 p.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 August 2010, together with the Auditors' Report thereon.		
Resolution 2	To re-elect Dr Goh Swee Ming being a Director who retires by rotation pursuant to Article 91 of the Articles of Association of the Company.		
Resolution 3	To re-elect Mr Christopher George Edward Nightingale being a Director who retires by rotation pursuant to Article 91 of the Articles of Association of the Company.		
Resolution 4	To re-appoint Messrs BDO Raffles as Auditors.		

## PROXY FORM

	<b>SPECIAL BUSINESS</b>		
	Ordinary Resolution :		
Resolution 5	To authorise the Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50 and the relevant rules of the AIM Market of the London Stock Exchange.		
Resolution 6(a)	To authorise the Directors to issue shares in accordance with the provisions of the AEL Performance Share Plan.		
Resolution 6(b)	To authorise the Directors to offer and grant options and to issue shares in accordance with the provisions of the AEL ESOS.		
Resolution 7	To adopt and approve the proposed Renewal of the Share Buy-back Mandate.		

Dated this ..... day of ..... April ..... 2011

.....  
*Signature of Shareholder(s)*  
*or, Common Seal of Corporate Shareholder*

Total number of Shares in:	No. of
Register of Members	Shares

\*Delete where inapplicable

### IMPORTANT: PLEASE READ NOTES BELOW

#### Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. A member should insert the total number of shares registered in his name in the Register of Members of the Company. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Secretary at 10 Collyer Quay #27-00, Ocean Financial Centre, Singapore 049315, not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

Where an instrument appointing a proxy is signed on behalf of the appointor or by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

#### General:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.