



## ADVANCED ENGINE COMPONENTS LIMITED

ACN: 009 981 770

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25 June 2003

Company Announcements Office  
The Australian Stock Exchange Limited  
Exchange Centre  
20 Bond Street  
Sydney NSW 2000

Dear Sir/Madam

### **RE: Market Update**

#### **Loan Funding**

The Company announces that it has entered into a number of agreements:

1. To increase the Loan Agreement facility with Commonwealth Equity, Limited (CEL) to \$2.1 million. The agreement also allows for an extension of the repayment terms to 31 July 2003, or later as advised by CEL.
2. To enter into a new loan facility with LIM Asia Arbitrage Fund Inc (LIM Asia) for \$525,000, repayable on 20 June 2004.

#### **Sale of Shares and Assignment of Debt**

The Company has received notice that LIM Asia has disposed of 33,699,065 ordinary fully paid shares in the Company to 698 Capital International Limited.

This represents 19.9% of the issued ordinary shares in the Company.

The Company has received notice from LIM Asia that the debt of \$3.32 million owed by AEC to LIM Asia has been assigned to 698 Capital Asia Pacific Limited. AEC owed these monies to LIM Asia as a result of transactions between NewTel Limited (NewTel) and LIM Asia and the mortgaging by NewTel of the debt to LIM Asia.

#### **Takeover Bid**

The Company has received an announcement from 698 Capital International Limited stating its intention to make a takeover bid for all of the ordinary shares of the Company. Pursuant to the proposed bid, 698 Capital International Limited will offer to acquire all of the ordinary fully paid shares in the Company at a price of \$0.009961 per share. The bid will be subject to the conditions set out in the announcement by 698 Capital International Limited.





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The Directors are in the process of considering the bid by 698 Capital International Limited and advise shareholders to await further information from the Company before taking any action in this regard.

Yours Sincerely

**Jamie Scoringe**  
**Company Secretary**

