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12 August 2003

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Our reference: 60011/60054/60008493

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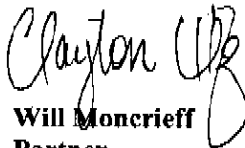
Dear Sir/Madam,

698 Capital International Limited - Takeover bid for Advanced Engine Components Limited

We act for 698 Capital International Limited in relation to its offers dated 18 July 2003 for all of the ordinary shares in Advanced Engine Components Limited.

We enclose notice under section 630(3) of the Corporations Act in relation to the status of defeating conditions to our client's offers.

Yours faithfully



Will Moncrieff
Partner

wmoncrieff@claytonutz.com

Contact:

Robyn Gilbert**Senior Associate**

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Notice under Section 630(3) of the Corporations Act

STATUS OF DEFEATING CONDITIONS

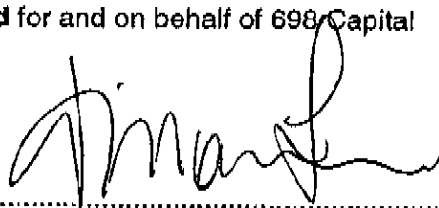
698 Capital International Limited ARBN 105 459 130
Offer for Shares In Advanced Engine Components Limited ACN 009 081 770

698 Capital International Limited ("**698 Capital**") hereby gives notice under section 630(3) of the Corporations Act that:

- (a) its offers dated 18 July 2003 for shares in Advanced Engine Components Limited, as set out in its bidder's statement dated 4 July 2003, (and the contracts resulting from acceptance of those offers) are free from the conditions which are set out in section 4.10(a) of the bidder's statement;
- (b) the offers are no longer subject to any defeating conditions; and
- (c) at the date of this notice, 698 Capital's voting power in Advanced Engine Components Limited is 76.23 %.

Dated: 12 August 2003.

Signed for and on behalf of 698 Capital



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William Lee
Director