

ADVANCED ENGINE COMPONENTS LIMITED

ACN 009 081 770

NOTICE OF 2002 ANNUAL GENERAL MEETING

AND

**EXPLANATORY MEMORANDUM
TO SHAREHOLDERS**

A PROXY FORM IS ENCLOSED

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the 2002 Annual General Meeting of shareholders please complete and return the enclosed Proxy Form in accordance with the specified directions.

ADVANCED ENGINE COMPONENTS LIMITED

ACN 009 081 770

NOTICE OF MEETING

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EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Notice is given that the 2002 Annual General Meeting of Advanced Engine Components Limited (“AEC” or the “Company”) will be held at 14 Energy Street, Malaga, Western Australia, on Tuesday 7th October 2003 at 10.00am.

AGENDA

ORDINARY BUSINESS

1 Financial Reports

To receive the financial report and the directors’ and auditors’ reports for the year ended 30 June 2002.

2 Resolution 1: Election of Director – Mr Graham Keys

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Graham Keys having been appointed as a Director of the Company since the last Annual General Meeting retires pursuant to the Company’s Constitution, and being eligible offers himself for election, be elected as a Director of the Company.”

3 Resolution 2: Election of Director – Mr George Long

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That Mr George Long having been appointed as a Director of the Company since the last Annual General Meeting retires pursuant to the Company’s Constitution, and being eligible offers himself for election, be elected as a Director of the Company.”

4 Resolution 3: Election of Director – Mr William Lee

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“That Mr William Lee having been appointed as a Director of the Company since the last Annual General Meeting retires pursuant to the Company’s Constitution, and being eligible offers himself for election, be elected as a Director of the Company.”

5 Resolution 4: Election of Director – Mr Thomas Liu

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Thomas Liu having been appointed as a Director of the Company since the last Annual General Meeting retires pursuant to the Company's Constitution, and being eligible offers himself for election, be elected as a Director of the Company."

6 Resolution 5: Election of Director – Mr Arthur Wang

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Arthur Wang having been appointed as a Director of the Company since the last Annual General Meeting retires pursuant to the Company's Constitution, and being eligible offers himself for election, be elected as a Director of the Company."

7 Resolution 6: Election of Director –Dr Daniel Wu

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Dr Daniel Wu having been appointed as a Director of the Company since the last Annual General Meeting retires pursuant to the Company's Constitution, and being eligible offers himself for election, be elected as a Director of the Company."

8 Resolution 7: Appointment of Mr Glyn O'Brien of Horwath Perth as Auditor

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of section 327(3) of the Corporations Act and for all other purposes, Mr Glyn O'Brien of Horwath Perth be appointed auditor of the Company."

9 Resolution 8: Directors' Fees

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That the aggregate remuneration of all non-executive directors be fixed at a maximum of \$250,000 per annum, to be divided amongst the non-executive directors as the Board may resolve from time to time."

Voting exclusion

The Company will disregard any votes cast on this Resolution by the Directors of the Company and by any associate the Directors. However the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

SNAPSHOT DATE

For the purposes of regulation 10.2.115 of the Corporations Regulations, the Directors have set a snapshot date to determine the identity of those persons eligible to vote at the 2002 Annual General Meeting. The snapshot date is 10.00am (Perth time) on Friday 3rd October 2003.

PROXIES

In accordance with section 249L of the Corporations Act, shareholders are advised that:

- each shareholder has a right to appoint one proxy, and if the shareholder may cast two or more votes, the shareholder may appoint two proxies;
- a proxy need not be a shareholder of the Company; and
- if a shareholder appoints two proxies, the shareholder may specify the proportion or number of votes each proxy is appointed to exercise.

In accordance with the Company's Constitution, shareholders are further advised that:

- if the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the shareholder's votes; and
- if a shareholder appoints two proxies, only one may vote on a show of hands.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

Principal Office: 14 Energy Street
Malaga WA 6090

Facsimile Number: (08) 9209 6999

Postal Address: PO Box 3126
Malaga WA 6090

The instrument appointing the proxy must be signed by the shareholder, or by the shareholder's attorney who is authorised to sign the instrument under a power of attorney.

If a shareholder is a company it must sign the instrument in accordance with section 127 of the Corporations Act.

A proxy is not entitled to vote unless the instrument appointing the proxy, and the authority under which the instrument is signed or a certified copy of the authority, is either deposited at the registered office of the Company or sent by facsimile to that office, and in each case to be received not less than 48 hours prior to the time of the meeting (being not later than 10.00 am Perth time on Friday, 3rd October 2003).

By Order of the Board

Dated: 8 September 2003

Nerida Schmidt
Company Secretary

ADVANCED ENGINE COMPONENTS LIMITED

ACN 009 081 770

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

This Explanatory Memorandum has been prepared to assist shareholders of the Company in understanding the business to be put to shareholders for their consideration at the forthcoming 2002 Annual General Meeting of the Company.

The Directors recommend that you read this Explanatory Memorandum and attend the forthcoming 2002 Annual General Meeting.

1. General

Shareholders should note that the 2002 Annual General Meeting is being held outside the period prescribed by section 250N of the Corporations Act.

It is intended that the 2003 Annual General meeting will be held by the end of November 2003, within the prescribed period.

2. Annual Financial Reports

The first item of the Notice of Annual General Meeting deals with the presentation of the financial report and reports of the directors and auditors of the Company for the year ended 30 June 2002. Shareholders should consider the documents and raise any matters on interest with the Directors when this item is being considered.

No resolution is required in respect of this item.

3. Resolutions 1 to 6 - Election of Directors

It is a requirement under the Company's Constitution that Messrs Graham Keys, George Long, William Lee, Thomas Liu and Arthur Wang and Dr Daniel Wu, having been appointed as Directors of the Company since the last Annual General Meeting (being the 2001 Annual General meeting held on 30 November 2003), retire from office. All of them being eligible, have offered themselves for election as Directors of the Company.

4. Resolution 7 – Appointment of Mr Glyn O'Brien of Horwath Perth as Auditor

Tenders for the audit of the Company from 1 July 2002 onwards were recently called. This process involved a series of meetings with prospective new auditors and the existing auditor Mr Dion Southee of KPMG. On the basis of cost and other considerations the resulting selection was Mr Glyn O'Brien of Horwath Perth.

Pursuant to section 329 of the Corporations Act, a letter of resignation was received by ASIC from Mr Dion Southee of KPMG to which ASIC granted its consent on 5 September 2003.

Pursuant to sections 327 and 328 of the Corporations Act a nomination for Mr Glyn O'Brien of Horwath Perth as auditor of the Company was received from Mr Antony Middleton, a member of the Company on 18 August 2003, a copy of which is attached to this notice. Mr Glyn O'Brien of Horwath Perth provided his consent to act as auditor on 18 August 2003.

5. Resolution 8 – Ratification of Directors' Fees

By resolution dated 9 November 1999 made by the sole shareholder of the Company immediately prior to the Company's initial public offering, the aggregate remuneration of all non-executive directors was fixed at \$250,000 per annum.

The current Board of the Company has resolved that this should be ratified by the current shareholders of the Company in a general meeting.

Section 202A of the Corporations Act, provides for the passing of a resolution by members of a company, regarding the remuneration of directors.

Resolution 8 has the effect of ratifying and confirming the directors' remuneration policy in place at the time of the initial public offering.

18 August 2003

Ms Nerida Schmidt
Company Secretary
Advanced Engine Components Limited
14 Energy Street
MALAGA WA 6090

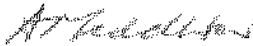
Dear Ms Schmidt

RE: Nomination of Auditor

I, being a member of Advanced Engine Components Limited, hereby nominate Mr Glyn O'Brien of Horwath Chartered Accountants of 128 Hay Street, Subiaco WA, for appointment as auditor of the Company at its next Annual General Meeting. The office of auditor will then be vacant by virtue of the resignation of Mr DW Southco of KPMG as auditor.

Please distribute copies of this notice of nomination as required by s328(3) of the corporations Act.

Yours sincerely



Mr A Middleton

**APPOINTMENT OF PROXY FOR THE 2002 ANNUAL GENERAL MEETING
OF ADVANCED ENGINE COMPONENTS LIMITED**

A Appointment of proxy

I/We _____ (Insert name clearly in block letters)

of _____ (Insert address)

being a member of Advanced Engine Components Limited, hereby appoint: _____ (Insert name of proxy)

or failing the person so named or, if no person is named, the Chairperson of the Meeting, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the 2002 Annual General Meeting to be held on 7 October 2003 and at any adjournment thereof.

If you are voting with some of your shares only, please mark this box

B Voting on business of the 2002 Annual General Meeting

| | FOR | AGAINST | ABSTAIN |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 - Election of Director - Mr Graham Keys | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 - Election of Director - Mr George Long | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 - Election of Director - Mr William Lee | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 - Election of Director - Mr Thomas Liu | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 - Election of Director - Mr Arthur Wang | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 - Election of Director - Dr Daniel Wu | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 - Appointment of Auditor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8 - Directors Fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

C If you wish to appoint two proxies: Proportion of votes _____ Number of votes _____
State the percentage or number of your votes applicable to this form. %

D Sign here:
This section must be signed.

All individuals and Joint holders must sign

Companies - executed in accordance with section 127 of the Corporations Act.

Signature _____

Director _____

Signature _____

Director/ Company Secretary _____

Signature _____

Sole Director and Sole Company Secretary _____