
NOTICE OF GENERAL MEETING

ACTIONS TO BE TAKEN BY SHAREHOLDERS

A General Meeting of FE Investments Group Limited (ABN 72 107 745 095) (ASX Code: FEI) to which this Notice of Meeting relates will be held at

11.00am (AEDT)

Monday, 18 December 2017

At the offices of Phillip Capital
Level 9, 56 Pitt Street
SYDNEY NSW 2000

Your vote is important

The business of the General Meeting affects your shareholding and your vote is important.

Eligibility to attend and vote

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to attend and vote at the General Meeting are those who are registered Shareholders at 11.00am (AEDT) on Saturday 16 December 2017.

Last date to submit Proxy Form

Your completed Proxy Form, in the form attached to this Notice of Meeting, must be received by the Company Secretary no later than 11.00am (AEDT) on **16 December 2017**. If you have signed the proxy or appointment of corporate representative through an attorney you must also give the company either the document that appoints the attorney, or a certified copy of it, if you have not already done so. Please complete and sign the enclosed Proxy Form, returning:

By mail PO Box 1592, Booragoon WA 6954

By email eryn@kestelcorp8.com.au

In person Level 32, 101 Miller Street, North Sydney
Fax no: (08) 9367 8812

Appointing a proxy

You have a right to appoint a proxy to attend and vote on your behalf as an alternative to attending the meeting in person or casting a direct vote.

To appoint a proxy, please write the name of the appointed proxy in the box on the Proxy Form denoted by **Ω**. You can direct your proxy how to vote on Resolution 1 by marking "For", "Against" or "Abstain".

A proxy does not need to be a shareholder of the Company. A proxy may be an individual or a company. You may appoint up to two proxies if you are entitled to cast two or more votes. If you appoint two proxies, you should complete two separate Proxy Forms and specify the percentage or number of votes each proxy is appointed to exercise. If you do not specify a percentage or number, each proxy may exercise half of the votes. Fractions of votes resulting from this exercise are to be disregarded. You must return both Proxy Forms together. If you require additional Proxy Forms, please contact the Company Secretary on +61 (0) 435 905 770.

Impact of your proxy appointment on your voting instructions

If you sign the enclosed Proxy Form, and mark the box against the Chairman, the Chairman will be appointed as your proxy. If you appoint the Chairman as your proxy and have not directed him how to vote, you are authorising the Chairman to cast your undirected vote on the proposed resolution in accordance with his intentions set out below.

If you intend to appoint the Chairman as your proxy, you are encouraged to direct him how to vote by marking "For", "Against" or "Abstain" for each of those items of business.

If you appoint a proxy, you may still attend the meeting. However, your proxy's right to vote and speak will be suspended while you are present.

The Chairman's decision on the validity of a vote cast by a proxy or vote cast in person, is conclusive.

The Chairman's voting intentions

The Chairman intends to vote undirected proxies on, and in favour of, the proposed resolution. If there is a change to how the Chairman intends to vote undirected proxies, the Company will make an announcement to the market.

Attending the meeting in person

Eligible shareholders may attend the meeting and vote in person.

If you intend to attend the meeting in person, you do not need to submit a Proxy Form.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will suspend your proxy appointment while you are present at the meeting.

Please bring your Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting, but the Company will need to verify your identity. Please arrive 20 minutes prior to the start of the General Meeting on the date and at the venue set out above.

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting, in accordance with section 250D of the Corporations Act 2001 (Cth) (Corporations Act). While more than one representative can be appointed, only one representative may exercise the powers of the body corporate at the meeting. The original form of appointment of the representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative must be provided to the Company prior to the General Meeting or lodged with the registration desk on the day of the General Meeting.

Voting by Attorneys

A shareholder entitled to attend and vote at the meeting is entitled to appoint an attorney to attend and vote at the meeting on the shareholder's behalf. An attorney need not be a shareholder of the Company. The power of attorney appointing the attorney must be duly signed and specify the name of each of the Shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one. To be effective, the power of attorney must also be returned in the same manner, and by the same time, as outlined above for proxy forms.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of FE Investments Group Limited will be held at 11.00 am (AEDT) on 18 December 2017 at the offices of Phillip Capital at Level 9, 56 Pitt Street, Sydney NSW 2000 for the purpose of transacting the business set out in this Notice of Meeting.

The Explanatory Memorandum to this Notice of Meeting forms part of the Notice of Meeting and provides additional information on matters to be considered at the General Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary.

AGENDA

1. Resolution 1 - Approval to issue Shares to Mr Cook Huang

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of 5,000,000 Shares in the Company to Mr. Cook Huang at an issue price of twenty cents (A\$0.20) per share on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Mr Huang and any Associates of Mr Huang. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it 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.

General Business

To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporations Act.

By Order of the Board



Eryn Kestel
Company Secretary
13 November 2017

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders relating to a General Meeting of FE Investments Group Limited to be held on 18 December 2017 at the offices of Phillip Capital, at Level 9, 56 Pitt Street, Sydney NSW 2000.

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the resolutions in the accompanying Notice of General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting and is a brief explanation of the matters for which Shareholder approval is sought in each Resolution.

Resolution 1 – Approval to issue Shares to Mr Cook Huang

On 10 October 2017, FE Investments Group Limited (FEI) announced the appointment to the Board of Directors of Mr. Cook Huang, as an independent Non-Executive Director.

On 13 October 2017, the Company obtained a loan from Mr Huang. Mr Huang also separately agreed to acquire 5,000,000 Shares at \$0.20 a Share if the issue of Shares was approved by the Company's shareholders. The Company agreed to call a meeting by 12 February 2018 to seek Shareholder approval for the Share issue. The key commercial terms of the loan from Mr Huang are as follows:

- it is an unsecured loan of AUD\$1m for a term of six months from 13th October 2017;
- interest will accrue on a daily basis at a rate of 10% p.a over the term of the loan and at 15% on any portion of the loan amount not repaid at the end of the loan term; and
- if the issue of Shares to Mr Huang is approved and completed within 30 days of the meeting, the subscription amount for the shares and loan amount will be offset against one another and interest on the loan waived.

Mr Huang is a Director of the Company and therefore a related party of the Company. Therefore, the issue of the 5,000,000 Shares to Mr Cook constitutes the giving of a financial benefit to a related party of the Company.

The Shares will rank equally with existing Shares.

The Shares will be issued for a subscription amount of \$1,000,000 at an issue price of \$0.20 a Share.

Resolution 1 contemplates the issue of fully paid Ordinary Shares to Mr. Huang. The issue of securities to related parties falls within the ambit of ASX Listing Rule 10.11.

Current Holdings

As at the date of this Notice of Meeting, Mr Huang has the following relevant interest in Company Securities:

Director	Shares	Unlisted Options
Cook Huang	Nil	Nil

Dilution effect of the issue of the Shares to Mr Huang on existing members' interests

If Resolution 1 is passed, the Directors will issue a total of 5,000,000 Shares to Mr Huang.

This will increase the number of Shares on issue from 125,830,053 to 130,830,053 (if no Options are exercised and no other Shares are issued) with the effect that the proportional shareholding of existing Shareholders would be diluted by 3.97%

Information Requirements – Listing Rules 10.11 and 10.13

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares to Mr Huang:

- he is a related party by virtue of being a director of the Company;
- the maximum number of Shares that he will be issued pursuant to Resolution 1 is 5,000,000;
- the Shares will be issued to Mr. Huang on one date no later than 1 month after the date of the General Meeting;
- the Shares will be issued for a subscription amount of \$1,000,000 at an issue price of \$0.20 a Share;
- the Shares will have the same terms and conditions as all the existing Shares on issue;
- the funds will be used to repay the loan to Mr Huang referred to in the Company's announcement on 17 October 2017. The loan was used to increase the capital buffer over the statutory required capital ratio of the Company's wholly owned New Zealand Subsidiary, FE Investments Limited (**FE Investments**). FE Investments is a Non-Bank Deposit take with a Deposit Taking Licence issued by the Reserve Bank of New Zealand; and
- a voting exclusion statement in relation to Resolution 1 is included in the Notice of Meeting.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue the Shares to Mr Huang, as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Huang will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Chapter 2E and arms' length exception

Chapter 2E of the Corporations Act provides for a public company, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Huang is a related party of the Company by virtue of being a Non-Executive Director of the Company and the issue of Shares, the subject of Resolution 1, falls within the definition of a "financial benefit" for the purposes of the Corporations Act. However, the board (other than Mr Huang who has a material personal interest in Resolution 1) is unanimously of the view that the issue of 5,000,000 Shares to Mr Huang is on arm's length terms and therefore does not require shareholder approval under Chapter 2E of the Corporations Act.

In coming to this conclusion, the Directors considered a range of factors including the:

- Company's recent share price trading history including not only the very limited volume traded, but also the Bid/ Offer spread;
- Company's volume weighted average share price (VWAP) over a range of time periods;
- the fact that at the Company's recent Annual General Meeting on 31st August 2017, the shareholders approved the allotment of Shares to directors in lieu of directors' fees at an issue price of \$0.204 per share.
- the executive Directors negotiated the transaction with Mr Huang based on the parameters set by the independent Directors of the Company. Mr. Huang did not participate in any of the Board's discussions or deliberations about the loan or share issue.
- The Directors (other than Mr Huang who has a material personal interest in the Share issue) believe that the terms of the transaction and the funds received from Mr Huang were in the best interests of the Company, as it was used to increase its New Zealand subsidiary, FEI Investments Limited capital buffer over the statutory required capital ratio. Please see the commentary on dilution effect of existing members' interests.

Company's historical Share price

The following table gives details of the highest, lowest and latest trading prices of the Company's Shares trading on ASX over the past three months before the date of this Notice of Meeting:

	Price (A\$)	Date
Highest	0.26	8 September 2017
Lowest	0.18	11 October 2017
Last	0.185	7 November 2017

Recommendation of the Board

Mr Huang declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued the Shares in the Company should Resolution 1 be passed.

However, the Board (in the absence of Mr Huang) recommends that Shareholders vote in favour of Resolution 1 for the following reasons:

- the grant of Shares to Mr Huang will align his interests with those of Shareholders by creating a stronger incentive to increase Shareholder value and therefore, the value of Mr Huang's Shares;
- Mr Huang will have a greater involvement with, and participate in, any future growth and profitability of the Company;
- it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Shares upon the terms proposed;
- if Resolution 1 is passed, the Company will continue to be able to issue up to 15% of its issued capital under ASX Listing Rule 7.1 without relying on an exception and therefore provides the Board with greater flexibility to issue Shares

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolution 1.

GLOSSARY

\$ means Australian dollars

AEDT means Eastern Daylight Time as observed in Sydney, New South Wales.

Associate has the meaning given to that term in the ASX Listing Rules.

ASX means ASX Limited or the ASX, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Company means FE Investments Group Limited (ABN 72 107 745 095).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a person appointed to the office of director of the Company from time to time.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice of Meeting.

General Meeting or Meeting means the meeting convened by the Notice of Meeting.

Non-Executive Director means a Director who is not an employee (whether full-time or part-time) of the Company or otherwise does not provide services to the Company under a services agreement.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Memorandum.

Resolution means the resolution set out in the Notice of Meeting or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.