



## **FE Investments Group Limited**

ABN 72 107 745 095

### **2019 General Meeting Notice**

Date: Thursday, 12 September 2019

Time: 11.30am (AEST)

Venue: At the offices of William Buck  
Level 29  
66 Goulburn Street  
SYDNEY NSW 2000

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## GENERAL MEETING

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On behalf of the Board of Directors and Management of FE Investments Group Limited (the Company), all Shareholders are invited to the Company's General Meeting to be held on Thursday, 12 September 2019 at 11.30am (AEST).

The Board considers that the resolutions to be tabled at the General Meeting are in the best interests of all Shareholders and recommends all Shareholders vote in favour of them.

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7.00pm (AEST) on Tuesday, 10 September 2019.

Shareholders who are unable to attend the Meeting but wish to vote on the Resolutions may appoint a proxy to vote on their behalf. A proxy voting form is included with this Notice.

Completed and signed Proxy Forms are to be returned to the Company Secretary, before 11.30am (AEST) on **Tuesday, 10 September 2019**, by any one of the methods listed below:

**By mail** PO Box 1592, Booragoon WA 6954

**By email** [eryn@kestelcorp8.com.au](mailto:eryn@kestelcorp8.com.au)

**In person** Level 13, 112 Elizabeth Street, Sydney

To appoint a proxy, please write the name of the appointed proxy in the box on the proxy form. You can direct your proxy how to vote on the resolutions 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 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. You must return both Proxy Forms together. If you require additional Proxy Forms, please contact the Company Secretary on +61 (0) 435 905 770.

If you sign the enclosed Proxy Form, and mark the box against the Chairman, the Chairman will be appointed as your proxy. The Chairman currently intends to vote undirected proxies on, and in favour of, all proposed resolutions.

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.

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). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

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 all proposed resolutions in accordance with his intentions of voting in favour of Resolutions 1 and 2.

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**NOTICE OF GENERAL MEETING**

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A General Meeting of Shareholders of FE Investments Group Limited (FEI or the Company) will be held on Thursday, 12 September 2019 at 11.30am (AEST).

The General Meeting will be held at the offices of William Buck at Level 29, 66 Goulburn Street, Sydney 2000.

The Explanatory Statement to this Notice of Meeting forms part of the Notice 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.

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## AGENDA

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### ORDINARY Resolutions

#### 1. Approval to issue Shares to a Director – 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 25,000,000 Shares in the Company to CNZF Management Co. Ltd, a company associated with Mr Cook Huang, a non-executive director of the Company, at an issue price of \$0.075 per Share (being a total subscription price of \$1,875,000) on the terms and conditions set out in the Explanatory Statement.”*

##### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of CNZF Management Co. Ltd (New Zealand Incorporated) and /or Mr Huang who will receive securities in relation to the entity, or an associate(s) of CNZF Management Co. Ltd and / or Mr Huang. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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. If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

#### 2. Approval to issue Shares to a Director – Mr Fang Sun

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

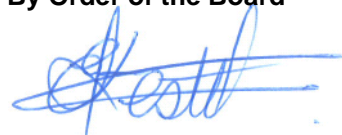
*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of 20,000,000 Shares in the Company to Sunbow Limited, a company associated with Mr. Fang Sun, a non-executive director of the Company, at an issue price of \$0.075 per Share (being a total subscription price of \$1,500,000) on the terms and conditions set out in the Explanatory Statement.”*

##### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of Sunbow Limited (Singapore Incorporated) and / or Mr Sun who will receive securities in relation to the entity, or an associate(s) of Sunbow Limited and / or Mr Sun. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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. If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

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**By Order of the Board**



**Eryn Kestel**  
**Company Secretary**  
9 August 2019

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**EXPLANATORY STATEMENT**


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**Resolution 1 – Approval to Issue Shares to a Director – Mr Cook Huang; and**
**Resolution 2 – Approval to Issue Shares to a Director – Mr Fang Sun**
**Background to Resolutions 1 and 2**

As announced on 30 July 2019, the Company has signed conditional Share Placement Agreements (**Agreements**) to raise AU\$3,375,000 from entities associated with two non-executive Directors of the Company - Messrs. Cook Huang and Fang Sun. The Company now seeks Shareholder approval, pursuant to the Agreements, to issue the following Shares:

<b>Director</b>	<b>Entity to receive Shares</b>	<b>Shares to be issued</b>
Mr Cook Huang	CNZF Management Co Ltd	<b>25,000,000</b>
Mr Fang Sun	Sunbow Limited	<b><u>20,000,000</u></b>
<b>Total</b>		<b>45,000,000</b>

**(Placement)**

Entities associated with Messrs. Huang and Sun have agreed to acquire the 25,000,000 and 20,000,000 Shares at \$0.075 per Share, for a total subscription price of AU\$3,375,000.

As the Shares are to be issued to companies associated with two directors of the Company the Placement is conditional on shareholder approval in accordance with the ASX Listing Rules. For this reason, Resolutions 1 and 2 are being put to Shareholders.

Each Agreement is also conditional on:

- (a) the Company continuing to comply with its continuous disclosure obligations and certain criteria enabling it to issue a notice under section 708A of the Corporations Act; and
- (b) the relevant director (Mr Huang or Mr Sun) or a nominee, remaining as a director of the Company at all times prior to the issue of the Placement Shares.

The decision was made to complete the Placement with related parties because the Company faces a number of capital market challenges, including: its small market capitalisation; the level of regulatory oversight of the industry in which the Company operates (both in Australia and New Zealand); very thin trading in the Company's shares; its recent financial performance and the perceived level of market risk attaching to ownership of the Company's shares.

Owing to these factors the Board was not able to readily source, appropriate additional capital from unrelated parties in an efficient manner. By engaging with related entities which had expressed an interest in investing further, the Company has been able to access capital more quickly and efficiently than otherwise would have been the case. In the circumstances, the Board considered that it is in the best interests of the Company and all relevant stakeholders that it accepts the offer of capital from the related parties, subject to the receipt of shareholder approval.

The Board further notes that no capital raising fees are payable to the related parties or any third party and that no party will acquire a controlling interest as a result of the placement.

**Chapter 2E and arms' length exception**

Messrs. Huang and Sun are non-executive Directors of the Company and, therefore, related parties of the Company. CNZF Management Co Ltd is a related party of the Company pursuant to section 228(4) of the Corporations Act because Mr Huang is a director of the Company and CNZF Management Co Ltd is an entity controlled by Mr Huang. Sunbow Limited is a related party of the Company pursuant to section 228(4)

of the Corporations Act because Mr Sun is a director of the Company and Sunbow Limited is an entity controlled by Mr Sun. The issue of the 45,000,000 Shares to Messrs. Huang and Sun constitutes the giving of a financial benefit to related parties of the Company and falls within the ambit of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

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

- (a) obtain the approval of the public company's shareholders 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.

Participation in the Placement by Messrs. Huang and Sun will result in the issue of Shares which constitutes the giving of a financial benefit.

The Board (other than Messrs. Huang and Sun who have a material personal interest in the Resolutions) are unanimously of the view that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Placement because the giving of the financial benefit to Messrs Huang and Sun is on arm's length terms, which is an exception set out in section 210 of the Corporations Act.

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

- The fact that negotiations with Messrs. Huang and Sun were conducted on an arm's length basis and based on the parameters set by the independent Directors of the Company. Messrs. Huang and Sun did not participate in any of the Board's discussions or deliberations regarding the proposed Share issues;
- There are no fees or commissions payable to either participant involved in the Placement nor to any third party and the Company has agreed to contribute not more than \$5,000 towards legal fees incurred by each participant involved in the Placement; and
- The Directors (other than Messrs. Huang and Sun) believe that the terms of the Placement (including the funds to be received) are in the best interests of the Company, as they will be used to bolster capital adequacy reserves, repay debt and support the growth of the Company's lending book in Australia and New Zealand.

#### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires a company listed on the ASX to obtain shareholder approval for the issue or grant of securities to a related party.

As the Placement involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### **Information Requirements – Listing Rule 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 issues of Shares:

- the Shares will be issued to CNZF Management Co Ltd, an entity controlled by Mr Huang and Sunbow Limited, an entity controlled by Mr Sun;
- the maximum number of Shares that will be issued pursuant to Resolutions 1 and 2 are 25,000,000 to CNZF Management Co Ltd and 20,000,000 to Sunbow Limited;

- the Shares will be issued as soon as practicable but, in any event, on a date no later than 1 month after the date of the Meeting (or such later date as is permitted by any ASX waiver or modification of the ASX Listing Rules);
- the issue price will be \$0.075 per Share;
- the shares issued will be Shares, and will rank equally with all other ordinary shares currently on issue by the Company;
- the funds raised will be used to bolster capital adequacy reserves, repay debt, support the growth of the Company's lending book in Australia and New Zealand.

In accordance with ASX Listing Rule 7.2 (Exception 14), if shareholder approval is given under ASX Listing Rule 10.11, approval is not also required under ASX Listing Rule 7.1. Approval pursuant to ASX Listing Rule 7.1 is, therefore, not sought in relation to the Placement as approval is being obtained under ASX Listing Rule 10.11. The issue of Shares to entities controlled by Messrs Huang and Sun will, therefore, not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

To further assist Shareholders, the Directors provide the following information.

## Current Holdings

As at current date, Messrs. Huang and Sun via associated entities have the following relevant interest in the Company's securities:

Director	Shares	Options
Cook Huang	5,000,000 <sup>1</sup>	Nil
Fang Sun	10,000,000 <sup>2</sup>	Nil

<sup>1</sup> Mr Huang entered into a loan arrangement with the Company on 13 October 2017 for AU\$1,000,000, with the Shares being issued in December 2017 following Shareholder approval; and

<sup>2</sup> Sunbow Limited (an entity associated with Mr Sun) was the party in a three-tranche private placement completed in March 2018 at 17 cents per Share to raise AU\$1,700,000.

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

If Resolutions 1 and 2 are passed, an aggregate of 45,000,000 Shares will be issued to Messrs. Huang (25,000,000 Shares) and Sun (20,000,000 Shares). This will result in the number of Shares on issue increasing from 181,216,022 to 226,216,022 (if no other Shares are issued and no Options are exercised) with the effect that the proportional shareholding of existing Shareholders will be diluted by 24.8%.

Mr Huang (and his associates) will hold an aggregate of 30,000,000 Shares and the voting power of Mr Huang and his associates will increase to 13.26%

Mr Sun (and his associates) will hold an aggregate of 30,000,000 Shares and the voting power of Mr Sun and his associates will increase to 13.26%

## Company's historical Share price

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



	Price (A\$)	Date
Highest	11.50 cents	27 June 2019
Lowest	8.00 cents	11 June 2019
Last	8.5 cents	08 August 2019

#### Recommendation of the Board

Messrs. Huang and Sun decline to make recommendations to Shareholders in relation to Resolutions 1 and 2 because of their material personal interest in the outcomes of the Resolutions on the basis that they are to be issued 25,000,000 and 20,000,000 Shares respectively in the Company should the Resolutions be passed.

However, the Board (in the absence of Messrs Huang and Sun) recommends that Shareholders vote in favour of Resolutions 1 and 2 for the following reasons:

- the grant of Shares to Messrs. Huang and Sun will further align their respective interests with those of all other Shareholders by creating a stronger incentive to increase Shareholder value and therefore, the value of Messrs. Huang and Sun Shares;
- the funds raised will be used to bolster capital adequacy reserves, repay debt and support the growth of the Company's lending book in Australia and New Zealand which the Board considers are very important outcomes;
- 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; and
- if Resolutions 1 and 2 are 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, which provides the Board with greater flexibility to issue Shares.

No other information is known to the Company or to the Board that would be reasonably required by Shareholders to allow them to decide whether it is in the Company's best interests of to pass Resolutions 1 and 2.

## GLOSSARY

**\$** means Australian dollars.

**AEST** means Eastern Standard Time as observed in Sydney, New South Wales.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Days** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Company** means FE Investments Group Limited (ACN 107 745 095)

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means each current director of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

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

**Notice of Meeting** or **Notice of General Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.



**APPOINTMENT OF PROXY  
FE INVESTMENTS GROUP LIMITED  
ACN 107 745 095**

**Member Details**

Name: .....

Contact Telephone No: .....

**Appointment of Proxy**

I/We being a Member/s of FE Investments Group Limited and entitled to attend and vote hereby appoint

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Chairman of the Meeting OR

Insert Name of Appointed Proxy Below

Or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the General Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of FE Investments Group Limited to be held at the offices of William Buck, Level 29, 66 Goulburn Street, Sydney, NSW 2000 on Thursday, 12 September 2019, at 11.30am (AEST) and at any adjournment of that meeting.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

**Voting on business of the Meeting**

**Ordinary Resolutions**

Resolution 1 Approval to Issue Shares to a Director – Mr Cook Huang  
Resolution 2 Approval to Issue Shares to a Director – Mr Fang Sun

**FOR**

**AGAINST**

**ABSTAIN**

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Please Note: By marking the Abstain box for any of the above Resolutions, Shareholders are directing the proxy not to vote on that Resolution on a show Of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is -----%

PLEASE SIGN HERE  
Individual or Member 1

Sole Director and  
Sole Company Secretary

Member 2

Director

Member 3

Director/Company Secretary