



**NOTICE OF ANNUAL GENERAL MEETING and
EXPLANATORY STATEMENT and
PROXY FORM**

Date of Meeting:
Tuesday, 25 October 2016

Time of Meeting:
10:00am (WST)

Place of Meeting:
QV1 Conference Centre
Level 2
250 St Georges Terrace
Perth, Western Australia



This Notice of Meeting and Explanatory Statement should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Southern Cross Electrical Engineering Limited ABN 92 009 307 046 (**Company**) will be held at 10:00am (WST) on Tuesday, 25 October 2016 at QV1 Conference Centre, Level 2, 250 St Georges Terrace, Perth, Western Australia.

The Explanatory Statement that accompanies and forms part of the Notice of Meeting describes the various matters to be considered at the Annual General Meeting. This also includes a glossary of terms used. Shareholders should read the Explanatory Statement in full before deciding how to vote.

AGENDA

FINANCIAL REPORTS

To receive and consider the Financial Report of the Company and the reports of the Directors and Auditor for the year ended 30 June 2016.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

That the Remuneration Report for the year ended 30 June 2016 be adopted.

Note – The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

A vote must not be cast on Resolution 1 (and the Company will disregard any such vote) by, or on behalf of, a member of the Company's Key Management Personnel or their Closely Related Parties, unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

RESOLUTION 2: RE-ELECTION OF MR GIANFRANCO TOMASI AS DIRECTOR

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

That Gianfranco Tomasi, who retires in accordance with Rule 5.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.

RESOLUTION 3: ISSUE OF PERFORMANCE RIGHTS TO MR GRAEME DUNN FOR THE 2015/2016 FINANCIAL YEAR

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

That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve, as further described in the Explanatory Statement, the issue of 1,083,333 Performance Rights (and the issue of Shares following any vesting of the Performance Rights) in accordance with the Plan to a Director of the Company, Mr Graeme Dunn (or his nominee), in relation to the 2015/2016 financial year.

Voting Exclusion

The Company will disregard votes cast on Resolution 3 by any director of the Company who is eligible to participate in the plan or any of their associates.

However the Company need not disregard a vote if:

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

Further, a member of the Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on this resolution unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

RESOLUTION 4: ISSUE OF PERFORMANCE RIGHTS TO MR GRAEME DUNN FOR THE 2016/2017 FINANCIAL YEAR

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

That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve, as further described in the Explanatory Statement, the issue of 601,852 Performance Rights (and the issue of Shares following any vesting of the Performance Rights) in accordance with the Plan to a Director of the Company, Mr Graeme Dunn (or his nominee), in relation to the 2016/2017 financial year.

Voting Exclusion

The Company will disregard votes cast on Resolution 4 by any director of the Company who is eligible to participate in the plan or any of their associates.

However the Company need not disregard a vote if:

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

Further, a member of the Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on this resolution unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

RESOLUTION 5 – RATIFICATION OF PRIOR SHARE ISSUE 1 – DATATEL ACQUISITION

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

That, pursuant to Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 607,844 Shares to Wayne John Hogan and Angela Patrice Hogan as trustees for the Hogan Family Trust, as more fully described in the Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by Wayne John Hogan and Angela Patrice Hogan as trustees for the Hogan Family Trust, and any of their associates.

However, the Company need not disregard a vote cast on Resolution 5 if:

- (a) 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
- (b) it is cast by the Chairman 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.

RESOLUTION 6 – RATIFICATION OF PRIOR SHARE ISSUE 2 – DATATEL ACQUISITION

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

That, pursuant to Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 607,844 Shares to Paul Anthony Johnson and Tiffany Megan Johnson as trustees for the Johnson Family Trust, as more fully described in the Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by Paul Anthony Johnson and Tiffany Megan Johnson as trustees for the Johnson Family Trust, and any of their associates.

However, the Company need not disregard a vote cast on Resolution 6 if:

- (a) 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
- (b) it is cast by the Chairman 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.

RESOLUTION 7: APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass as a special resolution:

That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1.4.2 and on the terms and conditions in the Explanatory Statement.

Voting Exclusion

The Company will disregard any votes cast on Resolution 7 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this resolution is passed.

However, the Company need not disregard a vote cast on this resolution if:

- (a) 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
- (b) it is cast by the chairperson of 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.

By Order of the Board



Colin Harper
Company Secretary
23 September 2016

IMPORTANT INFORMATION FOR SHAREHOLDERS

EXPLANATORY STATEMENT

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. The glossary at the end of the Explanatory Statement contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

REQUIRED MAJORITIES

Resolutions 1 to 6 are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

Resolution 7 is a special resolution. A special resolution requires a 75% majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

PROXIES

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete the proxy form enclosed with this Notice of Meeting as soon as possible.

Details for sending your proxy form are as follows:

By Mail: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia

Facsimile: Australia: 1800 783 447 / International: +613 9473 2555

For online voting: Visit www.investorvote.com.au

By mobile: Scan the QR Code on your proxy form and follow the prompts

Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

To be effective, a completed proxy form must be received by **no later than 10.00am (WST) on Sunday 23 October 2016**, being not less than 48 hours prior to the commencement of the meeting.

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

The Chairman of the Meeting intends to vote all undirected proxies in favour of each item of business.

CORPORATE REPRESENTATIVES

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company. An appointment form is included with the meeting materials.

VOTING ENTITLEMENTS

The Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of the Company's shares at 10.00am (WST) on Sunday 23 October 2016.

FURTHER INFORMATION

If you need any further information about this Notice of Meeting or attendance at the Annual General Meeting please contact Mr Colin Harper, the Company Secretary, on 08 9236 8300.

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

EXPLANATORY STATEMENT TO SHAREHOLDERS

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be transacted at the Annual General Meeting of the Company to be held at 10.00am (WST) on Tuesday, 25 October 2016. The Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

FINANCIAL REPORTS

The Corporations Act requires the Company to lay before the Annual General Meeting the Financial report, the Directors' report (including the remuneration report) and the Auditor's report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive Directors, the Managing Director and senior executives and is set out in the Company's Annual Report. The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions and make comments on the Remuneration Report at the Annual General Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2: RE-ELECTION OF MR GIANFRANCO TOMASI AS DIRECTOR

Mr Tomasi was elected as a Director of the Company on 27 October 2014. Rule 5.1 of the Company's Constitution requires that at each annual general meeting one third of the Directors must retire from office. Rule 5.2 requires that the Directors to retire at an annual general meeting are those who have been in office the longest since their election. Accordingly, Mr Tomasi is required to resign and being eligible, has offered himself for re-election as a Director of the Company.

Mr Tomasi is the founder of the Company. He was the Chairman of the Company from 1978 until he retired from that role in March 2011. Mr Tomasi is a member of the Company's Nomination and Remuneration Committee.

Mr Tomasi has over 40 years' experience in the electrical construction industry and holds an Electrical Engineering Certificate (NSW) and is a Fellow of the Australian Institute of Company Directors. Prior to founding the Company he worked at Transfield from 1968 - 1978, serving as the National Manager Electrical from 1971 - 1978.

Mr Tomasi was awarded the Order of Australia in the 2013 Australia Day Honours list. The award recognised Mr Tomasi's service to business through leadership roles in the electrical contracting industry and his contribution to the community.

The Directors (other than Mr Tomasi) recommend that Shareholders vote in favour of Resolution 2.

RESOLUTIONS 3 AND 4: ISSUE OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR FOR THE 2015/2016 FINANCIAL YEAR AND 2016/17 FINANCIAL YEAR

Background

Resolutions 3 and 4 seek Shareholder approval for the grant of Performance Rights to Mr Graeme Dunn, a Director of the Company, under the Company's Senior Management Long Term Incentive Plan (the Plan). The Plan was last approved by Shareholders at the Company's 2014 Annual General Meeting.

Under his employment agreement as Managing Director and Chief Executive Officer, Mr Dunn is entitled to receive a base salary, inclusive of superannuation of \$650,000. In addition, Mr Dunn is also entitled to a variable Short Term Incentive cash bonus of up to 50% of his base salary (depending on the achievement of certain short term objectives). Subject to the approval of Resolution 3 and Resolution 4, Mr Dunn will also be entitled to Performance Rights in relation to the Company's performance over the period from 30 June 2015 to 30 June 2019, as appropriate. The Company's executive remuneration structure is set out in more detail in the Remuneration Report in the 2016 Annual Report.

Based on the Plan (and as set out below), Shareholder approval is being sought to issue to Mr Dunn (or his nominee) 1,083,333 Performance Rights with respect to the 2015/16 financial year and 601,852 Performance Rights with respect to the 2016/17 financial year. These Performance Rights are subject to specific performance conditions (as set out below) and will not vest into Shares until such time as the performance conditions are met.

The Non-Executive Directors believe that it is appropriate to provide Mr Dunn with a long term incentive element in his remuneration package. The Non-Executive Directors also believe that Performance Rights, rather than Options, are a better alternative to remunerate executives who are tasked with achieving certain specific strategic outcomes. The grant of Performance Rights is intended to align Mr Dunn's performance with successful Company outcomes for the benefit of Shareholders and also to provide him with an incentive to remain in the Company.

The Non-Executive Directors believe that the remuneration for Mr Dunn, including the proposed grant of Performance Rights, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of Managing Director and Chief Executive Officer and market levels of remuneration for Managing Directors and Chief Executive Officers of similar companies.

The Plan

The Plan was last approved by Shareholders at the 2014 Annual General Meeting. The main features of the Plan that are relevant to the issue of Performance Rights are summarised as follows:

1. **Consideration Payable:** It is intended that Performance Rights will be granted for no consideration, even though the Plan allows the Board to impose consideration on the grant of Performance Rights. A "Performance Right Invitation" issued by the Board will set out the amount of consideration payable, if any.
2. **Vesting:** Subject to the satisfaction of the performance conditions set out in the Performance Right Invitation, within 10 Business Days of the exercise of the Performance Rights, the Company shall allot and issue Shares to the eligible participant (or, if applicable, their nominee) without further action being required on the part of the eligible participant.
3. **Retirement, Permanent Disablement, Redundancy or Death:** Under the Plan, within 30 days of the eligible participant ceasing to be a senior manager by reason of retirement, permanent disablement, redundancy or death, the eligible participant (or their nominee or legal representative as applicable) may exercise the Performance Rights. To the extent that the conditions set out in the Performance Right Invitation have been satisfied, the Performance Rights will vest. All remaining Performance Rights will lapse.

Notwithstanding the above, in the event that a Participant ceases to be a Senior Manager as a result of retirement, permanent disablement or death then the Board may determine, in its absolute discretion, in relation to all or some of the Performance Rights, to:

- (a) waive the Exercise and Vesting Conditions, in which case the participant (or their nominee or legal personal representative as applicable) may within 30 days of the participant ceasing to be a senior manager, exercise those Performance Rights; or
 - (b) allow the Performance Rights to continue to be exercisable until the expiry date, upon the satisfaction of the applicable exercise and vesting conditions.
4. **Restriction on dealing with Shares:** All Shares issued to a participant under the Plan will be subject to the Company's Share Trading Policy. In addition, the Board has the discretion to impose further restrictions on Shares issued to a participant under the Plan in the Performance Right Invitation.

5. **Takeover Bid or Change of Control:** In the event of:
- a Change of Control of the Company; or
 - approval by the court of a merger of the Company by way of scheme of arrangement,
- an eligible participant may exercise all Performance Rights which have not been exercised or lapsed and will vest notwithstanding the conditions set out in the Performance Right Invitation.

Performance Conditions – Financial Year 2015/16 Performance Rights

Subject to Shareholder approval of Resolution 3, the Performance Rights to be issued 2015/2016 Financial Year will not vest (and the underlying Shares will not be issued) unless certain performance conditions have been satisfied. The grant of Performance Rights is designed to reward long term sustainable business performance which is aligned to the long term strategic objectives of the Company.

It is proposed that 50% of Mr Dunn’s performance conditions for the 2015/2016 Financial Year will be performance tested against TSR performance, and the other 50% be tested against EPS performance over a 3 year period from a Start Date of 30 June 2015 to a Test Date of 30 June 2018.

Absolute TSR

TSR measures the return received by shareholders from holding shares in a company over a particular period. TSR is calculated by taking into account the growth in a company’s share price over the period as well as the dividends received during that period. The formula for calculating TSR is:

$$\frac{(\text{Share Price at Test Date} - \text{Share Price at Start Date}) + (\$ \text{ Dividends Reinvested})}{\text{Share Price at Start Date}}$$

A volume weighted average share price (VWAP) will be used to determine Share Price at the initial Test Date and Share Price at Start Date. The VWAP for the Share Price at Start Date will be based on the VWAP over the one week period prior to the start of the relevant performance period and the VWAP for the Share Price at the Test Date will be based on the VWAP over the one week period for the end of the relevant performance period.

Mr Dunn’s TSR performance conditions will include:

- a threshold target of 18.5% per annum (compounded over the period from the Start Date to the Test Date); and
- a stretch performance of 26.5% per annum (compounded over from the Start Date to the Test Date).

The percentage of Mr Dunn’s Performance Rights that are tested against TSR which vest will be determined as follows:

TSR performance over relevant Performance Period	Performance vesting outcomes (applied to 50% of the total Performance Rights granted)
Less than 18.5% per annum compounded	0% vesting
18.5% per annum compounded	50% vesting
Between 18.5% and 26.5% per annum compounded	Pro-rata vesting between 50% and 100%.
At or above 26.5% per annum compounded	100% vesting

Absolute EPS

The Company’s EPS performance will be measured in the 2018 financial year. Absolute EPS measures the portion of a company’s profit allocated to each outstanding ordinary share and serves as an indicator of a company’s profitability. It is prescribed by the accounting standards and set out in the Company’s Financial Reports.

A threshold target and a stretch target will also be used for Mr Dunn’s EPS targets. Mr Dunn will only receive Performance Rights that are tested against EPS if he achieves at least the threshold target. The Performance Rights that are tested against EPS will vest as set out in the following table.

EPS performance in 2018 financial year	Performance vesting outcomes (applied to 50% of the total Performance Rights granted)
Less than 2.8 cents per Share	0% vesting
2.8 cents per Share	50% vesting
Between 2.8 and 3.6 cents per Share	Pro-rata vesting between 50% and 100%.
At or above 3.6 cents per Share	100% vesting

Performance Conditions – Financial Year 2016/17 Performance Rights

Subject to Shareholder approval of Resolution 4, the Performance Rights to be issued for the 2016/2017 Financial Year will not vest (and the underlying Shares will not be issued) unless certain performance conditions have been satisfied. The grant of Performance Rights is designed to reward long term sustainable business performance which is aligned to the long term strategic objectives of the Company.

It is proposed that 50% of Mr Dunn's performance conditions for the 2016/2017 Financial Year will be performance tested against TSR performance, and the other 50% be tested against EPS performance over a 3 year period from a Start Date of 30 June 2016 to a Test Date of 30 June 2019.

Absolute TSR

TSR measures the return received by shareholders from holding shares in a company over a particular period. TSR is calculated by taking into account the growth in a company's share price over the period as well as the dividends received during that period. The formula for calculating TSR is:

$$\frac{(\text{Share Price at Test Date} - \text{Share Price at Start Date}) + (\$ \text{ Dividends Reinvested})}{\text{Share Price at Start Date}}$$

A volume weighted average share price (VWAP) will be used to determine Share Price at the initial Test Date and Share Price at Start Date. The VWAP for the Share Price at Start Date will be based on the VWAP over the one week period prior to the start of the relevant performance period and the VWAP for the Share Price at the Test Date will be based on the VWAP over the one week period for the end of the relevant performance period.

Mr Dunn's TSR performance conditions will include:

- a threshold target of 8% per annum (compounded over the period from the Start Date to the Test Date); and
- a stretch performance of 15% per annum (compounded over from the Start Date to the Test Date).

The percentage of Mr Dunn's Performance Rights that are tested against TSR which vest will be determined as follows:

TSR performance over relevant Performance Period	Performance vesting outcomes (applied to 50% of the total Performance Rights granted)
Less than 8% per annum compounded	0% vesting
8% per annum compounded	50% vesting
Between 8% and 15% per annum compounded	Pro-rata vesting between 50% and 100%.
At or above 15% per annum compounded	100% vesting

Absolute EPS

The Company's EPS performance will be measured in the 2019 financial year. Absolute EPS measures the portion of a company's profit allocated to each outstanding ordinary share and serves as an indicator of a company's profitability. It is prescribed by the accounting standards and set out in the Company's Financial Reports. A threshold target and a stretch target will also be used for Mr Dunn's EPS targets. Mr Dunn will only receive Performance Rights that are tested against EPS if he achieves at least the threshold target. The Performance Rights that are tested against EPS will vest as set out in the following table.

EPS performance in 2019 financial year	Performance vesting outcomes (applied to 50% of the total Performance Rights granted)
Less than 4.0 cents per Share	0% vesting
4.0 cents per Share	50% vesting
Between 4.0 and 4.9 cents per Share	Pro-rata vesting between 50% and 100%.
At or above 4.9 cents per Share	100% vesting

Regulatory Information

Related party transaction

The grant of the performance rights to Mr Dunn, a Director of the Company, is a financial benefit for the purposes of the related party provisions in Chapter 2E of the Corporations Act. However, the Non-Executive Directors have determined that the remuneration package for Mr Dunn, including the grant of the Performance Rights, is reasonable having regard to the circumstances of the Company and Mr Dunn (including the responsibilities involved in his office). Accordingly, and in reliance on this statutory exception to the related party requirements, Shareholder approval under Chapter 2E of the Corporations Act is not being sought in this case.

Listing Rules

In accordance with Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires shareholder approval. The following information is provided for the purposes of Listing Rule 10.15.

- (a) The maximum number of Performance Rights that can be acquired by Mr Dunn is 1,083,333 Performance Rights for the 2015/16 Financial Year (being the subject of Resolution 3) and 601,852 Performance Rights for the 2016/17 Financial Year (being the subject of Resolution 4).
- (b) The price payable on the exercise of each Performance Right is nil.
- (c) Since the 2015 Annual General Meeting, being the last approval of the grant of Performance Rights under Listing Rule 10.14, Mr Chris Douglass, a former Director of the Company, received 975,000 Performance Rights for nil consideration in respect of the 2015/16 Financial Year as approved at that meeting.
- (d) Mr Dunn is currently the sole person referred to in Listing Rule 10.14 who is entitled to participate in the Plan.
- (e) There is no loan proposed in relation to the proposed acquisition of the Performance Rights by Mr Dunn.
- (f) The Performance Rights will be issued as soon as practicable following the date of the Meeting, and in any event, no later than 12 months after the date of the Meeting.

The Directors (other than Mr Dunn) recommend that Shareholders vote in favour of Resolutions 3 and 4.

RESOLUTIONS 5 AND 6 – RATIFICATION OF PRIOR SHARE ISSUES – DATATEL ACQUISITION

Background

On 29 June 2016, the Company announced that it had completed the acquisition of Datatel Communications Pty Ltd (**Acquisition**). As part of the consideration for the Acquisition, the Company issued 607,844 Shares to each of the vendors, Wayne John Hogan and Angela Patrice Hogan as trustees for the Hogan Family Trust (**Hogans**) and Paul Anthony Johnson and Tiffany Megan Johnson as trustees for the Johnson Family Trust (**Johnsons**). The Shares were issued at \$0.51 per Share, being the volume weighted average price for the 5 trading days prior to the announcement of the Acquisition on 9 June 2016. The Shares are subject to a 12 month escrow period from the date of issue. The Company had the capacity to undertake the issue without the approval of Shareholders under Listing Rule 7.1.

Listing Rule 7.4 allows a company to seek subsequent approval from shareholders for a prior issue of securities so that the issue of securities does not count towards the company's 15% placement capacity. This approval is being sought from Shareholders under Resolutions 5 and 6.

Regulatory Information

The following information in relation to Resolutions 5 and 6 is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) A total of 1,215,688 Shares were issued on 29 June 2016, as follows:
 - (i) 607,844 Shares to the Hogans (being the subject of Resolution 5); and
 - (ii) 607,844 Shares to the Johnsons (being the subject of Resolution 6).
- (b) The Shares were issued at a deemed issue price of \$0.51 each.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The Shares were issued to the Hogans and the Johnsons.
- (e) No funds were raised from the issue of the Shares. The Shares were issued as part of the initial consideration for the Acquisition, being \$5.6 million in cash and \$0.6 million in Shares.

The Directors recommend that Shareholders vote in favour of Resolutions 5 and 6.

RESOLUTION 7: APPROVAL OF 10% PLACEMENT FACILITY

Background

ASX Listing Rule 7.1A enables eligible entities to issue “Equity Securities” (being shares, options and other securities as defined in the ASX Listing Rules) up to 10% of their issued capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company’s 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The actual number of Equity Securities that the Company will have capacity to issue under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described below).

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice of Meeting, has on issue one class of Equity Securities, being ordinary shares. The number of ordinary shares currently on issue is 159,426,058.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) - E

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity’s 15% placement capacity without shareholder approval; and
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity’s 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity’s 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 159,426,058 Shares. Subject to Resolutions 5 and 6 being approved by Shareholders the Company will have a capacity to issue:

- (i) 23,913,908 Equity Securities under Listing Rule 7.1; and
- (ii) 15,942,605 Equity Securities under Listing Rule 7.1A, subject to the Shareholder approval being granted under this Resolution.

In the event that Resolutions 5 and 6 are not approved by Shareholders the Company’s capacity to issue Equity Securities under Listing Rule 7.1 and Listing Rule 7.1A will be 23,731,555 and 15,821,037 respectively.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price (**VWAP**) of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
 - (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),
- or such longer period if allowed by ASX (10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the following table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities may be issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The following table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 (as described above) as at the date of this Notice.

The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the Issue Price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.265 50% decrease in Issue Price	\$0.53 Issue Price	\$1.06 100% increase in Issue Price
Current Variable 'A' 159,426,058	10% Voting Dilution	15,942,606 Shares	15,942,606 Shares	15,942,606 Shares
	Funds Raised	\$4,224,791	\$8,449,581	\$16,899,162
50% increase in current Variable 'A' 239,139,087	10% Voting Dilution	23,913,909 Shares	23,913,909 Shares	23,913,909 Shares
	Funds Raised	\$6,337,186	\$12,674,372	\$25,348,744
100% increase in current Variable 'A' 318,852,116	10% Voting Dilution	31,885,212 Shares	31,885,212 Shares	31,885,212 Shares
	Funds Raised	\$8,449,581	\$16,899,162	\$33,798,325

The table has been prepared on the following assumptions:

- (i) Resolutions 5 and 6 are approved by Shareholders.
 - (ii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (vii) The issue price is \$0.53, being the closing price of the Shares on the ASX on 12 September 2016.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) In the Company's full year results announcement on 24 August 2016, it stated that it was committed to targeting growth through acquisitions. Accordingly, and subject to paragraph (c) above, the Company may seek to issue the Equity Securities for the purpose of funding any such acquisitions as follows:
- (i) Non-cash consideration. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) Cash consideration. In such circumstances, the Company intends to use the funds raised towards the consideration for any acquisition.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed Issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including, but not limited to, the following:
- (i) the identification of appropriate acquisition opportunities and consideration of the appropriate ways in which to fund the consideration for such acquisitions;
 - (ii) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (iii) the financial situation and solvency of the Company;
 - (iv) the effect of the issue of the Equity Securities on the control of the Company; and
 - (v) advice from corporate, financial and broking advisors (if available).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. If the Company is successful in acquiring new businesses, assets or investments, the allottees under the 10% Placement Facility may include vendors of the new businesses, assets or investments.

- (f) The Company obtained Shareholder approval under Listing Rule 7.1A at last year's Annual General Meeting held on 26 October 2015 but did not issue any shares under Listing Rule 7.1A.
- (g) The total number of Equity Securities issued by the Company in the 12 months before the date of this Meeting was 2,810,666, being 1,215,688 Shares and 1,594,978 Performance Rights, which represents 1.78% of the total number of Equity Securities on issue at the commencement of this 12 month period. In accordance with Listing Rule 7.3A.6, the following details are provided in respect of all issues of securities in the 12 months preceding the date of the Meeting:
- (i) 1,215,688 Shares were issued as part of the consideration for the acquisition of Datatel Communications Pty Ltd. Further information is provided in the explanatory statement to Resolutions 5 and 6.
 - (ii) 1,594,978 Performance Rights were issued;
 - (iii) on vesting of the Performance Rights, the Company will issue fully paid ordinary shares which will rank equally with all other ordinary shares on issue;
 - (iv) the Performance Rights were issued to senior executives including Mr Chris Douglass, a former Director of the Company, on 16 November 2015 pursuant to the Plan which received shareholder approval at the Company's 2014 Annual General Meeting (a summary of the Plan is set out in the explanatory statement to Resolutions 3 and 4 above); and
 - (v) the Performance Rights were issued for nil consideration (accordingly there was no discount to closing market price on the date of issue) and no consideration is required to be paid on vesting.
- (h) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder to participate in an issue of Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

The Directors recommend that Shareholders vote in favour of Resolution 7.

GLOSSARY

The following terms and abbreviations used in this Explanatory Statement have the following meaning:

ASX:	means the Australian Securities Exchange or ASX Limited, as appropriate.
Board:	means the board of directors of the Company.
Change of control:	means if: <ul style="list-style-type: none">(a) if a person becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; or(b) a person becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company.
Closely Related Parties:	means those parties of the Key Management Personnel are as defined in the Corporations Act and include certain of their family members, dependents and companies they control.
Company:	means Southern Cross Electrical Engineering Limited (ABN 92 009 307 046).
Constitution:	means the constitution of the Company.
Corporations Act:	means the Corporations Act 2001 (Cth).
Director:	means a member of the Board.
Explanatory Statement:	means this Explanatory Statement.
Key Management Personnel:	means the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The remuneration report identifies the key management personnel for the financial year ended 30 June 2015.
Listing Rules:	means the listing rules of the ASX and any other rule of the ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express, written waiver by ASX.
Managing Director:	means the managing director of the Company.
Meeting or Annual General Meeting:	means the meeting convened by the Notice.
Notice or Notice of Meeting:	means the notice convening the Annual General Meeting which accompanies this Explanatory Statement.
Option:	means an option to acquire a Share subject to payment of an exercise price and satisfaction of any other conditions.
Performance Right:	means an entitlement to one Share, subject to vesting and satisfaction of a Performance Condition, granted in accordance with the Plan.
Plan:	means the Southern Cross Electrical Engineering Limited Rules of the Senior Management Long Term Incentive Plan.
Related Party:	means a "related party" as defined in section 9 of the Corporations Act.
Resolution:	means a resolution included in the Notice.
Shares:	means fully paid ordinary shares in the capital of the Company.
Shareholders:	means holders of Shares.
WST:	means Western Standard Time, being the time in Perth, Western Australia.



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Established 1978



Southern Cross Electrical Engineering Ltd
ABN 92 009 307 046

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
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For all enquiries call:
(within Australia) 1300 307 262
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Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 138859

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (WST) Sunday, 23 October 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Southern Cross Electrical Engineering Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Southern Cross Electrical Engineering Limited to be held at QV1 Conference Centre, Level 2, 250 St Georges Terrace, Perth, Western Australia on Tuesday, 25 October 2016 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 and 4 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Gianfranco Tomasi as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of Performance Rights to Mr Graeme Dunn for the 2015/2016 Financial Year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Performance Rights to Mr Graeme Dunn for the 2016/2017 Financial Year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of Prior Share Issue 1 – Datatel Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Ratification of Prior Share Issue 2 – Datatel Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /