

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

NOTICE OF GENERAL MEETING

and

EXPLANATORY STATEMENT

and

PROXY FORM

Date of Meeting: Thursday, 18 May 2017
Time of Meeting: 9:00am (WST)
Place of Meeting: 41 Macedonia Street, Naval Base, Western Australia 6165

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.

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Southern Cross Electrical Engineering Limited ABN 92 009 307 046 (**Company**) will be held at 9:00am (WST) on Thursday, 18 May 2017 at 41 Macedonia Street, Naval Base, Western Australia 6165.

The Explanatory Statement that accompanies and forms part of the Notice of Meeting describes the matter to be considered at the General Meeting. Shareholders should read the Explanatory Statement in full before deciding how to vote.

AGENDA

RESOLUTION: APPROVAL OF FINANCIAL ASSISTANCE

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

*That, in accordance with section 260B(2) of the Corporations Act 2001 (Cwlth) (**Corporations Act**), approval be given for:*

- (a) *Heyday5 Pty Ltd (ACN 158 865 091) (**Heyday5**); and*
- (b) *Electrical Data Projects Pty Ltd (ACN 604 461 056) (**EDP**),*

to provide financial assistance to the Company in connection with the acquisition by the Company of all the issued share capital of Heyday5 and its wholly owned subsidiary, EDP, as further described in the Explanatory Statement.

By Order of the Board



Colin Harper
Company Secretary
7 April 2017

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.

Required majorities

The Resolution 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 9.00am (WST) on Tuesday 16 May 2017**, 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 the 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 **5.00pm (WST) on Tuesday 16 May 2017**.

Further information

If you need any further information about this Notice of Meeting or attendance at the 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 General Meeting of the Company to be held at 9:00am (WST) on Thursday, 18 May 2017. The Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

RESOLUTION: APPROVAL OF FINANCIAL ASSISTANCE

Background

On 24 February 2017, the Company entered into a Share Purchase Agreement under which it agreed to acquire the whole of the issued share capital of Heyday5 Pty Ltd (**Heyday5**) and its wholly owned subsidiary Electrical Data Projects Pty Ltd (**EDP**) (**Acquisition**). The Acquisition was completed on 9 March 2017.

Commonwealth Bank of Australia (**CBA**) has provided a finance facility (**Facility**) to the Company and its subsidiaries (**Group**) pursuant to the agreement titled 'A\$ facilities agreement' dated 24 September 2010 between, amongst others, CBA and the Company, as amended from time to time (**Facility Agreement**).

Financial Assistance

It is a condition to the Facility that the Company procure that each of Heyday 5 and EDP:

- (a) accede to the Facility Agreement as a borrower, guarantor and obligor and thereby provide a guarantee and indemnity to CBA in respect of the Group's obligations under and in connection with the Facility (**Guarantee**); and
- (b) grant security to CBA over all its assets and undertaking to secure performance of its obligations under and in connection with the Facility (including its obligations under the Guarantee) (together with the Guarantee, the **Securities** and each a **Security**).

If the Facility or related finance documents are amended, varied or replaced from time to time, each of Heyday5 and EDP may be required to consent to such matters. In any event, each of Heyday5 and EDP may in the future be requested to enter into additional documents and/or to provide additional support in connection with the Facility or a refinance. This may include (without limitation) incurring additional obligations and/or providing additional guarantees, mortgages and/or other security interests on the same or different terms to the Security, including provisions that make its obligations more onerous.

Acceding to the Facility Agreement as a borrower, guarantor and obligor; entry into, and performance of its obligations under, the Securities by Heyday 5 and EDP; and the other things or help referred to above constitutes financial assistance by Heyday 5 and EDP to the Company for the Acquisition.

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in that company or a holding company of that company if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the ability of the company to pay its creditors; or
- (b) the assistance is approved by the shareholders of the company under section 260B of the Corporations Act; or
- (c) the assistance is exempted under section 260C of the Corporations Act.

The expression "financial assistance" is a broad concept and includes such things as payments, loans, the provision of guarantees, indemnities and securities, releasing pre-existing obligations and the forgiving of debt. For present purposes, acceding to the Facility Agreement as a borrower, guarantor and obligor; and entering into, and performing obligations under, the Securities, as well as the other things or help referred to above may be considered to be "financial assistance" for the purposes of section 260A of the Corporations Act.

Furthermore, there is a view that the thing or help given does not need to be given directly to assist with the acquisition of the shares to constitute financial assistance. On a conservative approach, if it is given in connection with the acquisition then (even if the connection is indirect) it may constitute the giving of financial assistance. An example of such indirect financial assistance could include the fact that, at completion of the Acquisition, each of Heyday5 and EDP was obliged to procure the discharge of security provided by it to its previous financier and, in order to do so, CBA was requested by the Company to issue bank guarantees under the Facility in favour of the previous financier, the liability for which will now be guaranteed and secured by the Security.

Shareholder Approval

Section 260B of the Corporations Act allows a company to give financial assistance to a person to acquire its own shares or shares in its holding company (if it does not cause the company to become insolvent and would not otherwise result in the directors breaching their duties) if, in this case, it is approved by:

- unanimous resolution by the shareholders of Heyday 5 and EDP; and
- a special resolution of the Company.

Shareholder approval of the Company is sought because, immediately after the Acquisition, Heyday 5 and EDP have become subsidiaries of the Company, a listed domestic corporation.

ASIC notification

It is a requirement that the financial assistance does not take place until at least 14 days after a notice is lodged with the Australian Securities and Investments Commission (**ASIC**) specifying that the financial assistance has been approved by shareholders.

Copies of the notice to members of the proposed resolution and this Explanatory Statement were lodged with ASIC before being sent to the members, in accordance with section 260B(5) of the Corporations Act.

Effects of the financial assistance

The effect on the Company of the financial assistance contemplated by the resolution described in the Notice of Meeting to which this Explanatory Statement is attached (**Resolution**) is to enable the Company to comply with its existing obligations under the Facility Agreement, to procure that each significant subsidiary accede to the Facility Agreement as borrower, guarantor and obligor and enter into and perform their obligations under the Securities. Without this compliance by the Company, the Acquisition could not have been completed without causing a breach of the terms of the Facility Agreement.

By acceding to the Facility Agreement as a borrower, guarantor and obligor and entering into and performing obligations under the Securities, each of Heyday5 and EDP:

- become jointly and severally liable for the obligations of the Group under the Facility Agreement and the Transaction Documents described in it, pursuant to the cross-Guarantee contained in the Facility Agreement, which liability is secured over all their respective assets, under the Securities;
- become entitled to utilise the Facility as borrowers for the financing of their operations; and
- obtain the benefit of the financial support of the other members of the Group for their own obligations under the Facility Agreement and the Transaction Documents described in it, under the cross-Guarantee contained in the Facility Agreement.

Advantages of the Resolution

- The financial assistance contemplated by the resolution described in the Notice of Meeting to which this Explanatory Statement is attached (**Resolution**) has no adverse effect on the Company.
- If the Resolution is not approved, CBA may exercise its rights to demand repayment of all money owing or contingently owing by the Company under the Facility, and this may have the effect of triggering further defaults under the Company's other material contracts.
- If the Resolution is not approved, the Company may have to negotiate alternative refinancing and would expect to incur break costs and additional transaction fees.

Disadvantages of the Resolution

The Directors of the Company do not believe there is any disadvantage to the Company in approving the Resolution and consider that the Company is not, and will not, as a result of the transactions contemplated by the Resolution, become, insolvent.

Disclosure of information

The directors of the Company consider that this Explanatory Statement contains all material information known to the Company that could reasonably be required by members in deciding how to vote on the Resolution, other than information that it would be unreasonable to require the Company to disclose because the Company has previously disclosed the information to its members.

Recommendation

The Board unanimously recommends that Shareholders vote in favour of the Resolution.



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
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 307 262
(outside Australia) +61 3 9415 4671

SXE
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form

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Vote 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: 999999

SRN/HIN: I9999999999 PIN: 99999

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 9.00am (WST) Tuesday, 16 May 2017

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

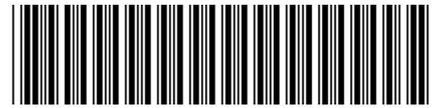
Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare 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 →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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.



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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 General Meeting of Southern Cross Electrical Engineering Limited to be held at 41 Macedonia Street, Naval Base, Western Australia on Thursday, 18 May 2017 at 9.00am (WST) and at any adjournment or postponement of that meeting.

STEP 2 Item 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.

Resolution Approval of Financial Assistance

For Against Abstain

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on the 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 / /

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