

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

NOTICE OF GENERAL MEETING

and

EXPLANATORY STATEMENT

and

PROXY FORM

Date of Meeting: Friday, 7 May 2021
Time of Meeting: 9:00 am (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 a General Meeting of Shareholders of Southern Cross Electrical Engineering Limited ABN 92 009 307 046 (**Company**) will be held at 9:00 am (WST) on Friday, 7 May 2021 at 41 Macedonia Street, Naval Base, Western Australia 6165.

The explanatory statement that accompanies and forms part of the Notice of Meeting (**Explanatory Statement**) 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 each of the Providers (as that term is defined in the Explanatory Statement) to provide financial assistance to the Company in connection with the acquisition by the Company of all the issued share capital of Trivantage Holdings Pty Ltd ACN 630 204 072 (**Trivantage**) and, through the Company's acquisition of Trivantage, the acquisition of all of the issued share capital in each of Trivantage's wholly owned subsidiaries, as further described in the Explanatory Statement.*

By Order of the Board



Colin Harper
Company Secretary
6 April 2021

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 9:00 am (WST) on Wednesday, 5 May 2021**, 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 of Corporate Representative form may be obtained from the Company's share registry or online at www.investorcentre.com.

Where a body corporate appoints a proxy, the proxy form must be signed by a duly appointed attorney or by a director jointly with either another director or a company secretary or, for a proprietary company that has a sole director who is also the sole company secretary, that director.

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 5.00 pm **(WST) on Wednesday, 5 May 2021**.

How to vote

Voting on the proposed Resolution at the Meeting will be conducted by poll. Under the Constitution, any poll will be conducted as directed by the Chair. Shareholders may vote either:

- by attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- by appointing a proxy to attend and vote on their behalf using the Proxy Voting Form accompanying this Notice and by submitting their Proxy Voting Form online, in person, by post, by email.

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 9:00 am (WST) on Friday, 7 May 2021. The Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting and is given to Shareholders for the purpose (amongst others things) of section 260B(4) of the Corporations Act. It contains information known to the Company which is material for Shareholders in deciding how to vote on the Resolution to approve the giving of financial assistance described in section 1.2 below.

1. RESOLUTION: APPROVAL OF FINANCIAL ASSISTANCE

1.1 Background

On 17 November 2020, the Company entered into a Share Purchase Agreement under which it agreed to acquire the whole of the issued share capital of Trivantage Holdings Pty Ltd ACN 630 204 072 (**Trivantage**) and, through the Company's acquisition of Trivantage, the acquisition of all of the issued share capital in Trivantage's wholly owned subsidiaries (**Providers**):

- (a) Trivantage Group Pty Ltd ACN 132 756 551;
- (b) Trivantage Pty Ltd ACN 166 668 337;
- (c) Ladd Electric Pty Ltd ACN 111 286 036;
- (d) S.J. Electric Group Pty Ltd ACN 121 268 362;
- (e) Seme Solutions Pty Ltd ACN 131 507 152;
- (f) Group CCTV Pty Ltd ACN 139 856 456;
- (g) Central Control Sheetmetal Pty Ltd ACN 084 254 151;
- (h) S.J. Electric (W.A.) Pty. Ltd. ACN 078 494 738;
- (i) S.J. Electric (Vic) Pty. Ltd. ACN 074 448 481;
- (j) S.J. Electric (SA) Pty Ltd ACN 008 290 480;
- (k) SJ Electric Group (QLD) Pty Ltd ACN 124 414 768;
- (l) SJ Electric Group (NSW) Pty Ltd ACN 124 414 759; and
- (m) Positive Systems Pty Ltd ACN 108 616 600,

(**Acquisition**). The Acquisition was completed on 16 December 2020.

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**).

1.2 Financial Assistance

It is a condition to the Facility that the Company procure that each of the Providers:

- (a) accede to the Facility Agreement as a 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 their assets and undertaking to secure performance of their obligations under and in connection with the Facility (including their 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 the Providers may be required to consent to such matters. In any event, each of the Providers 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 their obligations more onerous.

Acceding to the Facility Agreement as a guarantor and obligor; entry into, and performance of their obligations under, the Securities by the Providers; and the other things or help referred to above constitutes financial assistance by the Providers 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 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 the Providers were obliged to procure the discharge of security provided by them to their 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.

1.3 Shareholder Approval

Section 260B(2) of the Corporations Act requires that if immediately after the acquisition the company will be a subsidiary of a listed domestic corporation the financial assistance must also be approved by a special resolution passed at a general meeting of the body corporate that will be the holding company.

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

1.4 ASIC notification

Copies of the notice to Shareholder of the proposed Resolution and this Explanatory Statement were lodged with Australian Securities and Investments Commission (**ASIC**) before being sent to Shareholders, in accordance with section 260B(5) of the Corporations Act.

Section 260B(6) of the Corporations Act also requires that the financial assistance does not take place until at least 14 days after a notice is lodged with ASIC stating that the financial assistance has been approved by shareholders. If the Resolution is passed the Company will ensure this notice is lodged with ASIC before the financial assistance is provided by the Providers.

1.5 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 accedes to the Facility Agreement as guarantor and obligor and enters into and performs 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 guarantor and obligor and entering into and performing obligations under the Securities, each of the Providers:

- 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; 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.

1.6 Advantages of the Resolution

The advantages of the proposed Resolution for the Company include the following:

- The financial assistance contemplated by the 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.

The Directors of the Company have also formed the view that the giving of financial assistance is in the best interests, and for the corporate benefit, of the Company, the Providers and their members because (among other things), the financing arrangements for the Company and its subsidiaries will be more flexible and secured.

1.7 Disadvantages of the Resolution

The Directors of the Company do not believe there is any disadvantage to the Company in approving the Resolution.

The disadvantages of the proposed Resolution for the Providers include the following:

- they will become liable, together with the Company and each of its other subsidiaries, for the amounts due under the Facility;
- by granting first ranking security to CBA under the Securities, the Providers will not be able to grant first ranking security to any other party without CBA's consent unless the Securities are released (e.g. by payment of the debt secured by the Securities)
- their operations will be restricted by the representations, warranties and undertakings given by them under the Facility and they will be subject to 'Events of Default' under the Facility Agreement;
- their assets will be subject to Security; and
- if an event of default occurs under the Facility Agreement or the Securities CBA may make a demand under the guarantee provided by the Providers requiring immediate repayment of the amounts due under the Facility and the Security granted by the Providers may be enforced to recover the amounts due.

The Directors have no reason to believe that there are any prevailing circumstances making the enforcement of any of the Securities probable or likely. In any event, the Directors believe that any potential disadvantages related to the potential liability of the Providers under the Securities are outweighed by the advantages to the Providers as a member of the Group.

1.8 Satisfaction as to solvency

On the basis of the latest financial accounts of the Company and the Providers, each of the Directors of the Company has satisfied themselves that the provision of financial assistance described in the Notice of Meeting to which this Explanatory Statement is attached will not adversely affect the solvency of the Company or the Providers and the Company and the Providers are, and following the provision of financial assistance will be, able to pay their debts as and when they become due and payable.

Accordingly, the Directors of the Company have formed the view that the giving of financial assistance described in the Notice of Meeting to which this Explanatory Statement is attached will not materially prejudice the interests of the Company, the Providers or their members or their ability to pay their creditors.

1.9 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 Shareholders 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 Shareholders.

1.10 Recommendation

The Directors of the Company unanimously recommend that Shareholders vote in favour of the Resolution. The giving of this statement has been authorized by a resolution of the Directors of the Company.



Southern Cross Electrical Engineering Ltd
ABN 92 009 307 046

SXE

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



Need assistance?



Phone:
1300 307 262 (within Australia)
+61 3 9415 4671 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00 AM (AWST) on Wednesday, 5 May 2021.**

Proxy Form

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

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Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

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.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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, WA 6165 on Friday, 7 May 2021 at 9:00 AM (AWST) 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.

	For	Against	Abstain
1 Approval of Financial Assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details *(Optional)*

Mobile Number Email Address
By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

