

2 December 2024

Notification of commencement of arbitration

Southern Cross Electrical Engineering Limited's ("SCEE Group") subsidiary, Heyday, has submitted a Notice of Arbitration and Statement of Claim claiming against the CPB Dragados Samsung Joint Venture ("CDSJV") for additional costs incurred in performing its works on the WestConnex M5 motorway tunnel project in Sydney.

Background

On 9 July 2018, SCEE Group announced to the ASX that Heyday had been awarded in excess of \$55m of electrical works by CDSJV (an unincorporated joint venture between CPB Contractors Pty Ltd, Dragados Australia Pty Ltd, and Samsung C&T Corporation) under two contract packages on the underground tunnels of the WestConnex M5 motorway project. At that time the anticipated completion date for the works was November 2019.

However, Heyday was fundamentally unable to perform its works in the manner and timetable agreed in the contract, due to CDSJV's mismanagement of the project, with substantial completion not achieved until mid-2020. This resulted in significant extra cost to Heyday arising from the delay and disruption it experienced in completing the project.

Heyday is claiming \$22m from CDSJV (excluding interest and legal costs) comprising of the additional costs resulting from the delay and disruption to the project, associated indirect costs, other unpaid variations, and related sums.

Heyday notes it has pursued all other available avenues to resolve this matter, including negotiation, security of payment processes, and mediation, without success and given the passage of time it has no choice other than to commence these arbitration proceedings under the contract. The arbitration will be conducted pursuant to the Australian Centre for International Commercial Arbitration ("ACICA") Expedited Arbitration Rules 2021. ACICA's Expedited Arbitration Rules are designed to resolve disputes in a timely and cost-effective manner. Accordingly, SCEE expects that this matter will be resolved this financial year.

Comment

Commenting on the above, SCEE Group Managing Director Graeme Dunn said "In Heyday's many decades of conducting business it, and for that matter every other member of the SCEE Group, has never had to commence proceedings of this nature against a client and it is with great reluctance that we have adopted this course of action. However, Heyday must pursue what it considers are its



contractual entitlements and so, while we continue to remain open to a commercial resolution of this dispute, we shall pursue this matter to its conclusion.

Given proceedings have now commenced, we are not proposing to make further comment on this matter.”

Authorised for release by the Board of Directors

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