



**SDI Limited**  
**A.B.N. 27 008 075 581**

## **NOTICE OF ANNUAL GENERAL MEETING**

**Notice is hereby given** that the Annual General Meeting (**AGM**) of SDI Limited (**SDI or the Company**) will be held at 10.30 am (Melbourne time) on Friday, 25 November 2016 at the offices of SDI Limited, 15 Brunsdon Street, Bayswater, Victoria 3153, Australia.

The Explanatory Notes accompanying this Notice of Meeting provides additional information on the matters to be considered at the AGM. The Explanatory Notes and the proxy form are part of this Notice of Meeting.

### **A. CONSIDERATION OF REPORTS**

To receive and consider the Company's Financial Report, the Directors' Report and the Independent Auditor's Report of the Company in respect of the financial year ended 30 June 2016.

There is no vote on this item.

Unless the Company's Share Registry has been notified otherwise, shareholders have not been sent a hard copy of the Annual Report. All shareholders can view the Annual Report which contains the Financial Report for the year ended 30 June 2016 on the Company's website at [www.sdi.com.au](http://www.sdi.com.au).

### **B. QUESTIONS AND COMMENTS**

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a) the conduct of the audit;
- b) the preparation and content of the Independent Auditor's Report;
- c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d) the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of written questions submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the meeting.

## **C. ITEMS FOR APPROVAL**

### **Resolution 1:** Re-election of Mr Gerald Bullon.

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

“That Mr Gerald Bullon, who retires in accordance with Clause 25.2 of the Company’s Constitution and being eligible for re-election, is re-elected as a Director of the Company.”

### **Resolution 2:** Re-election of Dr Geoffrey Knight.

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

“That Dr Geoffrey Knight, who retires in accordance with Clause 25.2 of the Company’s Constitution and being eligible for re-election, is re-elected as a Director of the Company.”

### **Resolution 3:** Election of Mr Jeffery Cheetham.

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

“That Mr Jeffery Cheetham, in accordance with Clause 26.3 of the Constitution, and for all other purposes, being eligible, is elected as a Director of the Company.”

### **Resolution 4:** Director Fee Pool.

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

“That, for the purposes of ASX Listing Rule 10.17 and clause 23.10 of the Company’s Constitution, the maximum aggregate directors’ fees payable by the Company to its directors be increased by \$200,000 to \$400,000 per annum.”

### Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by any Director of the Company and his or her associates.

However, the Company need not disregard a vote cast on Resolution 4 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 person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Resolutions 4 by a member of the key management personnel (KMP), or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolution 4.

This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Resolution 4 because the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies.

## **Resolution 5: Remuneration Report**

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

“That, the Company’s Remuneration Report for the year ended 30 June 2016 as set out in the Directors’ Report, is adopted.”

Under the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

### Voting Exclusion Statement

A vote on Resolution 5 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a member of the KMP whose remuneration details are included in the 2016 Remuneration Report; or
- a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 5 as a proxy if the vote is not cast on behalf of a person described above and either:

- the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- the vote is cast by the chair of the meeting and the appointment of the chair as proxy:
  - a) does not specify the way the proxy is to vote on the resolution; and
  - b) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

“Key management personnel” and “closely related party” have the same meaning as set out in the Corporations Act.

By Order of the Board

J.J. SLAVIERO  
Company Secretary  
Dated: 24 October 2016

## **ENTITLEMENT TO ATTEND AND VOTE**

It has been determined that in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the AGM, shares will be taken to be held by the persons who are the registered holders at 7:00pm (Melbourne time) on 23 November 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### **Proxies**

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the AGM.

A member may specify the proportion or number of votes each proxy may exercise. If the member does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes. . A proxy need not be a member of the Company. A proxy form is provided with this notice. To be effective, the proxy must be received by the Share Registrar of the Company no later than 10.30 am (Melbourne time) on Wednesday, 23 November 2016 (being 48 hours before the AGM). Proxies may be lodged in the following manner:

**By Mail:** Link Market Services  
Locked Bag A14  
SYDNEY SOUTH, NSW 1235

**By Fax:** +61 2 9287 0309

**By Hand:** Link Market Services  
Level 12, 680 George Street  
SYDNEY, NSW 2000

**Online:** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Step 1: Select Investor Login from the right hand menu.

Step 2: Enter "SDI Limited" as the Issuer.

Step 3: Enter your Holder Identifier (which appears under the barcode on the front of your proxy form) and your postcode **or** Country.

Step 4: Enter the security code, read and agree to the terms and conditions by selecting the tick box and click "Login"

Step 5: Select "Voting" from the top menu and follow the prompts to lodge your Proxy.

**To be valid, a proxy form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.**

#### *Voting by Attorney*

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 10.30am (Melbourne time) on Wednesday, 23 November 2016 being 48 hours before the AGM.

#### *Corporate Representatives*

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the *Corporations Act 2001* (Cth) (the Act). The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



**SDI Limited**  
**A.B.N. 27 008 075 581**

## **Annual General Meeting – Explanatory Notes**

These Explanatory Notes have been prepared for the information of shareholders of the Company in relation to the business to be conducted at the Company's AGM to be held on Friday, 25 November 2016.

The purpose of the Explanatory Notes is to provide shareholders with information that is reasonably required by shareholders to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolutions 1, 2, 3, 4 are ordinary resolutions, which require a simple majority of votes cast by shareholders present and entitled to vote on the resolution. Resolution 5, relating to the Remuneration Report, is advisory and does not bind the Directors or the Company.

### **Resolution 1 – Re-election of Mr. Gerald Bullon**

In accordance with clause 25.2 of the Constitution, Mr. Gerald Bullon retires and, being eligible, offers himself for re-election as a Director. Mr. Bullon was appointed to the Board in 2013 and is a member of the Audit Committee and the Chairman of the Remuneration Committee.

Mr. Bullon has managed his own Investor Relations Consultancy firm, Insor Pty Ltd, since 1996. During this time he facilitated several IPO listings on the ASX including Australian Hospital Care, Sigma Pharmaceuticals and Nick Scali Limited. Mr. Bullon is well known and highly regarded in the Australian financial markets with stockbroking companies, institutional investors and Fund Managers. Since 2002 he has consulted to SDI on various assignments regarding investor relations and has an excellent knowledge of the Company and its strategic direction. He is well versed in Corporate Governance and Public Company responsibilities.

Mr. Bullon has worked in senior executive roles in a number of Public Companies. He is a Fellow of the Australian Institute of Company Directors and prior to coming to Australia in 1968, he studied Accounting and Economics at Strathclyde University in Glasgow, Scotland.

*The Directors, with Mr. Bullon abstaining, recommend that shareholders vote in favour of this Resolution.*

### **Resolution 2 – Re-election of Dr. Geoffrey Knight**

In accordance with clause 25.2 of the Constitution, Dr. Geoffrey Knight retires and, being eligible, offers himself for re-election as a Director. Dr. Knight was appointed to the Board in 2013 and is a member of the Audit and Remuneration Committees.

Dr. Knight, PhD. is an experienced and world recognized Dental Scientist as well as a practicing Dentist. He has published numerous technical papers related to Dentistry both locally and internationally. Dr. Knight has held senior positions with the Australian Dental Association (Victorian

Branch), Australian Society of Periodontology (Victorian Branch), Australian Society of Dental Aesthetics, the Society of Occlusal Studies, and other professional groups.

Dr. Knight has advised SDI for many years in the research and development of its Composite restorative products including Glass Ionomer Cement projects.

Dr. Knight holds a Bachelor of Dental Science and a Master of Business Administration (MBA) from Melbourne University, a Master of Science from London University, and a PhD. from Adelaide University.

*The Directors, with Dr. Knight abstaining, recommend that shareholders vote in favour of this Resolution.*

### **Resolution 3 – Election of Mr. Jeffery Cheetham**

In accordance with clause 26.3 of the Constitution, Mr. Jeffery Cheetham, offers himself for election as a Director. Mr. Cheetham founded the Company in 1972 and has served as the Managing Director since 1985 and Executive Chairman since 2013.

Mr. Cheetham has retired from the position of Managing Director, effective 1 July 2016, and will continue in his role as Executive Chairman. As Managing Director, Mr. Cheetham was not subject to rotation requirements for Directors under the Company's Constitution, therefore this is the first time Mr. Cheetham will be submitted to Shareholders for election.

Over the years Mr. Cheetham has driven the development of an extensive product range which is exported to over 100 countries. He has developed a world class dental manufacturing and product development company that has an extensive global distribution network.

*The Directors, with Mr. Cheetham abstaining, recommend that shareholders vote in favour of this Resolution.*

### **Resolution 4: Increase in the maximum aggregate amount of fees payable to Directors**

ASX Listing Rule 10.17 and the Company's Constitution require that the maximum aggregate Non-Executive Directors' fees may only be increased by Shareholders' approval in a general meeting.

The most recent determination was at the Annual General Meeting held on 5 November 2003, where the Shareholders approved an aggregate increase in remuneration from \$100,000 to \$200,000.

As disclosed in the 2016 Annual Report, the total amount paid to Non-Executive Directors during the year ended 30 June 2016, including superannuation contributions was \$199,997. As this amount is very close to the current upper limit of the fee pool, the Directors consider it prudent to seek an increase of \$200,000 to an aggregate amount of \$400,000 per annum in the fee pool for the reasons outlined below.

Since the approval in 2003, the duties, size and expectations of the Board have significantly altered. The Directors consider that it is appropriate to increase the fee pool to:

- ensure the Company has the ability to attract and retain high calibre Non-Executive Directors with the appropriate skills, expertise and competencies;
- to provide flexibility to enable Non-Executive Directors to be competitively remunerated; and
- to create capacity to appoint additional Non-Executive Directors in future if required.

It is not intended to increase the current fees paid to Non-Executive Directors to utilize the full increase proposed in the total fee pool. It is intended that \$41,000 of the increase will be utilized in the 2017 financial year.

There have been no securities issued to any Non-Executive Director under ASX Listing Rule 10.11 or 10.14 at any time within the preceding three years.

A voting exclusion statement is set out under Resolution 4 in the Notice of Meeting.

*The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.*

## **Resolution 5 – Remuneration Report**

Section 250R(2) of the Corporations Act 2001 (Cth) (the Act) requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (KMP) of the Company (Remuneration Report) be put to the vote of shareholders for adoption by way of a non-binding vote.

Broadly, the Remuneration Report details the remuneration policy for the Company and:

- explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- discusses the relationship between the policy and Company performance.

Shareholders can view the full Remuneration Report in the Annual Report which is available on the Company's website at [www.sdi.com.au](http://www.sdi.com.au).

Following consideration of the Remuneration Report, the Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. A resolution that the Remuneration Report be adopted will then be put to the vote. The vote on this resolution is advisory only and does not bind the Directors of the Company. However the Board will take the outcome of the vote into account in setting remuneration policy for future years.

### **Why you should vote in favour of Resolution 5**

The Company's Remuneration Committee has used external benchmarking reports to analyse the remuneration framework of its executives. Based on this data the Committee has determined that the framework is both fair and reasonable to reward and retain its high performing executives. Additionally, the framework seeks to enhance executives' interests by rewarding capabilities, experience and contribution to growth in shareholder wealth. The Company's remuneration policy includes a fixed element to remuneration and an "at-risk" short term incentive (STI) dependent upon performance of the Company.

The Board is satisfied that the executives are remunerated adequately according to performance, position responsibilities and market rates.

*The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.*

## LODGE YOUR VOTE



## ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## BY MAIL

SDI Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

## BY FAX

+61 2 9287 0309



## BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

## ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of SDI Limited and entitled to attend and vote hereby appoint:

## APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am on Friday, 25 November 2016 at The offices of SDI Limited, 15 Brunsdon Street, Bayswater, Victoria 3153 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 4 and 5:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

(Note: you may direct the Chairman of the Meeting to vote against Resolution 4 and/or 5, or to abstain by marking the boxes below).

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

## VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

## Resolutions

1 Re-election of Mr Gerald Bullon as a Director

For Against Abstain\*

☐ ☐ ☐

5 Adoption of the Remuneration Report

For Against Abstain\*

☐ ☐ ☐

2 Re-election of Dr Geoffrey Knight as a Director

☐ ☐ ☐

3 Election of Mr Jeffery Cheetham as a Director

☐ ☐ ☐

4 Approval of Director Fee Pool Increase

☐ ☐ ☐


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

## SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).





## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1.

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

### PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

If you wish to appoint a Director (other than the Chairman) or other member of the KMP or their closely related parties, as your proxy, you must specify how they should vote on Resolution 4 by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolution 4.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Wednesday, 23 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Only Proxy Forms issued by the Company will be deemed valid and accepted by the Company.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

SDI Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**