



Notice of Annual Shareholder's Meeting

SLI Systems Limited (*the Company*)

Notice

We hereby invite you to join us for the annual shareholders' meeting which will be held at the Novotel Hotel (Waimakariri Room), 52 Cathedral Square, Christchurch on 16 October 2015 at 9 am (NZT).

Business of the meeting

The business of the meeting will be:

Ordinary Business

Item 1 - Financial Statements

To receive and consider the financial statements of the Company for the year ended 30 June 2015, together with the auditor's report on such financial statements, both as contained in the Company's 2015 Annual Report.

Item 2 – Election of Directors

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

That Steven Marder, who retires by rotation in accordance with clause 25 of the Company's constitution and in accordance with NZX Main Board Listing Rule 3.3.11, and, who being eligible, offers himself for re-election as a director of the Company, be re-elected a director of the Company.

Note: Sam Knowles also retires at the annual meeting by rotation in accordance with clause 25 of the Company's constitution and in accordance with NZX Main Board Listing Rule 3.3.11. Despite being eligible, Sam is not offering himself for re-election as a director of the Company.

Item 3 – Appointment and remuneration of Auditor

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

To record the reappointment of PricewaterhouseCoopers as the Company's auditor and to authorise the Directors to fix the remuneration of the auditor for the ensuing year.

Special Business

Item 4 – Approval of SLI Systems Limited Share Option Plan

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

That the shareholders ratify, confirm and approve for all purposes the SLI Systems Share Option Plan adopted as of 1 June 2013 as more particularly described in the explanatory notes.



Explanatory Notes

Ordinary Business

Item 1 – Financial statements

This item is intended to provide an opportunity for shareholders to raise questions on the financial statements and auditor's report.

Item 2 – Election of Directors

Under the NZX Main Board Listing Rules and in accordance with the Company's constitution one-third of the Company's directors ("Directors") must retire by rotation at the annual shareholders' meeting. If the Directors are eligible they may offer themselves for re-election or election (as relevant) by shareholders at the meeting. Sam Knowles retires at the annual meeting by rotation and, despite being eligible, is not offering himself for re-election as a director of the Company. Steven Marder also retires at the annual meeting by rotation, and being eligible, has agreed to offer himself for re-election. As at the date of this notice, Steven Marder is not an Independent Director for the purposes of the NZX Main Board Listing Rules.

Set out below is a brief profile of Steven Marder.

Steven Marder

- Silicon Valley-based private equity operating partner and investment banker with over 25 years executive, advisory and investment experience in the global technology, media and communications sectors
- As a SLI Co-Founder, has served as an active non-executive Director on the SLI Board since inception (2001)
- Serves as a Director for Biomym, Inc. and Ingenious Ventures, LLC and Board of Advisors for AdMedia
- Serves as a Director, Investment Banking & Capital Markets, for global financial services firm BTIG
- Served as Industry Advisor for NY based private equity firm Avista Capital and as Director for portfolio companies WOW! and InvestorPlace Media
- Served as non-executive Director for NZ based GlobalBrain (1998-2000) (acquired by NBCi in 2000)
- Graduate of Columbia University (BA), St. Johns School of Law (JD), holds Series 79, 62 and 63 licenses as a Member of FINRA (Financial Industry Regulatory Association) and is an Attorney admitted to the State Bar of New York and California

Item 3 – Appointment and remuneration of Auditor

If passed by shareholders, the proposed resolution will authorise the Directors to fix the remuneration of the Company's auditor for the ensuing year.



Special Business

Item 4 – Approval of SLI Systems Limited Share Option Plan

Background

In 2002, in order to compete with other technology companies for the talent that S.L.I. Systems, Inc. (“SLI Inc.”) needed to grow its business, SLI Inc.’s shareholders approved the granting of options to employees under its 2002 Stock Option Plan. The purpose of this plan was to attract, retain and reward employees, and to motivate such individuals to contribute to the growth and profitability of SLI Inc.

As part of the restructuring of the SLI group that occurred on 31 May 2013 (the date that the Company completed its initial public offer and listing on the NZX Main Board), the Company assumed all rights and obligations under the option plan originally established by SLI Inc. It also approved the ongoing grant of options on essentially the same terms and conditions from 1 June 2013, as described in section 8.4 of the Investment Statement dated 6 May 2013.

The NZX Main Board Listing Rules do not require the Company to obtain shareholder approval of this plan. However, as SLI Inc., a subsidiary of the Company, employs US residents, this plan must also meet the US Securities laws requirements. The California Corporations Code section 25102(o) requires the Company to obtain shareholder approval (by simple majority) of the plan. The shareholders are therefore being asked to approve the formal entry into a share option plan that gives effect to the ongoing grant of options.

Essential terms of the options granted under the plan

The essential terms of the options granted under the plan remain those described in section 8.4 of the Investment Statement dated 6 May 2013 and, in summary, are:

- (a) The options are exercisable to the extent of 1/4 of the options as of the one year anniversary after the grant date, then an additional 1/36th of the remaining balance on a monthly basis, so that the options are fully exercisable on the fourth anniversary of the grant date.
- (a) The options lapse and cease to be exercisable on the first to occur of (i) the 10th anniversary of the grant date; (ii) the last date for exercising the options following termination of the optionee’s service; and (iii) its termination in connection with a change in control in the Company.

The Directors are able to amend the essential terms of the plan, such as the vesting period and expiry terms, should special circumstances arise, such as the employment or retention of a senior executive.

Since 1 June 2013 to 30 June 2015, the Company has granted 2,706,255 options under the plan. The number of options issued under the plan are restricted in accordance with the NZX Main Board Listing Rules.

The technical detail of the plan is available for review on SLI website’s at <http://www.sli-systems.com/about/investors>.

STATUTORY NOTICE - FMCA EFFECTIVE DATE

SLI Systems Limited (NZBN: 9429030257771), of 1st Floor, Epic Centre, 78 - 106 Manchester Street, Christchurch, 8011, New Zealand, advise that it has elected to fully transition to the Financial Markets Conduct Act 2013 (FMCA) with effect from 30 September 2015. After that date, all of the requirements of FMCA will apply to the Company. In particular the Company’s share register will then be governed by Part 4 of the FMCA. The Company is already governed by the FMCA financial reporting and fair dealing requirements, amongst other things.



Procedural Notes

Ordinary Resolution

An ordinary resolution is a resolution passed by a simple majority (i.e. over 50% of the votes of shareholders of the Company entitled to vote and voting). All resolutions set out in this notice of meeting are ordinary resolutions.

Quorum

A quorum for a meeting of shareholders is 3 or more shareholders having the right to vote being present at the meeting.

Eligibility to vote

Any shareholder whose name was recorded in the Company's share register at 5:00pm on Wednesday, 14 October 2015 is entitled to attend the meeting and vote on the resolutions either in person or by proxy. No other person is excluded from voting on any of the resolutions.

Proxies

You may exercise your right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in your place. A proxy need not be a shareholder of the Company. You may appoint more than one proxy, provided more than one proxy is not appointed to exercise the rights attached to a particular share. An appointed proxy will have the right to vote as he/she thinks fit on any resolutions to amend any of the resolutions, or any resolution so amended, and on any other resolution proposed at the Annual Meeting (or any adjournment thereof) so as to give effect to your intention.

A proxy form is enclosed with this notice. If you wish to vote by proxy you must complete the form and produce it to the Company or appoint your proxy online no later than 9:00am on Wednesday, 14 October 2015. Details of how to do this are as follows.

Online:	To appoint your proxy online, please go to the Link Market Services website: https://investorcentre.linkmarketservices.co.nz/voting/SLI You will be required to enter your CSN/Holder number and FIN to securely access the website, and then follow the prompts to appoint your proxy and exercise your vote.
Mail:	If mailing a Proxy Form please post to Link Market Services, PO Box 91976, Victoria Street West, Auckland 1142, New Zealand.
Deliver:	Link Market Services, Level 7, Zurich House, 21 Queen Street, Auckland, New Zealand.
Fax:	+ 64 9 375 5990
Scan & email:	meetings@linkmarketservices.co.nz (please put the words " SLI Proxy Form " in the subject line for easy identification)

As an alternative to a proxy, a shareholder may appoint an authorised representative to attend the meeting.

The Chairman and directors of the Company intend to vote all discretionary proxies in favour of each resolution.

By order of the Board

Greg Cross

Chairman

15 September 2015