



Notice of Annual General Meeting

Notice is thereby given that an Annual General Meeting of the members of China Herbal Medicine Limited (the “**Company**”) will be held at 10am (China time) on Friday 29th May 2015 at No. 3 Dinglin Road, Anding District, Dingxi City, Gansu Province, the People’s of China for the purpose of transacting the business referred to in this Notice of Annual General Meeting (**Notice**). A skype link-up to meeting in China will be made available. The Explanatory Memorandum that accompanies and forms part of this Notice describes the matters to be considered.

Ordinary Business:

A. Financial Statement and Reports

To receive and consider the financial statements of the Company for the period ending 31 December 2014, and related Directors’ Report, Directors’ Declaration and Auditor’s Report.

B. To consider, and if thought fit, to pass, with or without modification, the following resolutions each as an Ordinary Resolution:

1. Ordinary Resolution 1: Re-election of Ms. Lei Dan as a Director

“That Ms. Lei Dan, a Director retiring in accordance with Clause 12.16 of the Constitution of the Company, and being eligible, is re-elected as a Director of the Company.”

2. Ordinary Resolution 2: Re-election of Mr. Jiang Ting as a Director

“That Mr. Jiang Ting, a Director retiring in accordance with Clause 12.16 of the Constitution of the Company, and being eligible, is re-elected as a Director of the Company.”

3. Ordinary Resolution 3: Re-election of Ms. Li Ruoning as a Director

“That Ms. Li Ruoning, a Director retiring in accordance with Clause 12.16 of the Constitution of the Company, and being eligible, is re-elected as a Director of the Company.”

4. Ordinary Resolution 4: Adoption of the Remuneration Report for the year ended 31 December 2014

“That the Remuneration Report as contained in the Directors’ Report of the Company for the financial year ended 31 December 2014, be adopted.”

Note: The vote on this resolution is advisory only and does not bind the Directors or the



Company.

Other Business

To deal with any other business that may legally be brought forward in accordance with the Constitution and the *Corporations Act 2001*.

By order of the Board

Ting Jiang
Company Secretary
29 April 2015

Voting Entitlements

The Company has determined, in accordance with the Company's Constitution and the *Corporations Act 2001* that a shareholder's voting entitlement at the AGM will be taken to be the entitlement of that person shown in the register of members as at 5pm on 27th May 2015.

Voting Exclusion - Undirected proxy voting by the Chairman of the meeting

For Resolution 4 - Remuneration Report, the *Corporations Act 2001* imposes certain restrictions. In accordance with those restrictions the Company will disregard any votes cast on Resolution 4 by, or on behalf of:

- (a) a member of the Company's key management personnel (including the Directors); and
- (b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy form as the proxy decides.

In accordance with the *Corporations Act 2001*, the Chairman of the meeting is not permitted to vote undirected proxies in relation to Resolution 4 unless the shareholder specifically authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. If a shareholder wishes to nominate the Chairman as their proxy for the purpose of Resolution 4, the shareholder must either:

- (a) mark the 'for' or 'against' box, directing the Chairman how to vote; or

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- (b) mark the box authorising the Chairman to vote in accordance with his stated voting intentions,

on the enclosed proxy form, in order for their proxy vote to be counted. Alternatively, shareholders can nominate as their proxy for the purpose of Resolution 4 a proxy who is not a member of the Company's key management personnel. That person would be permitted to vote undirected proxies.

Bodies Corporate

A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of shareholders of the Company or in the capacity of a shareholder's proxy. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body corporate could exercise at a meeting or in voting on a resolution.



Explanatory Memorandum

This Explanatory Memorandum forms part of the Notice of Annual General Meeting and has been prepared to assist members with their consideration of the Resolutions in the accompanying Notice of Annual General Meeting.

Ordinary Business – Agenda Item A

Receiving Financial Statements and Reports

The *Corporations Act 2001* requires the financial report (which includes the financial statements and directors' declaration), the directors' report and auditor's report to be laid before the Annual General Meeting. There is no requirement either in the *Corporations Act 2001* or the Company's Constitution for shareholders to approve the financial report, the directors' report or the auditor's report. Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports.

Ordinary Business – Agenda Item B

1. Resolution1, 2 &3: Re-election Ms. Lei Dan, Mr. Jiang Ting and Ms. Li Ruoning

Clause 12.16 of the Constitution provides that the directors may at any time appoint a person qualified to be director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors does not at any time exceed the number fixed in accordance with the Constitution. A director appointed under this Clause shall only hold office until the next general meeting of members.

Section 201H(3) of the *Corporations Act 2001* provides that if a person is appointed by the other directors as a director of a public company, the Company must confirm the appointment by resolution at the company's next AGM.

Accordingly, Ms. Lei Dan, Mr. Jiang Ting and Ms. Li Ruoning resign and being eligible, offer themselves for re-election.

Profile of Ms. Lei Dan

Lei Dan obtained double bachelor degrees in English Literature and Accounting from Lanzhou University in 2001, and a Master of Finance from University of Queensland in 2003. Having worked in accounting firms and financial institutions she has significant experience in accounting and corporate finance. She is bilingual in English and Mandarin. Ms. Lei is an Australian Citizen and wife of Mr. Li Yanlong.

Profile of Mr. Jiang Ting

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Mr. Jiang Ting is a qualified Certified Practising Accountant in Australia and has passed the PRC bar exam. He holds a Master of Business (Research) and a Master of Accounting and Finance from the University of Adelaide, and a Bachelor of Law from China.

Mr. Jiang has more than 6 years of experience in corporate finance and corporate advisory as well as 4 years in legal practice, and has completed a range of capital market transactions in both Australia and the PRC. He has extensive experience in the corporate capital raising process in Australia, including in relation to initial public offerings. He also possesses a strong knowledge of Australian and Chinese corporation laws and exchange listing rules. Currently, Mr. Jiang is also an independent director of ASX-listed Sunbridge Group Limited, Xiaoxiao Education Limited and XPD Soccer Gear Group Limited.

Profile of Ms. Li Ruoning

Ms. Li Ruoning has significant experiences in auditing, internal control and corporate governance. Ms. Li is a qualified CPA and had worked for KPMG audit division since 2007 where she had been involved in many capital market transactions including audits and financial diligence for IPOs in HK, US, PRC and Australia. She obtained a Bachelor of Accounting from Australia in 2006.

2. Adoption of the Remuneration Report

The Company's remuneration report is submitted to shareholders for consideration and adoption under a non-binding vote.

The Directors' Report for the period ended 31 December 2014 contains a remuneration report, which sets out the policy for the remuneration of the Directors.

The *Corporations Act 2001* requires that a resolution be put to a vote that the remuneration be adopted. The *Corporations Act 2001* expressly provides that the vote is advisory only, and does not bind the Directors or the Company.

Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the remuneration report.



Proxy Form

SECTION A: Appointment of Proxy

I / We being a member/s of China Herbal Medicine Limited and entitled to attend and vote hereby appoint the Chairman of the meeting **OR**

--

Write here the name of the person you are appointing if this person is someone other than 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, as the proxy sees fit) at the Annual General Meeting of China Herbal Medicine Limited to be held at 10am (China time) on 29th of May 2015 at No. 3 Dinglin Road, Anding District, Dingxi City, Gansu Province, the People's of China , and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Voting directions to your proxy – please mark 'X' to indicate your directions

ORDINARY RESOLUTIONS

1. Re-election of Ms. Lei Dan as a Director
2. Re-election of Mr. Jiang Ting as a Director
3. Re-election of Ms. Li Ruoning as a Director
4. Adoption of the Remuneration Report for the year ended 31 December 2014

For	Against	Abstain*

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

* 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.



PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

<u>Individual or Securityholder 1</u>	<u>Securityholder 2</u>	<u>Securityholder 3</u>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

_____	_____	_____/_____/_____
Contact Name	Contact Telephone	Date



How to Complete the Proxy Form

1. Your Address

This correspondence has been sent to your address as it appears on the Company's share register. If this information is incorrect, please make any corrections on the form. Securityholders sponsored by a broker should advise your broker of any changes. Please note you cannot change ownership of your securities using this form.

2. Appointment of a Proxy

If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities 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 securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, 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.

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, you may copy this form. 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 securities 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.
- (b) return both forms together in the same envelope

5. Signing Instructions

You must with 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, all of securityholders should sign



- Power of attorney: to sign under Power of Attorney, you must have already lodged this document 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.

6. Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting on 29 May 2015. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by posting, delivery or email to the office of China Herbal Medicine Limited being:

No. 3 Dinglin Road, Anding District, Dingxi City,
Gansu Province, the People's of China,
Postcode: 743099
Attention: Wang Yani
Email: 443032219@qq.com