

PU'ER LANCANG ANCIENT TEA CO., LTD.

普洱瀾滄古茶股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6911)

STRATEGY COMMITTEE OF THE BOARD OF DIRECTORS — TERMS OF REFERENCE

(Applicable upon Issuance of H Shares)

Chapter I General Provisions

Article 1 In order to meet the strategic development needs of Pu'er Lancang Ancient Tea Co., Ltd. ("Company"), reinforce the core competitiveness of the Company, determine the development plan of the Company, improve the investment decision-making procedure, strengthen the democracy and scientificity of decision-making, improve the effectiveness and quality of significant investment decision-making, and perfect the governance structure of the Company, the Company hereby sets up the Strategy Committee of the Board of Directors and formulates these Terms of Reference in accordance with the *Company Law of the People's Republic of China* ("Company Law"), the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies*, the *Guidelines on the Bylaws of Listed Companies*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* ("HK Listing Rules"), the Articles of Association of Pu'er Lancang Ancient Tea Co., Ltd. ("Articles of Association"), the rules of procedure of the Board of Directors of the Company, and other applicable provisions.

Article 2 The Strategy Committee is a special working body under the Board of Directors, responsible to the Board of Directors, and it is mainly responsible for studying and putting forward suggestions on the long-term development strategy and significant investment decision-making of the Company.

Chapter II Composition

Article 3 The Strategy Committee is composed of three Directors.

Article 4 The members of the Strategy Committee shall be nominated by the chairman of the Board of Directors, one half or more of Independent Non-executive Directors, or one third or more of all Directors and be elected by the Board of Directors.

Article 5 The Strategy Committee shall have one chairman (convener), who shall be the chairman of the Board of Directors and in charge of the work of the Strategy Committee.

Article 6 The term of office of a member of the Strategy Committee shall be the same as that of the Board of Directors and a member of the Strategy Committee may be reappointed if reelected upon expiry of his/her term of office. During the term of office, if a member ceases to be a Director of the Company or to have the independence that he/she is required by the HK Listing Rules to have as an Independent Non-executive Director, such member shall be automatically disqualified from the member of the Strategy Committee and the Board of Directors shall fill the job vacancy in accordance with the provisions of Articles 3 to 5 hereof.

Article 7 An investment review group shall be set up under the Strategy Committee. The leader of the investment review group shall be the general manager of the Company and responsible for carrying out daily working communications, organizing meetings, collecting and researching materials, carrying out project feasibility analysis, making investment and financing scheme, and performing other daily work.

Chapter III Duties and Powers

Article 8 The Strategy Committee mainly exercises the following duties and powers:

- (I) To discuss and put forward suggestions on the long-term development strategy plan of the Company;
- (II) To discuss and make recommendations on the significant investment and financing scheme that is subject to approval by the Board of Directors as specified by the Articles of Association or authorized by the general meeting;
- (III) To discuss and make suggestions on the major capital operation as well as production and operation decision-making projects that are subject to approval by the Board of Directors as specified by the Articles of Association or authorized by the general meeting;
- (IV) To discuss and put forward suggestions on other major matters that may affect the development of the Company;
- (V) To inspect the implementation of the above matters;
- (VI) Other matters specified by laws, regulations, normative documents, the HK Listing Rules, the securities regulatory authority of Hong Kong, the Articles of Association, or the rules of procedure of the Board of Directors or delegated by the Board of Directors.

Article 9 The Strategy Committee shall be responsible to the Board of Directors and the proposals of the Strategy Committee shall be submitted to the Board of Directors for deliberation and decision.

Article 10 The Strategy Committee shall publish its duties and powers at the websites of the Stock Exchange of Hong Kong Limited and the Company to make explanations about its role and the powers delegated by the Board of Directors to it.

Chapter IV Decision-Making Procedure

Article 11 The investment review group is responsible for making preliminary preparations for the decision-making work of the Strategy Committee and providing materials about relevant aspects of the Company:

- (I) The department concerned of the Company or the principal of the holding (invested) enterprise shall submit relevant materials, such as the intent of and preliminary feasibility report on significant investment and financing, capital operation, or assets operation project as well as the basic information of the cooperative partners;
- (II) The investment review group shall carry out preliminary review, and issue and submit to the Strategy Committee for filing the project approval opinions;
- (III) The department concerned of the Company or the holding (invested) enterprise shall discuss and negotiate relevant documents, such as agreements, contracts, articles of association, and feasibility report, and submit the same to the investment review group;
- (IV) The investment review group shall carry out review, issue written opinions, and submit a formal proposal to the Strategy Committee.

Article 12 The Strategy Committee shall hold a meeting according to the proposal submitted by the investment review group to carry out discussions, submit the discussion results to the Board of Directors, and give some feedback to the investment review group simultaneously.

Chapter V Rules of Procedure

Article 13 The Strategy Committee shall hold at least one meeting a year, notice of which shall be sent by its chairman to all members seven days prior to the holding of the meeting. The meeting shall be presided over by the chairman. When the chairman is unable to attend the meeting, the meeting may be presided over by any other member entrusted by the chairman.

The chairman or more than two (inclusive) members of the Strategy Committee may require the Strategy Committee to hold an interim meeting. To hold an interim meeting, the notice of meeting may be sent at any time by the convener by telephone or in any other oral manner provided that the convener shall make an explanation at the meeting.

Article 14 The members of the Strategy Committee must personally attend the meetings of the Strategy Committee and give their express opinions on the matters being deliberated at the meetings. If a member of the Strategy Committee is unable to attend a meeting for any reason, he/she may entrust any other member to attend and give opinions at the meeting on behalf of him/her by submitting a power of attorney signed by him/her. The scope and term of authorization must be specified explicitly in the power of attorney. Each member may be entrusted by one member at the most. If a member (as an Independent Non-executive Director) is unable to attend a meeting of the Strategy Committee for any reason, he/she shall entrust any other member (as an Independent Non-executive Director) to attend the meeting on behalf of him/her.

Article 15 A meeting of the Strategy Committee may be held with the attendance of two thirds or more of the members of the Strategy Committee; each member has one-vote voting power; and a resolution must be adopted by a majority of all members of the Strategy Committee.

A member of the Strategy Committee who has any interest in a matter for discussion at the meeting must be recused. If an effective opinion under deliberation cannot be made due to the recusal of a member of the Strategy Committee, the matter concerned shall be deliberated directly by the Board of Directors.

Article 16 If a meeting of the Strategy Committee is held in the form of on-site meeting, the voting shall be carried out in the form of written open ballot; if by communications (such as teleconference and video conference), the voting shall be carried out by communications and a member of the Strategy Committee shall be deemed as having attended the meeting and agreeing to the content of the resolution at the meeting if he/she signs the resolution.

The Strategy Committee may hold a meeting at which voting is carried out by communications, where necessary.

Article 17 The senior executives are obligated to provide the Strategy Committee with sufficient well-timed data in time to assist the Strategy Committee in making informed decisions. The data provided must be complete and reliable. The Strategy Committee and its members may make further inquiry as they deem necessary and get in touch with senior executives independently by themselves.

Article 18 The members of the investment review group may attend the meetings of the Strategy Committee as non-voting delegates. The Strategy Committee may invite the Directors, Supervisors, and senior executives of the Company to attend the meetings of the Strategy Committee in a non-voting capacity, where necessary, but a person who is not a member of the Strategy Committee has no voting power.

Article 19 The Strategy Committee may engage an intermediary agency to provide professional opinions on its decisions at the expense of the Company, where necessary.

Article 20 The procedure for convening a meeting, form of voting, and proposals adopted at a meeting of the Strategy Committee must comply with the provisions and requirements of applicable laws, regulations, the HK Listing Rules, the competent securities regulatory authority, the Articles of Association, and these Terms of Reference.

Article 21 The minutes of meetings of the Strategy Committee shall be kept by the secretary of the Company and signed by the members who have attended the meetings. The matters under deliberation and the resolutions adopted at a meeting, including any doubts raised or dissenting opinions expressed by any member, shall be recorded in detail in the minutes of meeting. The draft and final version of the minutes of meeting shall be distributed to all members within a reasonable period after the meeting ends, the draft for expression of opinions by the members and the final version for filing. Upon receipt of a reasonable notice sent by any Director, the Company shall provide such Director with the minutes of meeting during reasonable hours.

Article 22 The proposals adopted and the voting results reached at a meeting of the Strategy Committee shall be reported in written form to the Board of Directors, unless they cannot be reported due to the conflict between reporting of such matters and the Strategy Committee's general duties or the limitation imposed by laws, regulations, or regulatory provisions.

Article 23 The members attending the meetings of the Strategy Committee and the persons sitting in on such meetings shall keep confidential the matters for review and shall not disclose relevant information.

Chapter VI Supplementary Provisions

Article 24 The terms “or more of”, “or more” and “at least” used herein include the given figure; the term “majority of” used herein does not include the given figure.

Article 25 These Terms of Reference and any modification hereof shall be deliberated and approved by the Board of Directors, enter into force and are put into effect as of the date when the H Shares issued by the Company are listed for trading on the Stock Exchange of Hong Kong Limited, and the Board of Directors is responsible for interpreting these Terms of Reference.

Article 26 Any matters not covered herein shall be handled in accordance with relevant provisions and requirements of applicable laws, regulations, the HK Listing Rules, the competent securities regulatory authority, and the Articles of Association; in case of any conflict between these Terms of Reference and provisions and requirements of future laws, regulations, the HK Listing Rules, the competent securities regulatory authority, or the lawfully modified Articles of Association, the provisions and requirements of applicable laws, regulations, the HK Listing Rules, the competent securities regulatory authority, or the Articles of Association shall prevail, these Terms of Reference shall be modified, and the modification of these Terms of Reference shall be submitted to the Board of Directors for deliberation and approval.