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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### GENERAL

Our Board of Directors consists of ten Directors, three of which are independent non-executive Directors. Our Directors were appointed by our Shareholders. Each of the Directors has entered into a service agreement with us for an initial period of one year and thereafter shall continue for further successive period of one year, subject to a maximum duration of 3 years.

None of our Directors has entered or proposes to enter into a service contract with us (other than contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong including that normally at least two of the issuer's executive Directors must be ordinarily resident in Hong Kong. Since our operations are primarily located in the PRC, we do not and, for the foreseeable future, will not have a management presence in Hong Kong. Currently, Mr Liu Haifeng, David our non-executive Director and Ms. Wong Hoi Yan, Audrey, our Company Secretary reside in Hong Kong. Our arrangement is to have our Company Secretary, Ms. Wong Hoi Yan, Audrey, to be the principal communication channel between the Stock Exchange and the Group. Further, we have nominated our non-executive Director, Mr Liu Haifeng, David, as a second contact person to the Stock Exchange. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under Rule 8.12 of the Listing Rules. We have made internal arrangements to maintain effective communication between us and the Stock Exchange.

The Company has also nominated Lu Jun, one of the executive directors who resides in Inner Mongolia, and she has agreed, to be the contact person who would meet with the Stock Exchange in Hong Kong as and when required. She has indicated that she would endeavour to make arrangements within a reasonable time frame upon the request of the Stock Exchange and be readily accessible by telephone, facsimile and email.

Mr Liu Haifeng, David and Ms. Wong Hoi Yan, Audrey have also been appointed as the authorised representatives under Rule 3.05 of the Listing Rules. The authorised representatives act as the primary contact point with the Stock Exchange. As and when the Stock Exchange contacts the authorised representatives for any matters, they have means to contact all members of the Board of Directors (including the Independent non-executive Directors) immediately at all times. As a result, such internal arrangement can ensure that all members of the Board of Directors can be promptly informed of any such matters and can maintain effective communications channel with the Stock Exchange.

### DIRECTORS

**Mr Niu Gensheng**, aged 46, is the Chairman of our Board of Directors, Chief Executive Officer and one of the Founding Individuals who founded Mengniu in 1999. Mr Niu graduated from Inner Mongolia University with a degree in administration and management in 1998 and completed coursework for a Master's degree in enterprise administration at the Chinese Academy of Social Sciences Graduate School in 1998. Mr Niu gained the relevant management expertise and experience by previously serving as an executive director on the board of directors of Yili and deputy chief executive in charge of production and operations at the same company. He has in-depth knowledge of the PRC dairy industry and over 26 years of experience in the PRC dairy industry. Mr Niu was elected in 2003 as one of "China's New Business Leaders," "CCTV People of the Year in China's Economy" and was recognised as one of "Outstanding Performers in China's Dairy Industry." He currently serves as deputy chairman of China Milk Association and China Dairy Industry Association.

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**Ms Lu Jun**, aged 49, is an executive director and Vice President of our company as well as a Founding Individual who founded Mengniu in 1999. Ms Lu studied economic management at Inner Mongolia University from 1994 to 1996, and obtained a polytechnic graduation certificate from higher education self study testing center, and also obtained a BA graduation certificate with a degree in administration and management. Prior to joining our Company, Ms Lu gained the relevant management expertise as a member of board of directors of Yili and was a member of this company's senior management. She also worked at Inner Mongolia Securities Regulatory Commission and served as the head of Inner Mongolia Property Rights Exchange. Ms Lu is formerly deputy chief of the Inner Mongolia Women Entrepreneurs' Association. Ms Lu has over 25 years of operation and management experience in the PRC dairy industry.

**Mr Sun Yubin**, aged 38, is an executive Director of our company, Vice President, General Manager of our ice cream division and one of our Founding Individuals who founded Mengniu in 1999. Mr Sun graduated from Inner Mongolia University with a degree in economic management in 1995. Prior to joining our Company, Mr Sun gained the relevant management experience as general manager at Yili's Frozen Foods Company. He has over 21 years of experience in the PRC dairy industry.

**Mr Yang Wenjun**, aged 36, is an executive Director of the Company, Vice President, General Manager of our liquid milk division and one of our Founding Individuals who founded Mengniu in 1999. Mr Yang graduated from Inner Mongolia Light Industry Institute with a degree in dairy products in 1988 and also graduated with a Master's degree in Business Administration from Barrington University in 2003. Prior to joining our company, Mr Yang gained the relevant management experience as general manager at Yili's Liquid Milk Company. He has over 16 years of experience in the PRC dairy industry.

**Mr Liu Haifeng, David**, aged 33, is a non-executive Director of our Company appointed by MS Dairy. Mr Liu joined the Group in September 2002. Mr Liu is an Executive Director of Morgan Stanley and Co-Head of Morgan Stanley Private Equity Asia. Over the past 11 years at Morgan Stanley, Mr Liu has been actively involved in leading a number of private equity transactions. Mr Liu is also a director of Mengniu, Ping An Insurance (Group) Company of China, Ltd., CIMIC Holdings Limited, Shanghai CIMIC Tile Co., Ltd., and was a director of Fujian Nanping Nanfu Battery Company Limited. Mr Liu graduated as Class Salutatorian from Columbia University with a B.S. in Electrical Engineering in 1993.

**Mr Jiao Shuge (alias Jiao Zhen)**, aged 38, is a non-executive Director of our Company appointed by CDH. Mr Jiao joined the Group in September 2002. Mr Jiao received a Bachelor's degree in Mathematics from Shandong University in 1986 and a Master's degree in Engineering from the Ministry of Space Industry Institute in 1989. Mr Jiao is the general manager of CDH. He previously served as deputy general manager of the direct investment department for China International Capital Corporation Limited, and researcher with Beijing Information and Control Research Institute. He served as a director on the board of Fujian Nanping Nanfu Battery Company Limited, and is currently a director of Tai Yang Pharmaceuticals and Superdata Software.

**Ms Jin Yujuan, Lily**, aged 38, is a non-executive Director of our Company appointed by CIC. Ms Jin joined the Group in September 2002. Ms Jin is an Investment Principal of CIC Capital Partners (CCP). Ms Jin returned to China in 2000 after 12 years in the UK to establish CCP Beijing Representative Office. Over the past four years, Ms Jin has been a key member of the CCP team in sourcing, executing and managing a number of private equity transactions in China. Prior to setting up CCP in China, Ms Jin was an Investment Executive for four years in the Southeast Asian team of CDC Capital Partners in London, a leading UK private equity investor in emerging markets and a major shareholder of CCP. Ms Jin graduated from Manchester Business School in early 1996 with an MBA degree.

### Independent Directors

**Mr Wang Huaibao**, aged 66, currently serves as deputy chairman of the China Milk Industry Association. Mr Wang graduated from China People's University in 1956, Mr Wang previously served as general manager for Beijing Milk Company and Beijing Sanyuan. He also served as chairman of the China Dairy Association. He was appointed as an independent director for Mengniu on 18 October 2002 and became an independent director of the Company on 23 February 2004.

**Mr Zhang Julin**, aged 60, is a professor of accounting. Mr Zhang graduated from the economics department of Lanzhou University in 1962. He currently serves as assistant dean to the Inner Mongolia Finance and Economics University, chairman of the Inner Mongolia Market Development Research Council, vice chairman of the Inner Mongolia Accounting Society, director of the National Economic Council Inner Mongolian Training Center and independent director for Lantai Industry and Commerce Company, a company listed on the Shanghai Stock Exchange which engages in the manufacture and sale of table salt and chemical salt. In his experience he has provided accounting consultancy services to listed enterprises in the PRC including advice on financial reporting and disclosure requirements. Additionally, as an independent director, he has also advised and assisted in the preparation and review of quarterly and annual financial statements before they are submitted to the CSRC on an annual basis. He is also a member of the Chinese Institute of Certified Public Accountants. He was appointed as an independent director for Mengniu on 18 October 2002 and became an independent director of the Company on 23 February 2004.

**Mr Li Jianxin**, aged 40, is a researcher and economist. He has served as commission deputy secretary, secretary, deputy general director and director of the reform office for Lekai Company Group. He currently serves on the board of directors for Lekai Color Film Joint Stock Company, a company listed on the Shanghai Stock Exchange which engages in the manufacturing and sale of colour film and colour photo paper, and is the secretary of its board of directors. He serves as director of its securities department and assistant director of policy research. He was appointed as an independent director for Mengniu on 18 October 2002 and became an independent director of the Company on 23 February 2004.

### SENIOR MANAGEMENT

**Mr Yao Tongshan**, aged 48, is our Chief Financial Officer. Mr Yao joined Mengniu in October 2001. Mr Yao graduated from Tianjin University with a Master's degree in engineering in 1988. Mr Yao gained the relevant finance and investment experience by previously serving as deputy director at the department of international lending at China Construction Bank, Inner Mongolia branch, manager of State Energy Resources Investment Company investment banking division and chief financial officer of Inner Mongolia Xigao New Technology Group.

**Mr Bai Jun**, aged 40, is the Chairman of our labor union. Mr Bai joined Mengniu upon its establishment. Mr Bai attended a course in and obtained a BA degree in business administration at People's University of China from 2000 to 2002. He previously served as manager of Yili's Baotou Branch Company where he gained the relevant management experience.

**Mr Lei Yongsheng**, aged 42, is the Secretary of the board of directors of Mengniu and Chief Administrative Officer. Mr Lei joined the Group in February 2002. Mr Lei graduated from Inner Mongolia Finance and Economics University with a degree in economics in 1985. Mr Lei previously served as deputy director of Inner Mongolia State-owned Assets Administration Bureau Asset Valuation Center and deputy director of Inner Mongolia Finance Bureau General Office.

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**Mr Lu Wenbing**, aged 36, is our Chief Investment Officer. Mr Lu joined Mengniu in July 2002. Mr Lu graduated from Inner Mongolia Finance and Economics Institute with a BA degree in industrial enterprise management in 1989 and received a graduate degree in International Economic Law from China University of Politics and Economics in 2003. Mr Lu is currently studying for an EMBA degree at China People's University. He previously served as deputy general manager at Everbright Securities Co., Ltd. Investment Banking 3rd Division and chief representative of Inner Mongolia representative office of the same company where he gained the relevant management experience.

**Mr Deng Jiuqiang**, aged 53, is the Vice Chairman of the Board of Directors of Mengniu and Chief Project Coordinator and was one of the Founding Individual who founded Mengniu in 1999. Mr Deng graduated from Inner Mongolia Industrial University with a degree in equipment manufacturing in 1976. Prior to joining our company, he founded and served as the general manager of Hohhot Light Industrial Equipment Company Limited where he gained the relevant management experience.

**Mr Qiu Lianjun**, aged 41, is the Chief Engineer of Mengniu and was one of the Founding Individuals who founded Mengniu in 1999. Mr Qiu graduated from Inner Mongolia Light Industry Institute with a degree in dairy production in 1983. His previous work experience includes working as chief engineer at Yili's Frozen Foods Company where he gained the relevant management experience.

The business address of each of the persons listed above in this section is at Shengle Economic Developing Zone, Helingeer, Huhehaote, China.

### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

**Ms Wong Hoi Yan, Audrey**, aged 34, is our Financial Controller and Company Secretary. Prior to joining the Group, she was the financial controller and company secretary in Asia Zirconium Limited for three years and nine months. She has also spent three years at PricewaterhouseCoopers and eight months at Kingsway SW Securities Company Limited in the equity capital markets department. Ms Wong graduated from the Hong Kong Polytechnic University with a master degree in corporate finance, she is a member of the American Institute of Certified Public Accountants and an associate member of the Hong Kong Society of Accountants. She is also our qualified accountant pursuant to Rule 3.24 of the Listing Rules.

### AUDIT COMMITTEE

We established an audit committee in accordance with the rules set out in Chapter 3 of the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and provide advice and comments to our Board of Directors. The audit committee has three members, of whom two are independent non-executive directors of our company, being Mr Li Jianxin and Mr Zhang Julin, and one of them is a non-executive director, being Mr Jiao Zhen. This committee is chaired by Mr Zhang Julin, an independent non-executive director.

### REMUNERATION COMMITTEE

We established a remuneration committee. The primary duties of the remuneration committee are to evaluate the performance and make recommendations on the remuneration of our senior management and recommend members to the Board of Directors. The compensation and benefits committee has five members, three of whom are independent non-executive Directors, being Mr Li Jianxin, Mr Wang Huaibao, Mr Zhang Julin, one executive Director, being Ms Lu Jun, and one non-executive Director, being Mr Liu Haifeng, David. This committee is chaired by Mr Wang Huaibao, an independent non-executive director.

**COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT****Directors' Compensation**

All our Directors receive reimbursements from us for expenses that are necessarily and reasonably incurred for providing services to us or in the execution of matters in relation to our operations. Our executive Directors, who are also our employees, receive, in their capacity as our employees, compensation in the form of salaries, housing allowances, other allowances and benefits in kind, including our contribution to the pension scheme for our executive Directors, in their capacity as our employees, according to PRC law.

The aggregate amount of salaries, housing allowances, other allowances and benefits in kind paid by our Company to our five highest paid individuals during the period from 5 June 2002 to 31 December 2002 and year ended 31 December 2003 was approximately RMB616,000 and RMB2,709,000, respectively. Approximately RMB4,000 and RMB17,000 were paid by our Company as contribution to the pension schemes in respect of such individuals in the period from 5 June 2002 to 31 December 2002 and year ended 31 December 2003, respectively.

The aggregate amount of salaries, housing allowances, other allowances and benefits in kind paid by Mengniu to its five highest paid individuals during the three years ended 31 December 2001, 2002 and 2003 was approximately RMB693,000, RMB2,463,000 and RMB2,709,000, respectively. Approximately RMB11,000, RMB16,000 and RMB17,000 were paid by the Mengniu Group as contribution to the pension schemes in respect of such individuals in the three years ended 31 December 2001, 2002 and 2003, respectively.

The aggregate amount of salaries, housing allowances, pension scheme contributions, other allowances and benefits in kind paid by our Company to our Directors during the period from 5 June 2002 to 31 December 2002 and year ended 31 December 2003 was approximately RMB1,308,000 and RMB2,494,000, respectively.

The aggregate amount of salaries, housing allowances, pension scheme contributions, other allowances and benefits in kind paid by Mengniu to Mengniu's directors and supervisors during the three years ended 31 December 2001, 2002 and 2003 was approximately RMB623,000, RMB2,632,000 and RMB3,090,000, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the two years ended 31 December 2002 and 2003, by our Company to our Directors.

Save as disclosed above, no other payments have been made or are payable, in respect of the three years ended 31 December 2001, 2002 and 2003, by Mengniu to its directors.

It is estimated that an aggregate amount of approximately RMB2,398,000, including benefits and contributions, will be paid to our Directors as remuneration by us in respect of the year ending 31 December 2004 according to the present arrangements.

**Senior Management Compensation**

We tie the compensation of our management personnel to their performance. The income of our senior and mid-level managers generally consists of two components: a basic annual salary (which represents approximately 50–70% of income) and a performance-based bonus.