

Stock abbreviations: Changyu A, Changyu B;

Stock Codes: 000869, 200869

Announcement No. 2006-L 012

Yantai Changyu Pioneer Wine Co., Ltd.

Announcement on the Resolutions of the 3rd Session Board of Directors'
13th Meeting

This company and all of its directors hereby make promises that the contents of this announcement herein are true, accurate and complete, and there are no forged records, misleading statements or major omissions in the announcement.

The company's 3rd Session Board of Directors' 13th Meeting was held at the Wine Culture Museum of the company on 22nd March 2006. The notice and proposals of the meeting were sent to all directors, supervisors and relevant senior officers by way of fax or special delivery on March 9, 2006.

The quorum of directors for the meeting was 9 and the actual attendees were 9 and all supervisors and relevant senior officers of the company attended the meeting as nonvoters. The whole procedures of the meeting were carried through in accordance with the relevant laws, rules and "Articles of Association" and all the topics on the agenda were discussed one by one and accordingly the following resolutions were made by disclosed ballot.

1. “2005 Working Report of the Board of Directors” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.
2. “General Manager’s 2005 Working Report” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.
3. “2005 Annual Report and Its Abstracts” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.
4. “Preliminary scheme on 2005 profit distribution and allotment with public accumulation fund” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

Based on the company’s total 405600000 shares registered on December 31, 2005, CNY 7.00 in cash for every 10 shares (CNY common stock and including personal income tax) shall be paid to all stockholders as dividends, totaling CNY283920000.00 and the cash dividends paid to the stockholders of domestically listed foreign-currency stock (Stock B) shall be transferred to the beneficiaries’ accounts in HKD at the middle rate of CNY to HKD listed by People’s Bank of China on the first working day after the day when the resolution of 2005 stockholders’ meeting was made.

The preliminary scheme of allotment with public accumulation fund is that based on the company’s total 405600000 shares registered on December 31, 2005, 3 shares out of the public accumulation fund shall be allotted for every 10 shares, totaling 121680000 shares. The company’s total shares after the allotment shall be 527280000 shares.

5. “Proposal on Revision of the Articles of Association of the Company Limited” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention and shall be referred to the stockholders’ meeting for further deliberation. Three articles in the Articles of Association shall be revised as follows:

(1) The Article 48 “All stockholders shall be informed of the stockholders’ meeting and board of directors meeting in the form of notice 30 days in advance” was revised to “All stockholders shall be informed of the stockholders’ meeting and board of directors meeting in the form of notice 20 days in advance”.

(2) The Article 127 “The board of directors consists of 9 directors...” was revised to “The board of directors consists of 13 directors...”.

(3) As the revised “Company Law of the People’s Republic of China” has no longer compulsory requirements for withdrawal of public welfare fund, the company proposed, in order to have more distributable profits in favor of stockholders, to cancel Point (3) in the Article 183 “withdrawal of legal public welfare fund (proportion: 5%-10%), that is, when profit distribution is put into account, the company shall no longer withdraw 5%-10% of after-tax profit as public welfare fund.

6. “Proposal on Resignation of Mr. Fu Mingzhi and Mr. Li Jianjun as Company’s Directors” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention. Mr. Fu Mingzhi and Mr. Li Jianjun asked to resign as company’s directors due to the change of their posts. The company’s board of directors expressed thanks to the two directors for their

excellent achievements during their term of office.

7. “Proposal on Reelection of the Company’s Board of Directors” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention. Because of the change of the controlling power over the company, the controlling stockholder put up the following preliminary scheme of reelection to the company’s board of directors:

The board of directors should have more members or from present 9 to the proposed 13 consisting of 4 independent directors and 9 directors from big stockholders. The 5 nominated directors from big stockholders and 1 nominated independent director are:

Mr. Jiang Jianqiang from the State Asset Supervisory and Administrative Bureau of the People’s Government of Yantai City; Mr. Augusto Reina, Mr. Aidino Marzorati and Mr. Appignani Antonio from ILLVA Company, Italy and Ms. Karin M. Finkelston from International Finance Corporation.

Mr. Wang Yancai, chairman of Chinese Association of Winemaking Industry, was nominated to serve as independent director. The company’s board of directors has examined Mr. Wang Yancai’s qualification and state of independence as independent director and believes that he is up to the relevant stipulations of the supervisory authorities including China Securities Regulatory Commission. It is found out as well that none of the 6 director nominees is holding this company’s stock, has been punished by China Securities Regulatory Commission or other authorities and reprimanded by competent stock exchanges.

Resumes of 6 director nominees:

Mr. Jiang Jianqiang, born in September 1973, a university graduate and having the qualification of certified public accountant and certified public evaluator, is now working as deputy section chief of the Ownership Administration of the State Asset Supervisory and Administrative Commission of Yantai City, mainly specialized in financial analysis, restructuring of State-owned enterprises, shareholding system, merger and acquisition, asset-structure optimization, definition and transaction of property right, asset evaluation and so on.

Mr. Augusto Reina

Born in Saronno (VA) on June 11, 1940

Chief Executive Officer of the following companies:

- ILLVA SARONNO HOLDING SPA
- ILLVA Saronno SpA
- CASE VINICOLE DI SICILIA SPA
- ILLVA SARONNO INVESTMENTS SRL
- REAL AROMI S.P.A
- PRODOTTI STELLA Spa
- MONTEBIANCO S.P.A.

And also as member of the boards of directors of BARBERINI SPA

As part of his professional commitments, Mr. Reina holds the following positions:

- Member of the Board of FEDERVINI (Italian Association of Producers and Exporters of Wines and Liquors)
- Member of the Board of ISTITUTO DEL LIQUORE (The Liquor Institute)
- Member of the Board of ASSOVINI (Sicilian Association of Vine Growers and Wine Producers)
- From 1978 to 1998 HONORARY CONSUL GENERAL OF THE DOMINICAN

REPUBLIC in Milan

Mr. Aldino Marzorati

Born in Lomazzo (CO) on November 18, 1952;

Nationality: Italian;

Graduate from Commercial School (accountancy) at Technical and Commercial Institute Caio Plinio of Como on 1971;

Graduate from University degree in Economics at Università Cattolica of Milan, evening school, on 1987;

Professional experiences:

01/1974 – 12/1978 RANCO CONTROLS SPA , Lomazzo

Head of cost accounting

12/1978 – 08/1983 BAYER ITALIA SPA, Milano

German chemist's company

Controller Agrochemistry Division

09/1983 – 08/1986 EMI SPA , Caronno Pertusella (VA)

Multinational company, leader in discographic Sector.

Head of administrative area, reporting , cost accounting and management control.

09/1986 – 01/1990 SCHERING-PLOUGH SPA, Milano

American Chemist's Company

Head of management control, cost accounting, budget and reporting, investment accounting

02/1990 – 04/1996 SANDOZ HOLDING SPA, Milano (now NOVARTIS)

Group Controller, head of Holding's Finance & Controlling area,

05/1996 – 12/2001 SOCALBE SPA

Administrative , Finance and Control director, and Supply Chain.

01/2002 – now ILLVA SARONNO HOLDING SPA, Saronno (VA)
Director General and Member of the Boards of Directors of some Group's companies

Mr. Appignani Antonio

Born in Pescara (PE) Italy , on February 6, 1938;

Graduate in Economics at Rome University on February 21, 1961;

From 1963, mr. appignani antonio hold the following positions:

-Business consultant and public accountant

-Auditor;

-Council of the Business Consultants' secretary; afterwards Vice- President and later on President;

-Chairman of a foundation for the promotion of professional culture and economic development;

Now, mr. appignani antonio is Vice President of the Business Consultants' Council, President of the Commission Professional Ethics, Teacher at Vocational Training Course for Business Consultants Practiser, Member of the Course of Economics and Commerce Council at the Public University "G. D'Annunzio" in Pescara and also having been cooperated with the institution of the Pescara's Arbitral Chamber for many years, he is member of the Arbitral Chamber Pescara (CAP), member of the Technical and Professional Commission, and member of the Conciliation Council; at same time, he is Member of the Boards of Directors

of different companies and also Member of the Boards of Directors of many companies of ILLVA's Group.

Ms. Karin M. Finkelston

Associate Director, East Asia & Pacific Department

Chief Representative, China & Mongolia

International Finance Corporation

Ms. Finkelston, a U.S. national, joined the International Finance Corporation in 1996 in the East Asia & Pacific Department. Prior to her joining the IFC, Ms. Finkelston was a Vice President in charge of multinational lending at Manufacturers Hanover Trust company in Hongkong and a manager at KPMG consulting. Ms. Finkelston obtained an MBA from Harvard Business School and a BA from Dartmouth College.

Ms. Finkelston was appointed Chief Representative in August 2000, and then was appointed Associate Director in September 2004.

Mr. Wang Yancai, born in June 1955, a university graduate and senior engineer, ever worked as division chief of the Department of Food Industry under the Ministry of Light Industry of the People's Republic of China, comprehensive division chief of the Management Center of Food Industry under the National Bureau of Light Industry, vice chairman and secretary general of Chinese Association of Winemaking Industry, and now is serving as chairman of Chinese Association of Winemaking Industry, deputy director of the Office of Alcohols Circulation under the Ministry of Commerce of the People's Republic of China, deputy director of the Management Center of Food Industry under the National Bureau of Light Industry, member of the

Standing Committee of Chinese Society of Food Science and Technology, advisor of the State Development and Reform Commission and Chinese Academy of Sciences Scientific Promotion and Economic Funds Commission.

8. “Proposal on appointing senior officers of the Co., Ltd.” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

9. “Methods on Assessment and Disbursement of Senior Managers’ Annual Pay” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

10. “Proposal on Capital Expenditure 2006” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

11. “Proposal on Management Reshuffle” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

12. “Proposal on Investing to Establish Beijing Changyu Chateau Co., Ltd.” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention. The company plans to invest in the establishment of Beijing Changyu Chateau Co., Ltd. the registration capital of which is CNY 50 million including CNY 30 million contributed by this company, accounting for 60% of it and CNY 2.5 million contributed by Yantai Chateau Changyu-Castel Co., Ltd., accounting for 5% of it and CNY 12.5 million contributed by Beijing Qinglang Eco-agricultural Science and Technology

Co., Ltd., accounting for 25% of it and CNY 5 million contributed by Vinocor from Portugal, accounting for 10% of it. The total investment in the project is CNY 100 million comprising the contributions from all parties involved in proportion to their holding in the registration capital and the designed annual capacity of the facility is 1000t various high-end wines.

13. “Proposal on Investing to Establish Yantai Changyu Pioneer Wine Industry Co., Ltd.” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention. The registration capital of the company is CNY 5 million consisting of CNY 3.5 million from this company, accounting for 70% of total registration capital and CNY 1.5 million from Yantai Changyu Wine Sales Co., Ltd. under this company, accounting for 30% of that. The operating scope of the said company covers the import and export of goods and technologies (except those forbidden by the central government), mainly acting as a dealer for foreign well-known brands and sales of the high-end products of this company.

14. “Proposal on Investing to Establish Yanwei Changyu Sales Co., Ltd.” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention. The registration capital of the company is CNY 5 million consisting of CNY 4.5 million from this company, accounting for 90% of total registration capital and CNY 0.5 million from Yantai Changyu Wine Sales Co., Ltd. under this company, accounting for 10% of that. The operating scope of the said company covers the sales of the high-end products of this company, mainly aimed at Yantai and Weihai Regions to provide direct supply to the end-point outlets.

15. “Proposal on Three-year Development Program of Vineyards” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

16. “Proposal on Writing off Part of Bad Accounts” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

17. “Proposal on Reappointing the Certified Public Accountants Firm” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

18. “Proposal on Examination of 2006 Ordinary Interrelated Deals” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

19. “Proposal on the Issues of 2005 Stockholders’ Meeting” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

20. “Proposal on Methods about Disposal of Depreciated Inventories” was unanimously passed as a result of 9 affirmative votes, 0 negative vote and 0 abstention.

The afore-mentioned proposals shall be referred to the company's 2005 stockholders' meeting for further deliberation.

It is announced as above.

Yantai Changyu Pioneer Wine Co., Ltd. Board of Directors

March 25, 2006