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LOULAN HOLDINGS LIMITED

樓蘭控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

ANNOUNCEMENT IN RELATION TO WITHDRAWAL OF THE POSSIBLE MAJOR TRANSACTION AND RESUMPTION OF TRADING

The board of directors (the “Board”) of Loulan Holdings Limited (the “Company”) refer to the suspension of trading for a possible major transaction dated 19 May 2004.

The Company and an independent third party, who and its ultimate beneficial owners are not connected persons (as defined in the GEM Listing Rules) of the Company, have orally agreed on 18 May 2004 on the terms for a major transaction (disposal of part of the shares in a non-wholly owned subsidiary of the Company) and to sign all the legal documents during the trading hour on 19 May 2004. Due to price sensitive of this possible major transaction, the Company requested a suspension of trading in the shares of the Company from 9:30 a.m. on 19 May 2004.

The independent third party deny oral agreed terms before signing of the formal agreement on 19 May 2004. The Company has tried its best to re-negotiate the consideration with this independent third party without any fruition. The Board decides to withdraw from further negotiation. The Board also confirm we have not entered/signed into any legal binding agreement and/or letter of intent.

The Board confirmed this withdrawal has no impact on the Company’s existing operations.

Save as disclosed above, we also confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules. The Board of the Company is not aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

Trading in the shares of the Company was suspended with effect from 9:30 a.m. on Wednesday, 19 May 2004 at the request of the Company pending the publication of information about possible major transaction. Application has been made to The Stock Exchange for the resumption of trading of shares in the Company on The Stock Exchange with effect from 9:30 a.m. on Friday, 21 May 2004.

By order of the Board
Loulan Holdings Limited
Woo Hang Lung
Chairman

The Board comprises of:

Woo Hang Lung (*Executive director*)
Zhu Zheng Ming (*Executive director*)
Junichi Goto (*Non-executive director*)
Lo Chi Man (*Independent Non-executive director*)
Lau Chi Sun, Robbie (*Independent Non-executive director*)

Hong Kong, 20 May 2004

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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