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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)

CHANGE OF AUDITORS

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication.

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities trade on GEM. The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

LETTER FROM THE BOARD



LOULAN HOLDINGS LIMITED

樓蘭控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

Executive Directors:

Mr. Woo Hang Lung (*Chairman*)

Mr. Zhu Zheng Ming

Non-executive Directors:

Mr. Junichi Goto

Independent Non-executives Directors:

Mr. Yue Kwai Wa, Ken

Mr. Lau Chi Sun Robbie

Mr. Wang Desheng

Registered office:

Century Yard, Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town, Grand Cayman

British West Indies

Principal place of business in

Hong Kong:

Rooms 2001-4, 20th Floor

The Broadway

54-62 Lockhart Road

Wanchai, Hong Kong

26 April 2005

To the Shareholders

Dear Sir or Madam,

CHANGE OF AUDITORS

The board of directors (“the Board”) of Loulan Holdings Limited (“the Company”) announced on 20 April 2005 that BDO McCabe Lo & Co resigned as auditors of the Company with effect from 10 January 2005 and the Board accepted their resignation. The resignation was due to the fact that BDO McCabe Lo & Co and the Board could not reach a consensus on the audit fee for the year ended 31 December 2004. As confirmed by BDO McCabe Lo & Co in their notice of resignation, there were no circumstances connected with their resignation that they considered should be brought to the notice of the shareholders or creditors of the Company, and there are no circumstances surrounding the proposed change of auditors of which they believe the forthcoming auditor should be aware of.

LETTER FROM THE BOARD

The Board is pleased to further announce that, subject to the approval by shareholders of the Company, Wang Brothers & Co has agreed to be appointed as auditors of the Company to fill the causal vacancy created by the resignation of BDO McCabe Lo & Co. An extraordinary general meeting will be convened at Rooms 2001-4, 20th Floor, The Broadway, 54-62 Lockhart Road, Wanchai, Hong Kong on 13 May 2005 at 10:00 a.m. to consider and, if thought fit, pass an ordinary resolution to approve the appointment of new auditors, to hold office until the conclusion of the next annual general meeting.

BDO McCabe Lo & Co has not yet performed any audit work and procedures for the year ended 31 December 2004. It is anticipated that as a result of the late appointment of Wong Brothers as the new auditors of the Company, the audit and the annual results announcement for the year ended 31 December 2004 of the Company will be delayed to the end of May 2005.

The late appointment of Wong Brothers is due to Raymond S.W. Ho & Co, once accepted as the Company's auditor for the year ended 31 December 2004, withdraw its acceptance in the end of January 2005. At that time, the account records of one of the Company's subsidiary, Xinjiang Loulan Wine Ind. Co. Ltd., Wulumuqi Branch (the "Branch"), was kept by the PRC's Tax Bureau for tax avoidance investigation. Ramond S.W. Ho & Co considered that they could not perform the audit without the accounting records. The accounting records had been returned in February 2005, Wong Brothers will not face the same problem as Ramond S.W. did. In its decision date 17 February 2005, the PRC's Tax Bureau concluded that from December 1998 to July 2000, the Branch had tax evasion of: Value add tax, RMB768,777.64; Profit tax: RMB837,356.43, and fines on the tax evasion would be RMB2,723,208.15. The Company has no disagreement with the decision, however, is negotiating with the PRC's Tax Bureau to waive the fines. The tax and fines has not been paid yet. All the information had disclosed to Wong Brothers, the proposed appoint new auditor, and the Company will account for this matter according to what Wong Brothers would suggested.

In accordance with the articles of association of the Company, an ordinary resolution will have to be tabled for approval by the shareholders of the Company at an extraordinary general meeting. Consequently, an extraordinary general meeting will be held at Rooms 2001-04, 20th Floor, The Broadway, 54-62 Lockhard Road, Wanchai, Hong Kong on 13 May 2005 at 10:00 a.m. to approve the ordinary resolution set out in the notice of extraordinary general meeting.

A resolution put to the vote at the EGM will be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of the EGM; or
- (b) at least three Shareholders present in person or by representative(s) or by proxy/proxies and entitled to vote; or
- (c) any Shareholder or Shareholders present in person or by representative(s) or by proxy/proxies and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the EGM; or

LETTER FROM THE BOARD

- (d) any Shareholder or Shareholders present in person or by representative(s) or by proxy/proxies and holding Shares conferring a right to attend and vote at the EGM on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

The Directors consider that the appointment of Wong Brothers & Co as the auditors of the Company is in the best interests of the Company and its Shareholders and therefore recommend you to vote in favour of the resolutions at the forthcoming EGM.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING



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樓蘭控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Loulan Holdings Limited (the “Company”) will be held at Rooms 2001-4, 20th Floor, The Broadway, 54-62 Lockhart Road, Wanchai, Hong Kong on 13 May 2005, at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

“**THAT** Wong Brothers & Co be hereby appointed as the auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the board of directors of the Company to fix the auditors’ remuneration.”

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

Hong Kong, 26 April 2005

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

*Head office and principal place of
business in Hong Kong:*

Rooms 2001-4
20th Floor
The Broadway
54-62 Lockhart Road
Wanchai
Hong Kong

Notes:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and subject to the provisions of the articles of association of the Company, vote on his or her behalf. A proxy need not be a member of the Company.
- (ii) In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the principal place of the Company in Hong Kong at Rooms 2001-4, 20th Floor, The Broadway, 54-62 Lockhart Road, Wanchai, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.

Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.