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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 the matter of Loulan Holdings Limited

Possible cancellation of listing status of the Company

Notice from the SEHK to

proceed to the cancellation of listing

as stipulated under Rule 9.14 of the

Rules Governing the Listing of Securities on

The Growth Enterprise Market of

The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”)

The Company has received a notice from the Stock Exchange of Hong Kong Limited (SEHK) that SEHK proposes to exercise its right to cancel the listing of the shares of the Company on the SEHK pursuant to Rule 9.14 of the GEM Listing Rules.

Pursuant to Rule 9.15 of the GEM Listing Rules, the Company has a period of six months for the submission of a viable resumption proposal to SEHK. If the Company has not submitted a viable resumption proposal as required, SEHK intends to cancel the listing of the Company on the expiry of the six months from the date of the notice (i.e. 31 May 2007).

The Board of Directors of the Company has received a notice (the notice) from the SEHK on 1 December 2006 that SEHK proposes to exercise its rights to cancel the listing of the shares of Loulan Holdings Limited (the “Company”) on SEHK pursuant to Rule 9.14 of the GEM Listing Rules.

Dealing in the shares of the Company has been suspended since 27 January 2005. As at the date of this announcement, the Company has not submitted any viable resumption proposal. A viable resumption proposal most importantly will need to demonstrate the Company’s compliance with the GEM Listing Rules and all applicable laws and regulations. In addition, the proposal will enable the Company to demonstrate that it, directly or indirectly, has a sufficient level of operations and management expertise on the business pursuits of the Company to warrant the continued listing of the Company’s share on the SEHK. The proposal will also need to demonstrate that the Company has adequate financial reporting and internal control systems and procedures to enable the Company to meet its obligations

under the GEM listing Rules. Furthermore, the publication of the Company's results announcements and financial reports for the year ended 31 December, 2005, the first quarter ended 31 March 2006 and the interim period ended 30 June, 2006 and the quarter ended 30 September, 2006 is still outstanding and shall be published in due course. Any concerns raised by the Company's auditors through the qualifications on their audit report in respect of the financial statements of the Group published after the suspension will need to be investigated and addressed to the satisfaction of the SEHK.

In view of the absence of any viable resumption proposal and the fact that the Company is yet to demonstrate that it has a sufficient level of operations to warrant the continued listing of the Company's shares, SEHK proposes to exercise its right to cancel the listing of the shares of the Company on SEHK. The Company has a period of six months from the date of the notice for the submission of a viable resumption proposal and to remedy those matters that gave rise to SEHK's proposal to cancel the listing of the Company. A viable resumption proposal should be submitted at least 10 business days as defined in the GEM Listing Rules before the expiry of the six-month period. If the Company has not submitted a viable resumption proposal as required, SEHK intends to cancel the listing of the Company on the expiry of the six-month period from the date of the notice (i.e. 31 May 2007).

The Board of Directors shall proceed to appoint new Directors/Managers to supervise the continuous operations of the Company due to the resignation of the various Directors during the year. In addition, AsiaVest Partners Limited has been appointed as financial advisors to assist the Company in the preparation of a viable resumption proposal to address the issue and concerns pertaining to the suspension of trading in its shares. Furthermore, the financial advisors will guide the Management to re-establish business with its suppliers and to demonstrate that the Company has taken adequate action to obtain a restoration of listing of its share. The Management is in no position at present to guarantee the success of the remedial actions but confirms that it would be the intention of the Board of Directors to try their best endeavor to restore the listing of its share for the best interest of all shareholders.

By Order of the Board
Louland Holdings Limited
Woo Hang Lung
Chairman

The directors of the Company as at the date of this announcement are as follows:

Woo Hang Lung (Executive Directors)

Wang Desheng (Independent Non-Executive Directors)

Hong Kong, 12 December 2006

This announcement, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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 assumptions that are fair and reasonable.

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