
**THIS CIRCULAR IS IMPORTANT AND
REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Loulan Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



Loulan Holdings Limited

樓蘭控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

PROPOSED CHANGE OF AUDITORS

This circular, for which the directors (the “Directors”) of Loulan Holdings Limited (the “Company”) 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 (“GEM”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this circular is accurate and complete in all material aspects and not misleading; (2) there are no other matters the omission of which would make any statement herein misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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 posting.

17 April 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 traded 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 at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

“Articles”	the articles of association of the Company and “Article” shall mean an article of the Articles
“Board”	the board of Directors of the Company
“Company”	Loulan Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Directors”	the director(s) of the Company from time to time
“EGM”	extraordinary general meeting of the Shareholders of the Company to be held at Room 405, 4/F., Dannies House, Luard Road, Wanchai, Hong Kong on 10 May 2007 at 10:00 a.m.
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

LETTER FROM THE BOARD



Loulan Holdings Limited

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

Executive Directors:

Woo Hang Lung (Chairman)
Poon Chiu
Guo Ping

Non-Executive Director:

Tsao Ke Wen Calvin

Independent Non-Executive Director:

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:

Unit 1005-6, 10/F., The Broadway
54-62 Lockhart Road
Wanchai, Hong Kong

To shareholders,

Dear Sir or Madam:

PROPOSED CHANGE OF AUDITORS

INTRODUCTION

Reference is made to the announcement of the Company dated 13 April 2007 in relation to the Change of Auditors. The purpose of this circular is to provide you with (i) details of the proposed Change of Auditors and (ii) the notice of EGM.

PROPOSED CHANGE OF AUDITORS

As announced in the Company's announcement dated 13 April 2007, Wong Brothers & Co., Certified Public Accountants ("Wong Brothers") have resigned as auditors of the Company with effect from 23 December 2006. The Board proposes to appoint Messrs. Cheng & Cheng Limited, Certified Public Accountants as the new auditors of the Company and its subsidiaries to fill the vacancy following the resignation of Wong Brothers. Pursuant to the Articles, such appointment has to be approved by the Shareholders at the EGM.

Wong Brothers have confirmed that there were no circumstances connected with their resignation that needed to be brought to the attention of the Shareholders. Wong Brothers have not commenced any audit works in respect of the Company's financial statements for the year ended 31 December 2005, nor for the year ended 31 December 2006.

The reason for the change of the Company's auditors is mainly due to the fact that the Company could not reach consensus with Wong Brothers on the audit fee and payment terms for the year ended 31 December 2005. The Board considers it to be in the interests of the Company and the Shareholders as a whole to propose the new auditors.

EGM

A notice convening the EGM is set out on pages 5 and 6 of this circular for the Shareholders to consider and, if thought fit, to approve the ordinary resolution in respect of the proposed Change of Auditors.

A form of proxy for use at the EGM is enclosed with this circular. To be valid, the form of proxy must be completed and returned to the Company's share registrar in Hong Kong, Tricor Investor Services Limited at level 26, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should the Shareholder so wishes.

PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 46, at any general meeting a resolution put to the vote of the meeting shall 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 demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Pursuant to Article 48 of the Articles, notwithstanding any other provisions in the Articles, if the aggregate proxies held by (i) the chairman of a particular meeting, and/or (ii) the Directors, account for five (5) per cent or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposite manner to that instructed in those proxies, the chairman of the meeting and/or any Director holding proxies as aforesaid shall demand a poll.

RECOMMENDATION

The Directors (including the independent non-executive director) consider that the proposed Change of Auditors is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the ordinary resolution approving the proposed Change of Auditors at the EGM.

By Order of the Board
Loulan Holdings Limited
Poon Chiu
Executive Director

Hong Kong, 17 April 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING



Loulan Holdings Limited

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 (the “EGM”) of Loulan Holdings Limited (the “Company”) will be held at Room 405, 4/F., Dannies House, 20 Luard Road, Wanchai, Hong Kong on 10 May 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

ORDINARY RESOLUTION

“THAT Messrs. Cheng & Cheng Limited, Certified Public Accountants be and is hereby appointed as auditors of the Company and its subsidiaries to fill the casual vacancy following the resignation of Wong Brothers & Co., Certified Public Accountants and to hold office until the conclusion of the next annual general meeting of the Company and the board of directors of the Company be authorised to fix their remuneration.”

By Order of the Board
Loulan Holdings Limited
Poon Chiu
Executive Director

Hong Kong, 17 April 2007

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:

Unit 1005-6, 10/F., The Broadway
54-62 Lockhart Road
Wanchai
Hong Kong

Notes:

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his stead. A proxy can vote on a poll. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 26, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof, if the Shareholder so wishes, and in such event, the instrument appointing a proxy shall be deemed to be revoked.