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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 AND DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2004**

Subject to the approval of shareholders in the EGM by way of an ordinary resolution, Wong Brothers & Co will be appointed as auditor of the Company for the financial year ended 31 December 2004. As a result of late appointment of Wong Brothers as new auditor of the Company, the audit and the annual results announcement of the Company will be delayed to the end of May 2005.

As request by the Company, trading in the shares of the Company in the Stock Exchange of Hong Kong Limited was suspended since 9:30 a.m. on 27 January 2005 pending in release of an announcement in relation to price sensitive information. Trading in the shares of the Company in the Stock Exchange of Hong Kong Limited remain suspended.

The board of directors (the “Board”) of Loulan Holdings Limited (the “Company”) hereby announces that BDO McCabe Lo & Co (“BDO”) have resigned as the auditors of the Company with effect from 10 January 2005. Following the resignation of BDO, the Board has resolved to propose to the shareholders of the Company (“Shareholders”) to appoint Wong Brothers & Co. (“Wong Brothers”), which has experience in auditing listed companies in Hong Kong and is a member firm of AGN International with office worldwide, as the new auditors of the Company. The appointment is subject to the approval of the Shareholders. An extraordinary general meeting will be convened on 25 April 2005 to approval the aforesaid appointment. The circular and the notice for convening the EGM will be dispatch to the shareholders in due course. The latest time allowed under the Company’s articles for the meeting would be before 25th April 2005, which is within one year of last AGM.

In the notice of resignation dated 10 January 2005, BDO confirmed that there were no circumstances connected with their resignation which they considered ought to be brought to the attention of the members or creditors of the Company. The Board also confirmed that there are no circumstances in respect of the change of auditors which they consider should be brought to the attention of the Shareholders or the Stock Exchange of Hong Kong Limited and, in connection with BDO’s resignation, there is or was no disagreement between the Board and BDO.

The reason for the change of the Company's auditor is owing to the fact that the Board and BDO could not reach an agreement on the audit fee for the financial year ended 31 December 2004. BDO had not commenced any audit work for the year ended 31 December 2004.

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.

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 of the Company will be delayed to the end of May 2005.

As request by the Company, trading in the shares of the Company in the Stock Exchange of Hong Kong Limited was suspended since 9:30 am on 27 January 2005 pending the release of an announcement in relation to price sensitive information. Trading in the shares of the Company in the Stock Exchange of Hong Kong Limited remain suspended.

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*)

**Yue Kwai Wa, Ken** (*Independent non-executive director*)

**Lau Chi Sun, Robbie** (*Independent non-executive director*)

**Wang Desheng** (*Independent non-executive director*)

Hong Kong, 20 April 2005

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for 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 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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