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RUYAN GROUP (HOLDINGS) LIMITED

如烟集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 329)

ANNOUNCEMENT

DEMAND LETTER FOR FULL REDEMPTION OF CONVERTIBLE NOTES

On 9th June 2010, the Company received a letter from 2 parties purporting to be holders of all the outstanding Convertible Notes demanding immediate repayment of the total amount of HK\$152,255,008.88 (inclusive of default interest) on or before 11th June 2010 or immediate legal action including petition for a winding up of the Company may be taken. In review of such demands the Company has instructed its legal advisors to write to the Trustee in relation to the demand made under the said letter and at the same time, sent a cheque for an amount of HK\$152,255,008.88 to its legal advisors for the purpose of liaising settlement of the Convertible Notes.

Investors and Shareholders are reminded to exercise caution when dealing with the Shares.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

References are made to announcements of the Company dated 5 July 2007, 27 July 2009 and 7 August 2009 (“Announcements”) respectively relating to, inter alia, the Convertible Notes. Unless otherwise stated, terms defined in the Announcements shall have the same meanings when used herein.

On 9th June 2010, the Company received a demand letter dated 8th June 2010 (“Demand letter”) from Chow Kam Wah (“Mr. Chow”) and Gary Drew Douglas (“Mr. Douglas”), parties claiming to be the holders of the Convertible Notes in the aggregate principal amount of HK\$103,708,609.20 demanding immediate repayment of the redemption amount of HK\$152,255,008.88 being the outstanding principal together with default interest and redemption premium under the Convertible Notes by no later than 11th June 2010, failing which immediate legal action including a petition for winding up of the Company may be taken.

As stated in note 30 of the Annual Report 2009 of the Company regarding the Convertible Notes and derivative financial instruments of the Company, under the terms of the Convertible Notes, the Company shall redeem the Convertible Notes at 147.47% of the outstanding principal amount thereof on the amended maturity date of 31 July 2010. The redemption amount of the outstanding Convertible Notes on the amended maturity will be approximately HK\$152,939,086.00.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Convertible Notes were initially beneficially held by Evolution Master Fund, Ltd. SPC, Segregated Portfolio M, BOCI Financial Products Limited and Northwest China Opportunities Fund at the time of issue of the Convertible Notes. According to the disclosure of interest notices filed by Evolution Master Fund, Ltd. SPC, Segregated Portfolio M and BOCI Financial Products Limited, as at the date of this announcement, they have ceased to have any derivative interests in the underlying shares of the Company, but on the other hand, Mr. Chow and Mr. Douglas have respectively filed disclosure of interest notices showing that they have certain derivative interests in the underlying shares of the Company.

Pursuant to the Demand Letter, Mr. Chow and Mr. Douglas stated that despite repeated requests to the Trustee (i.e. DB Trustees (Hong Kong) Limited) to transfer and register the Convertible Notes into their respective names, no communication, response or advice of any kind has been forthcoming from the Trustee and as a result thereof, they issued the Demand Letter to the Company directly together with copies of various supporting documents evidencing their purchase of the Convertible Notes.

Upon examining the supporting documents provided by Mr. Chow and Mr. Douglas, the Company believes that Mr. Chow and Mr. Douglas are in fact the beneficial owners of the outstanding Convertible Notes.

As a matter of urgency, the Company has instructed its legal advisors to write to the Trustee in relation to the Demand Letter and at the same time sent a cheque for an amount of HK\$152,255,008.88 to its legal advisors for the purpose of liaising settlement of the Convertible Notes.

Investors and Shareholders are reminded to exercise caution when dealing with the Shares.

On behalf of the Board
Ruyan Group (Holdings) Limited
Mr. Wong Yin Sen
Chairman

Hong Kong, 10 June 2010

As at the date of this announcement, (i) the executive Directors are Mr. Wong Yin Sen, Mr. Hon Lik, Mr. Wong Hei Lin, Ms. Ching Yuen Man, Angela and Mr. Au Yeung Kai Chor; (ii) the non-executive Director is Mr. Frank H. Miu; and (iii) the independent non-executive Directors are Mr. Pang Hong, Mr. Cheung Kwan Hung, Anthony, Mr. Ding Xun, Mr. Chung Yuk Lun, Mr. Liu Kwong Sang and Mr. Lam Man Sum, Albert.