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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)

**PROFIT WARNING
AND
CLARIFICATION ANNOUNCEMENT**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the consolidated results of the Group for the year ended 31 December 2008 is expected to record a loss as compared to a profit for the financial year ended 31 December 2007.

This announcement is also made to clarify the statement made in the announcement of the Company dated 9 February 2009 in respect of the unusual price and volume movements of the shares of the Company.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by Ruyan Group (Holdings) Limited (the "**Company**", together with its subsidiaries referred to as the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company and potential investors that, based on the Company's preliminary review of the consolidated management accounts of the Group, the consolidated results of the Group for the year ended 31 December 2008 is expected to record a loss as compared to a profit for the financial year ended 31 December 2007. Based on the preliminary assessment by the Board, the loss is mainly attributable to the written-off of accounts receivables and the written-off of obsolete inventories due to weakening in the sales markets affected by the global financial turmoil in 2008, and

the fair value losses of equity investments under the adverse conditions of the global financial markets.

The Company is still in the process of finalizing the Group's results for the year ended 31 December 2008. The information contained in this announcement is only a preliminary estimate performed by the Board and is not based on any figures or information audited or reviewed by the Company's auditors. Shareholders of the Company and potential investors should read the Group's final results announcement for the year ended 31 December 2008 carefully, which is expected to be published before the end of April 2009.

The Board considers that the financial position of the Company is sound and that it is well prepared for the challenges ahead.

Reference is made to the announcement of the Company dated 9 February 2009 in respect of the unusual price and volume movements of the shares of the Company (the "**Movement Announcement**") at which it is confirmed, inter alia, that the Board was not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules. The Board wishes to clarify that due to oversight, the Company has issued the Movement Announcement without including information relating to the profit warning as set out in this announcement.

Shareholders of the Company and potential investors should exercise caution when dealing in shares of the Company.

By Order of the Board
Ruyan Group (Holdings) Limited
Wong Yin Sen
Chairman

Hong Kong, 9 February 2009

As at the date of this announcement, the executive directors of the Company are Mr. Wong Yin Sen, Mr. Hon Lik, Mr. Wong Hei Lin, Mr. Li Kim Hung, Isaacs; and the independent non-executive directors of the Company are Mr. Pang Hong, Mr. Cheung Kwan Hung, Anthony and Mr. Ding Xun.