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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)

**SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE
AND
RESUMPTION IN TRADING**

SUBSCRIPTION

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30p.m. on 11 June 2010; subsequently, the Company entered into a Subscription Agreement with the Subscriber pursuant to which the Subscriber has agreed to subscribe 332,721,166 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share. The Subscription Shares represent approximately 13.33% of the existing issued share capital of the Company and approximately 11.76% of the Company's issued share capital as enlarged by the Subscription.

The Subscription is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

RESUMPTION IN TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 11 June 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 14 June 2010.

SUBSCRIPTION OF NEW SHARES

The Subscription Agreement

Date: 11 June 2010

Parties

- (a) the Company
- (b) the Subscriber

The Subscriber is an individual investor and is an experienced investor in real estate properties and liquidity investment over decade. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiry, the Subscriber is a third party independent of the Company and its connected persons.

Subscription Shares

332,721,166 new Shares, representing approximately 13.33% of the existing issued share capital of the Company, and approximately 11.76% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The Subscription Price of HK\$0.10 represents:

- (i) a discount of approximately 7.41% to the closing price of HK\$0.108 per Share as quoted on the Stock Exchange on 10 June 2010, the last trading day immediately preceding the date of the Subscription Agreement;
- (ii) a discount of approximately 6.54% to the average closing price of HK\$0.107 per Share as quoted on the Stock Exchange for the last five trading days up to and including 10 June 2010; and
- (iii) a discount of approximately 10.71% to the average closing price of approximately HK\$0.112 per Share as quoted on the stock Exchange for the last ten trading days up to and including 10 June 2010.

The Subscription Price was determined after arm's length negotiation between the Subscriber and the Company on the date of the Subscription Agreement with reference to the prevailing market price and daily turnover of the Shares. The Directors consider that the Subscription Price is fair and reasonable under the current market conditions and the Subscription is in the interest of the Company and the Shareholders as a whole.

The Subscription Shares have a market value of HK\$35,933,885.93, based on the closing price of HK\$0.108 per Share on 10 June 2010, the last trading day immediately preceding the date of the Subscription Agreement. After deducting expenses relating to the Subscription, the net price per Subscription Share is approximately HK\$0.10.

General Mandate

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 3 June 2010. As at the date of this announcement, under the general mandate can issue 332,721,166 Shares. After completion of the Subscription, the general mandate will be fully utilized. The issue of Subscription Share is not subject to the approval of the Shareholders.

Conditions of the Subscription Agreement

Completion of the Subscription is conditional upon the listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

In the event that the condition to the Subscription is not fulfilled on or before 25 June 2010 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distribution after the date of completion of the Subscription.

Completion of the Subscription

Completion of the Subscription will take place within two Business Days (or such later date as the Company and the Subscriber may agree in writing) after the fulfillment of the condition of the Subscription set out above.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Set out below is the table of the shareholdings in the Company before and after Completion of the Subscription assuming no Options are exercised:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Subscription	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders:				
Absolute Target Limited (<i>Note 1</i>)	318,600,000	12.77	318,600,000	11.27
Smart Huge Limited (<i>Note 2</i>)	101,109,000	4.05	101,109,000	3.58
Sub-total	419,709,000	16.82	419,709,000	14.85
Central SAFE Investments Limited	244,526,886	9.80	244,526,886	8.65
Mr. Lau Siu Ming	159,280,000	6.38	159,280,000	5.63
Mr. Gary Drew Douglas	241,446,737	9.68	241,446,737	8.54
Mr. Vestor Kim Tim Jim	145,000,000	5.81	145,000,000	5.13
Mr. Chow Kam Wah	131,693,471	5.28	131,693,471	4.65
Public Shareholders:				
Subscriber	–	–	332,721,166	11.76
Other public shareholders	1,153,752,654	46.23	1,153,752,654	40.79
Total	2,495,408,748	100	2,828,129,914	100

Notes

1. Absolute Target Limited is controlled as to 46.25% by Mr. Wong Yin Sen, 42.50% by Mr. Hon Lik and 11.25% by Mr. Wong Hei Lin, all are executive Directors.
2. Smart Huge Limited is a wholly owned subsidiary of Ability Act Investments Limited, which is owned as to 90.50% by Dragon Concept Investments Limited and 4.75% by Goldtools Investments Limited. The entire share capital of Goldtools Investments Limited is owned by Mr. Wong Hei Lin. Dragon Concept Investments Limited is owned as to 52.11% and 47.89% by Mr. Wong Yin Sen and Mr. Hon Lik respectively. Accordingly, Absolute Target and Smart Huge are associates of Mr. Wong Yin Sen and Mr. Hon Lik.

CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Apart from the capital raising activities mentioned below, the Company has not carried out other capital raising activities during the 12 months immediately preceding the date of this announcement.

Date of Announcements	Capital Raising Activity	Net Proceeds Raised/To be raised (Approximately)	Intended Use of Proceeds	Actual Use of Proceeds
7 April 2010 7 June 2010	Placing of New Convertible Bonds of an aggregate principal amount of HK\$250 million on a fully underwritten basis and As the announced by the Company on 7 June 2010 that the Company and the Placing Agent agreed to reduce the size of the New Convertible Bonds from HK\$250 million to HK\$75million	HK\$69.5 million	The Placing Proceeds will apply to the outstanding amount of the repayment of the Convertible Notes.	Pending as the Placing has not yet been completed as at the date of this announcement
20 April 2010	Rights issue of not less than 766,634,916 rights shares and not more than 875,960,769 rights shares at a price of HK\$0.10 per rights share on the basis of one rights share for every two shares held, which was completed on 3 June 2010	HK\$76.72 million	<ul style="list-style-type: none"> – 10 million for the general working capital of the Group – The remaining balance of approximately 66.72 million will be transferred to the HK Redemption Account in accordance with the terms of the Trust Deed and held on and for the benefit of the trustee, the Security Trustee, the agents and the CN Holders under the Trust Deed. 	<p>Not yet utilized and has been maintained into bank</p> <p>Transferred into a bank account maintained by the legal advisors for the purpose of liaising settlement of the Convertible Notes (Please refer to announcement dated 10 June 2010 for details).</p>
Total		<u>HK\$146.22 million</u>		

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The principal activities of the Company are development, production and sales of (i) health care products; (ii) pharmaceutical products; and (iii) Ruyan atomizing cigarettes.

Given that the Subscription be completed within a relatively short period of time when compared with other methods to raise fund, e.g. rights issue, the Directors consider that the Subscription is an appropriate means of raising additional capital for the Company without incurring interest costs whilst broadening the capital base of the Company, notwithstanding the dilution effect to the shareholding of the existing Shareholders as a result of the Subscription.

The net proceeds from the Subscription is expected to be approximately HK\$33,272,116.60. It is expected that the net proceeds from the Subscription will be used by the Company for reduction of liabilities and general working capital purpose.

RESUMPTION IN TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 11 June 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 14 June 2010.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	Ruyan Group (Holdings) Limited, (如烟集團(控股)有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Option(s)”	the option(s) to subscribe for Shares under the Share Option Scheme
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Miss. Yu Man Fung, Alice, an individual investor
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 11 June 2010 entered into between the Company and the Subscriber in relation to the subscription of 332,721,166 Subscription Shares
“Subscription Price”	HK\$0.10 per Subscription Share
“Subscription Shares”	332,721,166 new Shares to be allotted and issued under the Subscription
“Substantial Shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

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

Hong Kong, 11 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.