



ZMAY HOLDINGS LIMITED

中民安園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8085)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

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

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This announcement, for which the directors of ZMAY Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to ZMAY Holdings Limited. The directors of ZMAY Holdings Limited, 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.

SUMMARY

For the year ended 31 March 2009:

- the turnover was approximately HK\$55,720,000;
- the loss attributable to equity holders was approximately HK\$6,290,000; and
- the directors do not recommend the payment of a final dividend.

AUDITED ANNUAL RESULTS

The board of Directors (the “Board”) of ZMAY Holdings Limited (the “Company”) hereby submits the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2009, together with the comparative audited figures for the year ended 31 March 2008 as follows:

Consolidated Income Statement

For the year ended 31 March 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover	3	55,720	29,776
Cost of sales		(28,640)	(28,821)
Gross profit		27,080	955
Other revenue and net income	3	1,588	2,322
Gain on disposal of subsidiaries		584	–
Gain arising from business combination	14	33,551	–
Goodwill arising from business combination written off	14	(25,224)	–
Administrative and other operating expenses		(37,978)	(16,646)
Loss from operations	5	(399)	(13,369)
Finance costs	6	(717)	–
Loss before tax		(1,116)	(13,369)
Income tax	7	(2,265)	–
Loss for the year		<u>(3,381)</u>	<u>(13,369)</u>
Loss for the year attributable to:			
Equity holders of the Company		(6,290)	(13,369)
Minority interests		2,909	–
		<u>(3,381)</u>	<u>(13,369)</u>
Dividend	8	–	–
Loss per share (HK cents)	9		
Basic		<u>(0.54)</u>	<u>(1.49)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Property, plant and equipment		151,623	135
Goodwill		29,733	–
Other intangible assets		845	–
		<u>182,201</u>	<u>135</u>
Current assets			
Inventories		52,089	586
Trade and other receivables	10	98,655	24,449
Cash and bank balances	11	24,237	48,333
		<u>174,981</u>	<u>73,368</u>
Current liabilities			
Trade and other payables	12	81,148	1,555
Net current assets			
		<u>93,833</u>	<u>71,813</u>
Total assets less current liabilities			
		<u>276,034</u>	<u>71,948</u>
Non-current liabilities			
Long-term payables		11,106	–
Net assets			
		<u>264,928</u>	<u>71,948</u>
Capital and reserves			
Share capital	13	48,152	42,125
Reserves		133,058	29,823
Equity attributable to equity holders of Company			
Minority interests		83,718	–
Total equity			
		<u>264,928</u>	<u>71,948</u>

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2007	30,086	34,102	(39,998)	-	-	(8,958)	15,232	-	15,232
Loss for the year	-	-	-	-	-	(13,369)	(13,369)	-	(13,369)
Recognition of equity-settled share-based payments	-	-	-	-	9,922	-	9,922	-	9,922
Issue of ordinary shares under share subscriptions	12,000	47,717	-	-	-	-	59,717	-	59,717
Issue of ordinary shares upon exercise of bonus warrants	39	407	-	-	-	-	446	-	446
At 31 March 2008 and 1 April 2008	42,125	82,226	(39,998)	-	9,922	(22,327)	71,948	-	71,948
Loss for the year	-	-	-	-	-	(6,290)	(6,290)	2,909	(3,381)
Issue of ordinary shares under share subscriptions	6,000	110,483	-	-	-	-	116,483	-	116,483
Issue of ordinary shares upon exercise of bonus warrants	27	285	-	-	-	-	312	-	312
Exchange differences arising on translation of foreign operations	-	-	-	(1,243)	-	-	(1,243)	(1,205)	(2,448)
Transfers upon share options cancelled/terminated	-	-	-	-	(1,435)	1,435	-	-	-
Minority interests arising on business combination	-	-	-	-	-	-	-	82,014	82,014
At 31 March 2009	48,152	192,994	(39,998)	(1,243)	8,487	(27,182)	181,210	83,718	264,928

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ZMAY Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 30 October 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 7 March 2002. The name of the Company was changed from “New Chinese Medicine Holdings Limited” to “ZMAY Holdings Limited” with effect from 1 August 2008. The Company is an investment holding company. The Group is principally engaged in (i) the sales of healthcare products in Hong Kong; and (ii) funeral and related businesses in the PRC.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on the GEM of the Stock Exchange.

The HKIPCA has issued a number of new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 April 2008, the application has no material effect on the Group’s accounting policies, results and financial position; and for those which are not yet effective, the Directors of the Company anticipate that the application will have no material impact on the Group’s accounting policies, results and financial position except for HKFRS 3 (Revised) which may affect the accounting for business combination and HKAS 27 (Revised) which will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary, for which the acquisition date is on or after the beginning of first annual reporting period beginning on or after 1 July 2009.

3. TURNOVER, OTHER REVENUE AND NET INCOME

Turnover represents net amounts received and receivable from outside customers from sales of healthcare products and from funeral and related businesses during the year.

An analysis of the Group's turnover, other revenue and net income is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover		
Sales of healthcare products	19,566	29,776
Funeral and related businesses	36,154	–
	<hr/> 55,720 <hr/>	<hr/> 29,776 <hr/>
Other revenue and net income		
Interest income	328	873
Net foreign exchange gain	1,109	–
Sundry income	151	1,449
	<hr/> 1,588 <hr/>	<hr/> 2,322 <hr/>
Total	<hr/> 57,308 <hr/>	<hr/> 32,098 <hr/>

4. SEGMENT INFORMATION

The Group's primary segment information is presented by business segments and secondary segment information is presented by geographical segments. During the current and prior years, there were no inter-segment transactions.

Business segments

For management purposes, the Group is currently organized into two business segments:

Sale of healthcare products	Retail and wholesale business on sale of healthcare products.
Funeral and related businesses	Retail business on sale of grave plots and provision of funeral and related services.

The following table presents revenue, results and certain assets, liabilities and expenditure information for the Group's business segments for respective years ended 31 March 2009 and 2008.

	Sale of healthcare products		Funeral and related businesses		Total	
	2009	2008	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	19,566	29,776	36,154	–	55,720	29,776
Segment results	(851)	(336)	5,855	–	5,004	(336)
Gain arising from business combination	–	–	33,551	–	33,551	–
Goodwill arising from business combination written off	–	–	(25,224)	–	(25,224)	–
Unallocated corporate income					601	2,167
Unallocated corporate expenses					(14,331)	(15,200)
Loss from operations					(399)	(13,369)
Finance costs					(717)	–
Income tax					(2,265)	–
Loss for the year					(3,381)	(13,369)
Segment assets	8,516	30,611	314,685	–	323,201	30,611
Goodwill	–	–	29,733	–	29,733	–
Unallocated assets					4,248	42,892
Total assets					357,182	73,503
Segment liabilities	443	801	91,649	–	92,092	801
Unallocated liabilities					162	754
Total liabilities					92,254	1,555
Capital expenditure	27	13	10,847	–	10,874	13
Depreciation and amortization	8	8	5,018	–	5,026	8

Geographical segments

The Group's operations are located in Hong Kong and the PRC.

The following table presents the Group's turnover by geographical markets, irrespective of origin of the goods, the carrying amounts of segment assets and the capital expenditure, analysed by the geographical areas in which the assets are located.

	Turnover by geographical markets		Carrying amounts of segment assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	19,566	29,776	12,764	73,503	27	13
PRC	36,154	–	344,418	–	10,847	–
	55,720	29,776	357,182	73,503	10,874	13

5. LOSS FROM OPERATIONS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Staff costs (including directors' remuneration):		
– Salaries and allowances	14,103	2,920
– Equity-settled share-based payments	–	2,849
– Contributions to defined contributions retirement benefit schemes	92	74
	14,195	5,843
Auditors' remuneration	350	200
Depreciation of property, plant and equipment	5,056	59
Operating lease rentals in respect of rented premises	1,531	130
Carrying amount of inventories sold	28,640	28,821
Carrying amount of inventories written off	558	–
Other equity-settled share-based payments		
– Consultants' fees	–	7,073

6. FINANCE COSTS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on:		
Bank and other borrowings wholly repayable within five years	<u>717</u>	<u>–</u>

7. INCOME TAX

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong profits tax	–	–
PRC enterprise income tax	2,265	–
Deferred tax	–	–
	<u>2,265</u>	<u>–</u>

No Hong Kong profits tax has been provided for as the Group has no assessable profits arising in Hong Kong for the year (2008: Nil).

PRC enterprise income tax has been provided for at the rate of 25% on the estimated assessable profits arising in the PRC.

No deferred tax has been recognized for the year as there are no material temporary differences which will result in a liability to be payable in the foreseeable future and the stream of taxable profits which will be available to utilize the tax losses is unpredictable.

8. DIVIDEND

No dividend has been paid during the year nor proposed for the year (2008: Nil).

9. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to equity holders of the Company of approximately HK\$6,290,000 (2008: approximately HK\$13,369,000) and the weighted average number of 1,159,740,349 (2008: 895,834,747) ordinary shares in issue during the year.

The diluted loss per share has not been disclosed for the years ended 31 March 2009 and 31 March 2008 as the share options and warrants outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

10. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	4,264	6,014	–	–
Other receivables, deposits and prepayments	94,391	18,435	146	18,379
	98,655	24,449	146	18,379

An aging analysis of trade receivables is as follows:

	The Group		The Company	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	3,944	5,997	–	–
31 – 60 days	–	–	–	–
Over 60 days	320	17	–	–
	4,264	6,014	–	–

11. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

12. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	26,395	421	–	–
Other payables and accruals	54,753	1,134	61	101
	<u>81,148</u>	<u>1,555</u>	<u>61</u>	<u>101</u>

An aging analysis of trade payables is as follows:

	The Group		The Company	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 – 30 days	1,404	421	–	–
31 – 60 days	–	–	–	–
Over 60 days	24,991	–	–	–
	<u>26,395</u>	<u>421</u>	<u>–</u>	<u>–</u>

13. SHARE CAPITAL

	Number of shares '000	Total Value HK\$'000
Authorized (Ordinary shares of HK\$0.04 each):		
At 1 April 2007, 31 March 2008 and 2009	<u>5,000,000</u>	<u>200,000</u>
Issued and fully paid (Ordinary shares of HK\$0.04 each):		
At 1 April 2007	752,139	30,086
Issue of new shares under share subscriptions – note (a)	300,000	12,000
Issue of new shares upon exercise of bonus warrants – note (b)	969	39
	<u>1,053,108</u>	<u>42,125</u>
At 31 March 2008 and 1 April 2008	1,053,108	42,125
Issue of new shares under share subscriptions – note (c)	150,000	6,000
Issue of new shares upon exercise of bonus warrants – note (d)	678	27
	<u>1,203,786</u>	<u>48,152</u>
At 31 March 2009	<u>1,203,786</u>	<u>48,152</u>

Notes:

(a) Share subscriptions

On 24 September 2007, 300,000,000 shares of the Company were issued to subscribers at a total consideration of HK\$60,000,000, of which HK\$12,000,000 was credited to share capital account and the net balance after expenses of HK\$47,716,900 was credited to share premium account.

(b) Exercise of share warrants

Bonus warrants were exercised by warrant holders during the year ended 31 March 2008 to subscribe for a total of 968,989 shares in the Company by payment of subscription monies of HK\$445,735, of which HK\$38,759 was credited to share capital account and the balance of HK\$406,976 was credited to share premium account.

(c) Share subscriptions

On 17 July 2008, 150,000,000 shares of the Company were issued to subscribers at a total consideration of HK\$120,000,000, of which HK\$6,000,000 was credited to share capital account and the net balance after expenses of HK\$110,482,627 was credited to share premium account.

(d) Exercise of bonus warrants

Bonus warrants were exercised by warrant holders during the year ended 31 March 2009 to subscribe for a total of 678,259 shares in the Company by payment of subscription monies of HK\$311,999, of which HK\$27,130 was credited to share capital account and the balance of HK\$284,869 was credited to share premium account.

14. ACQUISITION OF SUBSIDIARIES

The Group acquired certain subsidiaries in July 2008 for the purpose of extending the Group's activities to funeral and related businesses. The fair values, which have no significant differences from their respective carrying amounts, of the identifiable assets and liabilities of those subsidiaries at the date of acquisition and the goodwill arising from the acquisitions, which are accounted for as business combinations, are as follows:

	Beijing Zhongmin Anyuan Investment Company Limited (acquired on 7 July 2008) HK\$'000	Xinjiang Ruilin Zhiye Company Limited (acquired on 18 July 2008) HK\$'000	Qinhai Fuli Fenghuangshan Cemetery Company Limited (acquired on 18 July 2008) HK\$'000	Neimenggu Shenghe Development Limited (acquired on 18 July 2008) HK\$'000	Taiyuan City Wufuling Company Limited (acquired on 18 July 2008) HK\$'000	Total HK\$'000
Identifiable assets/(liabilities) acquired:						
Property, plant and equipment	1,100	41,945	15,442	5,043	81,400	144,930
Interest in leasehold land	-	1,560	271	-	-	1,831
Intangible assets	864	-	-	-	-	864
Inventories	-	12,407	8,028	4,941	21,585	46,961
Trade and other receivables	177	11,174	2,812	886	21,354	36,403
Amounts due from shareholders	-	1,195	-	-	996	2,191
Amounts due from directors	-	2,007	7	364	-	2,378
Amounts due from related companies	9	-	8,943	-	-	8,952
Cash and bank balances	2,843	136	129	195	389	3,692
Trade and other payables	(31)	(14,228)	(27,549)	(2,309)	(6,373)	(50,490)
Other payables – land lease payments	-	(11,805)	-	-	-	(11,805)
Amounts due to directors	-	(811)	(245)	-	(509)	(1,565)
Amounts due to related companies	(5,186)	-	(1,475)	-	-	(6,661)
Income tax payable	-	-	(131)	(1,276)	(8,996)	(10,403)
	(224)	43,580	6,232	7,844	109,846	167,278
Net assets/(liabilities) attributable to minority interests	-	(21,354)	(2,991)	(3,844)	(53,825)	(82,014)
	(224)	22,226	3,241	4,000	56,021	85,264
Gain arising from business combination	-	-	-	-	(33,551)	(33,551)
Goodwill arising from business combination written off	25,224	-	-	-	-	25,224
Goodwill arising from business combination carried forward	-	11,484	9,119	8,360	-	28,963
	<u>25,000</u>	<u>33,710</u>	<u>12,360</u>	<u>12,360</u>	<u>22,470</u>	<u>105,900</u>
Total consideration satisfied by:						
Cash						<u>105,900</u>
Net cashflow arising on acquisition:						
Cash paid						(105,900)
Cash and bank balances acquired						<u>3,692</u>
						<u>(102,208)</u>

Goodwill arisen from the business combination with Beijing Zhongmin Anyuan Investment Company Limited (“Beijing Zhongmin Anyuan”) of approximately HK\$25,224,000 was written off immediately as the recoverable amount is considered to be nil, because (i) Beijing Zhongmin Anyuan is an investment holding company which will not carry on material income-generating activities and (ii) the benefits from the business combination with Beijing Zhongmin Anyuan cannot be separately and reliably measured in relation to the expected benefits from the business combinations with other entities being or to be acquired by Beijing Zhongmin Anyuan.

Gain arising from the business combination with Taiyuan City Wufuling Company Limited of approximately HK\$33,551,000, which represented the excess of the fair value of the identifiable assets and liabilities acquired over the cash consideration paid, was recognized immediately in the income statement.

Goodwill arisen from the business combinations with Xinjiang Ruilin Zhiye Company Limited, Qinhai Fuli Fenghuangshan Cemetery Company Limited and Neimenggu Shenghe Development Limited amounted to approximately HK\$28,963,000 in total, which represented premium paid in relation to the benefit of expected synergies, revenue growth and future market development of those entities, is considered to be recoverable from future economic benefits generated from their business activities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

For the year ended 31 March 2009, the Group recorded an audited consolidated turnover of approximately HK\$55,720,000, which represented sales of healthcare products and income from funeral and related businesses. The turnover for the year ended 31 March 2008 was approximately HK\$29,776,000.

The operating expenses for the year amounted to approximately HK\$37,978,000 as compared to that of 2008 of approximately HK\$16,646,000. The increase in operating expenses was mainly caused by consolidated the operating expenses from the acquired subsidiaries and increase in business activities.

Audited net loss attributable to the equity holders for the year amounted to approximately HK\$6,290,000 as compared to net loss of approximately HK\$13,369,000 for 2008.

On 7 July 2008, the Group has completed the acquisition of the entire issued and fully paid share capital of Beijing Zhongmin Anyuan Investment Company Limited (“Beijing Zhongmin Anyuan”) at a cash consideration of HK\$25 million. On 18 July 2008, the Group has completed the acquisition of 51% issued and fully paid share capital of Xinjiang Ruilin Zhiye Company Limited, Neimenggu Shenghe Development Limited and Taiyuan City Wufuling Company Limited, and 52% issued and fully paid share capital of Qinhai Fuli Fenghuangshan Cemetery Company Limited (collectively, the “Cemetery Companies”) at an aggregate consideration of RMB72 million. The acquisitions have provided the Group an opportunity to enter into the cemetery related business in the PRC. The post acquisition results of Beijing Zhongmin Anyuan and the Cemetery Companies have been included in the audited consolidated results of the Group for the year ended 31 March 2009. Details of Beijing Zhongmin Anyuan and the Cemetery Companies were set out in the circular dispatched to the shareholders of the Company dated 14 April 2008.

PROSPECTS

The sales on healthcare products continue picking up its pace during the second half of the financial year of 2008/09. The winter season, which is the high season to consume traditional healthcare products, has helped improving the Group’s revenue on sales of healthcare products.

The acquisitions of the Cemetery Companies on 18 July 2008 signify the Group has entered into a new horizon in the investment and management of funeral services business in the PRC. Pursuant to the information from the Ministry of Civil Affairs of the PRC, the cremation becomes more popular recently, in particular in the major and capital cities. This trend will be favorable to the sales of the Cemetery Companies. The Group believes that the revenue will be further benefited and enhanced from the addition in the investment in the funeral services and management business in the PRC.

The Group will continue to consolidate quality cemeteries and funeral parlors in the mainland should good business opportunities come. In possession of healthy business prospect, positive policy and superiority in human resources, the Group is confident in its future development and to provide investment returns to the investors.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's net current assets as at 31 March 2009 were approximately HK\$93,833,000 as compared to net current assets of approximately HK\$71,813,000 as at 31 March 2008. There were no bank borrowings as at 31 March 2009 (31 March 2008: Nil).

Bonus warrants were exercised by warrant holders during the year ended 31 March 2009 to subscribe for a total of approximately 678,000 shares in the Company by payment of subscription monies of approximately HK\$312,000, of which approximately HK\$27,000 was credited to share capital account and the balance of approximately HK\$285,000 was credited to the share premium account. The subscription price of the bonus warrants was adjusted from HK\$0.46 to HK\$0.45 upon completion of the share placing as mentioned below on 17 July 2008.

The Company has entered into a Placing Agreement on 27 June 2008 with the Placing Agent for placing, on a best effort basis, of an aggregate of up to 150,000,000 Placing Shares to independent investors at a price of HK\$0.80 per Placing Share. The Placing Shares to be issued, when fully paid, will rank, upon issue, pari passu in all respects with the existing issued Shares. Details of the share placing were set out in the Company's announcement dated 30 June 2008. On 17 July 2008, the 150,000,000 Placing Shares were issued and allotted to independent investors at a price of HK\$0.80 per Placing Share.

The Company has been informed by the previous placing agent on 30 July 2008 that the previous placing, on a best effort basis, of an aggregate of up to 400,000,000 new Shares at a price of HK\$1.00 per placing Share has not been completed before the Longstop Date on 30 July 2008 and accordingly the previous placing lapsed. Details of the lapse of the previous placing were set out in the Company's announcement dated 31 July 2008.

GEARING RATIO

As at 31 March 2009, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 26% (2008: approximately 2%).

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong Dollars and Renminbi and considers that the impact of foreign exchange exposure of the Group is minimal.

CHARGE OF GROUP ASSETS

As at 31 March 2009, the Group did not have any material charge on assets (2008: Nil).

SIGNIFICANT INVESTMENTS

Except for the acquisition of subsidiaries as mentioned above, the Group had no significant investments during the year.

MATERIAL ACQUISITIONS AND DISPOSALS

Except for the acquisition of subsidiaries as mentioned above, the Group had no material acquisitions or disposals during the year.

EMPLOYEE INFORMATION

As at 31 March 2009, the Group employed a total of 223 (31 March 2008: 7) full-time employees in Hong Kong and the PRC. During the year ended 31 March 2009, the total remuneration to employees, including directors' emoluments amounted to approximately HK\$14,103,000 (2008: approximately HK\$7,858,000). The Group remunerates its employees based on their performance, qualification, experience and the prevailing industry practice.

CONTINGENT LIABILITIES

As at 31 March 2009, the Group did not have any material contingent liabilities (2008: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2009, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(1) Long positions in the shares of the Company

Name of directors	Type of interest	Number of shares	Interest in the Company's share capital
Mr. Chu Hon Pong	Personal	155,150,967	12.89%
Ms. Tong Pui Chi Lucia	Personal	1,300,000	0.11%
Mr. Law Kwok Chung	Personal	300,000	0.02%

(2) Long positions in the underlying shares of the Company

(a) Warrants

Name of directors	Type of interest	Number of shares entitled pursuant to the full exercise of the warrants held as at 31 March 2009
Mr. Chu Hon Pong	Personal	746,666
Ms. Tong Pui Chi Lucia	Personal	346,666
Mr. Law Kwok Chung	Personal	80,000

(b) *Share Options*

Name of Directors	Date of grant of share options	Exercise price per share HK\$	Outstanding as at 01/04/2008	Granted during the year	Exercised during the year	Cancelled/ terminated/ during the year	Outstanding as at 31/03/2009	Expiry date
Ms. Tong Pui Chi Lucia	16/11/2007	1.10	7,500,000	-	-	-	7,500,000	16/11/2010
Mr. Chu Kar Wing	16/11/2007	1.10	1,000,000	-	-	1,000,000	-	16/11/2010
Dr. Loke Hoi Lam	16/11/2007	1.10	1,000,000	-	-	1,000,000	-	16/11/2010
Mr. Ku Ling Yu John	16/11/2007	1.10	1,000,000	-	-	1,000,000	-	16/11/2010

Save as disclosed above, as at 31 March 2009, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”), under which the Board may, at its discretion, invite any full-time or part-time employee of the Company or any member of the Group, including any director or any member of the Group and any adviser or consultant (in areas of technical, financial or corporate managerial) of the Company or any of its subsidiaries to take up options to subscribe for the shares in the Company. The Share Option Scheme will remain valid for a period of 10 years commencing 1 February 2002.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company’s shares as stated on GEM’s daily quotation sheets on the date of grant; (ii) the average closing price of the Company’s shares for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company’s shares.

On 16 November 2007, a total of 105,219,106 options have been granted to the Participants to subscribe for a total of 105,219,106 shares of the Company at a price of HK\$1.10 per share. No share options have been exercised by the Participants since 16 November 2007 and up to the date of this announcement.

By an ordinary resolution duly passed at an extraordinary general meeting of the Company held on 19 September 2008, the total number of shares in respect of which options may be granted under the Share Option Scheme was increased to 120,378,613 shares, which represents 10% of the total number of shares in issue at 19 September 2008.

The following are details of the outstanding share options as at 31 March 2009:

Catagories of grantees	Date of grant of share options	Exercise price per share HK\$	Outstanding as at 01/04/2008	Granted during the year	Exercised during the year	Cancelled/ terminated/ during the year	Outstanding as at 31/03/2009	Expiry date
Directors	16/11/2007	1.10	18,000,000	-	-	10,500,000	7,500,000	16/11/2010
Other Participants	16/11/2007	1.10	87,219,106	-	-	4,719,106	82,500,000	16/11/2010
Total			<u>105,219,106</u>	<u>-</u>	<u>-</u>	<u>15,219,106</u>	<u>90,000,000</u>	

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the "Directors' and Chief Executive's Interests In Securities" above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(1) Long positions in the shares of the Company

Name of shareholders	Direct/indirect interest	Approximate percentage of shareholding
Mr. Chu Hon Pong	155,150,967	12.89%
Mr. Mo Shikang (<i>“Mr. Mo”</i> , Note)	150,000,000	12.46%
Asian Allied Limited (<i>“Asian Allied”</i> , Note)	150,000,000	12.46%
Super Win Development Limited (<i>“Super Win”</i> , Note)	150,000,000	12.46%
Chinese People Holdings Company Limited (<i>“Chinese People”</i> , Note)	150,000,000	12.46%

Note: As Chinese People is a subsidiary of Super Win, Super Win is deemed to have interest in the ordinary shares of the Company (the “Shares”) held by Chinese People for the purpose of the SFO. For the purpose of SFO, Asian Allied is deemed to have interest in the Shares held by Super Win and Mr. Mo is deemed to have interest in the shares held by Asian Allied.

(2) Long positions in the underlying shares of the Company

Name of shareholder	Number of shares entitled pursuant to the full exercise of the warrants held as at 31 March 2009
Mr. Chu Hon Pong	746,666

Save as disclosed above, as at 31 March 2009, the directors or chief executive officer of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

As at 31 March 2009, none of the directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group.

AUDIT COMMITTEE

An audit committee was established with written terms of reference in compliance with the relevant GEM Listing Rules. There are three members in the audit committee comprising three independent non-executive directors, namely, Mr. Chu Kar Wing, Dr. Loke Hoi Lam and Mr. Ku Ling Yu John. The primary duties of the audit committee are to review and provide supervision over the financial reporting system and internal control procedures of the Group. The Group's audited consolidated results for the year ended 31 March 2009 have been reviewed by the audit committee.

REMUNERATION COMMITTEE

A Remuneration Committee has been established with written terms of reference in accordance with the requirements of the Code on Corporate Governance Practices. The Remuneration Committee comprises three independent non-executive directors, namely Mr. Chu Kar Wing, Dr. Loke Hoi Lam and Mr. Ku Ling Yu John, and one executive director Ms. Tong Pui Chi Lucia. Ms. Tong Pui Chi Lucia being the Chairperson of the Remuneration Committee. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy, and structure for remuneration of all Directors and senior management, and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealing as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 March 2009.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company has complied throughout the year ended 31 March 2009 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the year ended 31 March 2009.

By Order of the Board
ZMAY Holdings Limited
Chu Hon Pong
Chairman

Hong Kong, 27 May 2009

At the time of this announcement, the Board comprises of (i) four executive Directors, namely Mr. Chu Hon Pong, Dr. Neil K. Gu, Ms. Tong Pui Chi Lucia and Mr. Law Kwok Chung; and (ii) three independent non-executive Directors, namely Mr. Chu Kar Wing, Dr. Loke Hoi Lam and Mr. Ku Ling Yu John.

This announcement will remain on the “Latest Company Announcements” page of the GEM website <http://www.hkgem.com> for at least seven days from the date of its publication and on the website of the Company at <http://www.zmayholdings.com>.