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ZMAY HOLDINGS LIMITED

中民安園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8085 / Warrant Code: 8359)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

PLACING AGENT



KINGSTON SECURITIES LIMITED

On 4 December 2009 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement whereby the Company has conditionally agreed to place, through the Placing Agent and on a best effort basis, a maximum of 240,000,000 Placing Shares at a price of HK\$0.185 per Placing Share, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company or any Director, chief executive or substantial shareholders (as defined in the GEM Listing Rules) of any member of the Group or any associate of them or any connected persons of the Company.

A maximum of 240,000,000 Placing Shares under the Placing represent (i) approximately 19.94% of the existing issued share capital of the Company of 1,203,786,138 Shares; (ii) approximately 16.62% of the Company's issued share capital of 1,443,786,138 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$9,600,000.

The maximum gross proceeds from the Placing will be approximately HK\$44.4 million. The maximum net proceeds of approximately HK\$43.2 million from the Placing is intended to be used for the general working capital of the Group. The maximum net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.18 per Placing Share.

The Placing is conditional upon, among other things, the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

4 December 2009 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place a maximum of 240,000,000 Placing Shares on a best effort basis and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares being placed by the Placing Agent under the Placing Agreement. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction. The Directors are of the view that the placing commission is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company or any Director, chief executive or substantial shareholders (as defined in the GEM Listing Rules) of any member of the Group or any associate of them or any connected persons of the Company.

Placees

The Placing Agent agreed to place the Placing Shares on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company or any Director, chief executive or substantial shareholders (as defined in the GEM Listing Rules) of any member of the Group or any associate of them or any connected persons of the Company. None of the

Placees will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company immediately after the Placing.

Placing Shares

A maximum of 240,000,000 Placing Shares under the Placing represent (i) approximately 19.94% of the existing issued share capital of the Company of 1,203,786,138 Shares; and (ii) approximately 16.62% of the Company's issued share capital of 1,443,786,138 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$9,600,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.185 represents:

- (i) a discount of approximately 19.91% to the closing price of HK\$0.231 per Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a discount of approximately 17.41% to the average closing price per Share of approximately HK\$0.224 in the last five consecutive trading days prior to the date of this announcement; and
- (iii) a discount of approximately 32.23% to the average closing price per Share of approximately HK\$0.273 in the last ten consecutive trading days prior to the date of this announcement.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

General Mandate to issue new Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 240,757,227 Shares. From the date of AGM to the date of this announcement, no new Share has been issued under the General Mandate. Upon Completion of the Placing, 240,000,000 Shares will be issued under the General Mandate and 757,227 Shares will remain outstanding under the General Mandate.

Conditions of the Placing

Completion of the Placing is conditional upon:-

- (a) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of and permission to deal in all of the Placing Shares; and
- (b) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms thereof, including provisions regarding force majeure event.

If the above conditions are not satisfied and/or waived in whole or in part by the Placing Agent prior to 10:00 a.m. on the Completion Date, the Placing will be terminated and the Placing will not be proceeded and all obligations and liabilities of the parties to the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Termination

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 10:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation, suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 10:00 a.m. on the Completion Date:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing or any announcements or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Completion of the Placing

Completion of the Placing, in any event, will take place within four business days after the fulfilment of the conditions set out in the Placing Agreement but not later than 1 February 2010 or such later date to be agreed between the Company and the Placing Agent.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

OTHER INFORMATION ON THE PLACING

Reasons for the Placing

The Company is an investment holding company and its subsidiaries are principally engaged in the trading and sales of healthcare products in Hong Kong and funeral and related business in the PRC.

In view of the current market conditions, the Directors consider that the Placing represents an opportunity to raise fund for the general working capital of the Group. The Directors consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Use of proceeds

The maximum gross proceeds from the Placing will be approximately HK\$44.4 million and the maximum net proceeds (after deducting the placing commission, legal fees and publication fees payable by the Company) will be approximately HK\$43.2 million which is intended to be used for the general working capital of the Group. The net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.18 per Placing Share.

Fund raising activities in the past twelve months

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

Effects on shareholding structure

The changes of the shareholding structure of the Company immediately before and after the Placing (assuming that there are no other changes in the issued share capital of the Company) are set out below:

	As at the date of this announcement		Immediately after the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Chu Hon Pong (<i>Note 1</i>)	155,150,967	12.89	155,150,967	10.75
Chinese People Holdings Company Limited ("Chinese People", <i>Note 2</i>)	150,000,000	12.46	150,000,000	10.39
Public				
The Places	–	–	240,000,000	16.62
Other public Shareholders	898,635,171	74.65	898,635,171	62.24
	<u>1,203,786,138</u>	<u>100.00</u>	<u>1,443,786,138</u>	<u>100.00</u>
Total	<u>1,203,786,138</u>	<u>100.00</u>	<u>1,443,786,138</u>	<u>100.00</u>

Note:

- (1) Mr. Chu Hon Pong is an executive Director and these Shares are pledged to Premier Rise Investments Limited ("Premier Rise"). The beneficiary owner of Premier Rise is Mr. Hui Ho Luek, Vico.
- (2) Super Win Development Limited holds 24.52% of shares in Chinese People and is a wholly owned subsidiary of Asian Allied Limited ("Asian Allied"). Mr. Mo Shikang is the beneficiary owner of Asian Allied.

GENERAL

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

DEFINITIONS

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

“AGM”	the annual general meeting held on 24 July 2009
“associates”	has the meaning given to that term in the GEM Listing Rules
“Board”	the board of Directors
“Company”	ZMAY Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Completion Date”	the date of completion of the Placing in accordance with the Placing Agreement
“connected person(s)”	has the meaning given to that term in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement

“Placing”	placing of a maximum of 240,000,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 4 December 2009 and entered between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.185 per Placing Share
“Placing Share(s)”	a maximum of 240,000,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.04 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
ZMAY HOLDINGS LIMITED
Lam Wing Tai
Executive Director

Hong Kong, 4 December 2009

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Chu Hon Pong, Mr. Lam Wing Tai and Mr. Chui Kwong Kau; and (ii) three independent non-executive directors, namely Dr. Wong Yun Kuen, Mr. Man Kwok Leung and Mr. Loke Che Chan Gilbert.

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

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>.