



## 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 2010

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

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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## **SUMMARY**

For the year ended 31 March 2010:

- the turnover was approximately HK\$74,505,000;
- the loss attributable to the owners of the Company was approximately HK\$39,769,000; and
- the Board does not recommend the payment of a final dividend.

## AUDITED ANNUAL RESULTS

The board (the “Board”) of Directors (the “Directors”) 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 2010, together with the comparative audited figures for the year ended 31 March 2009 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2010*

	<i>Note(s)</i>	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Turnover	3(a)	<b>74,505</b>	55,720
Cost of sales		<u><b>(35,585)</b></u>	<u>(28,640)</u>
Gross profit		<b>38,920</b>	27,080
Other revenue and net income	3(b)	<b>762</b>	1,588
Administrative and operating expenses		<b>(40,942)</b>	(37,955)
Finance costs	6	<b>(1,047)</b>	(717)
Gain on disposal of subsidiaries		–	584
Gain arising from business combination		–	33,551
Goodwill arising from business combination written off		–	(25,224)
Impairment of goodwill		<b>(20,473)</b>	–
Impairment of other receivables		<u><b>(25,360)</b></u>	<u>(23)</u>
Loss before tax	5	<b>(48,140)</b>	(1,116)
Income tax	7	<u><b>(1,537)</b></u>	<u>(2,265)</u>
Loss for the year		<u><b>(49,677)</b></u>	<u>(3,381)</u>
Other comprehensive income:			
Exchange difference arising on translation of foreign operations		<u><b>518</b></u>	<u>(2,448)</u>
Total comprehensive income for the year		<u><b>(49,159)</b></u>	<u>(5,829)</u>
(Loss)/profit attributable to:			
– owners of the Company		<b>(39,769)</b>	(6,290)
– non-controlling interests		<u><b>(9,908)</b></u>	<u>2,909</u>
		<u><b>(49,677)</b></u>	<u>(3,381)</u>
Total comprehensive income attributable to:			
– owners of the Company		<b>(39,505)</b>	(7,533)
– non-controlling interests		<u><b>(9,654)</b></u>	<u>1,704</u>
		<u><b>(49,159)</b></u>	<u>(5,829)</u>
		<i>HK Cents</i>	<i>HK Cents</i>
Loss per share:	9		
– Basic		<u><b>(3.15)</b></u>	<u>(0.54)</u>
– Diluted		<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2010*

	<i>Note(s)</i>	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
<b>Non-current assets</b>			
Fixed assets		<b>151,487</b>	151,623
Goodwill		<b>9,286</b>	29,733
Other intangible assets		–	845
		<u><b>160,773</b></u>	<u>182,201</u>
<b>Current assets</b>			
Inventories		<b>47,733</b>	52,089
Trade and other receivables	10	<b>138,820</b>	98,655
Cash and bank balances	11	<b>72,657</b>	24,237
		<u><b>259,210</b></u>	<u>174,981</u>
<b>Current liabilities</b>			
Bank borrowing		<b>3,412</b>	–
Trade and other payables	12	<b>99,472</b>	81,148
		<u><b>102,884</b></u>	<u>81,148</u>
<b>Net current assets</b>		<u><b>156,326</b></u>	<u>93,833</u>
Total assets less current liabilities		<u><b>317,099</b></u>	<u>276,034</u>
<b>Non-current liabilities</b>			
Long-term payables		<b>9,769</b>	11,106
		<u><b>9,769</b></u>	<u>11,106</u>
<b>Net assets</b>		<u><b>307,330</b></u>	<u>264,928</u>
<b>Capital and reserves</b>			
Share capital	13	<b>69,272</b>	48,152
Reserves		<b>160,451</b>	133,058
Equity attributable to the owners of the Company		<b>229,723</b>	181,210
Non-controlling interests		<b>77,607</b>	83,718
<b>Total equity</b>		<u><b>307,330</b></u>	<u>264,928</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 March 2010*

	Attributable to the owners of the Company						Non- controlling interests HK\$'000	Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			Total HK\$'000
At 1 April 2008	42,125	82,226	(39,998)	9,922	–	(22,327)	71,948	–	71,948
(Loss)/profit for the year	–	–	–	–	–	(6,290)	(6,290)	2,909	(3,381)
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,243)	–	(1,243)	(1,205)	(2,448)
Total comprehensive income for the year	–	–	–	–	(1,243)	(6,290)	(7,533)	1,704	(5,829)
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
Transfers upon share options cancelled/terminated	–	–	–	(1,435)	–	1,435	–	–	–
Non-controlling interests arising on business combination	–	–	–	–	–	–	–	82,014	82,014
<b>At 31 March 2009 and at 1 April 2009</b>	<b>48,152</b>	<b>192,994</b>	<b>(39,998)</b>	<b>8,487</b>	<b>(1,243)</b>	<b>(27,182)</b>	<b>181,210</b>	<b>83,718</b>	<b>264,928</b>
Loss for the year	–	–	–	–	–	(39,769)	(39,769)	(9,908)	(49,677)
Exchange differences arising on translation of foreign operations	–	–	–	–	264	–	264	254	518
Total comprehensive income for the year	–	–	–	–	264	(39,769)	(39,505)	(9,654)	(49,159)
Issue of ordinary shares under share subscriptions	21,120	66,898	–	–	–	–	88,018	–	88,018
Transfers upon share options cancelled/terminated/lapsed	–	–	–	(8,487)	–	8,487	–	–	–
Capital contribution from a minority shareholder	–	–	–	–	–	–	–	3,543	3,543
<b>At 31 March 2010</b>	<b>69,272</b>	<b>259,892</b>	<b>(39,998)</b>	<b>–</b>	<b>(979)</b>	<b>(58,464)</b>	<b>229,723</b>	<b>77,607</b>	<b>307,330</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

ZMAY Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the sale 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 consolidated financial statements are presented in Hong Kong dollars, the functional currency of the company.

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & HKAS1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers
HKFRS (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRS (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has no material effect on the financial statements of the Group and the Company for the current and prior accounting periods.

**(a) HKAS 1 (Revised 2007) Presentation of Financial Statements**

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

**(b) HKFRS 8 Operating Segments**

HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The application of the HKFRS 8 has not resulted in a redesignation of the Group's reportable segments (see Note (4)). In addition, there are no changes in the basis of measurement of segment revenue, segment profit or loss, segment assets and segment liabilities.

**(c) Improving Disclosures about Financial Instruments**

**(Amendments to HKFRS 7 Financial Instruments: Disclosures)**

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not presented comparative information for the expanded disclosures in relation to fair value measurements in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 <sup>(1)</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>(2)</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 <sup>(8)</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>(5)</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>(1)</sup>
HKAS 32 (Amendments)	Classification of Rights Issues <sup>(4)</sup>
HKAS 39 (Amendments)	Eligible Hedged Items <sup>(1)</sup>
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters <sup>(3)</sup>
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>(6)</sup>
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions <sup>(3)</sup>
HKFRS 3 (Revised)	Business Combinations <sup>(1)</sup>
HKFRS 9	Financial Instruments <sup>(7)</sup>
HK(IFRIC)-Int 14 (Amendments)	Prepayments of Minimum Funding Requirement <sup>(6)</sup>
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners <sup>(1)</sup>
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity <sup>(6)</sup>

- (1) Effective for annual periods beginning on or after 1 July 2009
- (2) Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
- (3) Effective for annual periods beginning on or after 1 January 2010
- (4) Effective for annual periods beginning on or after 1 February 2010
- (5) Effective for annual periods beginning on or after 1 January 2011
- (6) Effective for annual periods beginning on or after 1 July 2010
- (7) Effective for annual periods beginning on or after 1 January 2013
- (8) Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

### 3. TURNOVER, OTHER REVENUE AND NET INCOME

- (a) An analysis of the Group's turnover for the year is as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Sale of healthcare products	<b>21,300</b>	19,566
Funeral and related businesses	<b>53,205</b>	36,154
	<u><b>74,505</b></u>	<u>55,720</u>

- (b) An analysis of the Group's other revenue and net income for the year is as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest income	<b>12</b>	328
Net foreign exchange gain	–	1,109
Gain on disposal of other intangible assets	<b>17</b>	–
Sundry income	<b>733</b>	151
	<u><b>762</b></u>	<u>1,588</u>

### 4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments by products or services. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

In prior years, segment information reported externally was analysed on the basis of the operation of the Group's businesses, including sale of healthcare products and funeral and related businesses. For the purposes of resources allocation and performance assessment, information reported to the chief operating decision maker, Chairman of the Company, specifically focuses on the performance of sale of healthcare products and funeral and related businesses. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

- (a) Sale of healthcare products; and
- (b) Funeral and related businesses

Information regarding the above segments is reported below:

**(a) Segment revenues and results**

	Sale of healthcare products		Funeral and related businesses		Total	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	21,300	19,566	53,205	36,154	74,505	55,720
Segments results	(94)	(851)	4,077	5,855	3,983	5,004
Impairment of goodwill			(20,473)		(20,473)	-
Impairment of other receivables			(25,360)		(25,360)	-
Gain arising from business combination					-	33,551
Goodwill arising from business combination written off					-	(25,224)
Unallocated corporate income					176	601
Unallocated corporate expenses					(5,419)	(14,331)
Finance costs					(1,047)	(717)
Income tax					(1,537)	(2,265)
Loss for the year					(49,677)	(3,381)

(b) **Segment assets and liabilities**

	Sale of healthcare products		Funeral and related businesses		Total	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment Assets	7,644	8,516	315,273	314,685	322,917	323,201
Goodwill	-	-	9,286	29,733	9,286	29,733
Unallocated assets					87,780	4,248
Consolidated assets					<u>419,983</u>	<u>357,182</u>
Segment liabilities	11	443	112,070	91,649	112,081	92,092
Unallocated liabilities					572	162
Consolidated liabilities					<u>112,653</u>	<u>92,254</u>
Capital expenditure	-	27	7,040	10,847	7,040	10,874
Unallocated capital expenditure					11	-
					<u>7,051</u>	<u>10,874</u>
Depreciation and amortisation	-	8	7,224	5,065	7,224	5,073
Unallocated depreciation and amortisation					39	-
					<u>7,263</u>	<u>5,073</u>

(c) **Geographical information**

The Group's sale of healthcare products is located in Hong Kong and operation of funeral and related businesses is located in the PRC.

The following is an analysis of the turnover and non-current assets by geographical area:

	Turnover by geographical markets		Non-current assets	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	21,300	19,566	42	103
PRC	53,205	36,154	160,731	182,098
	<u>74,505</u>	<u>55,720</u>	<u>160,773</u>	<u>182,201</u>

(d) **Information about major customers**

During the years 2010 and 2009, all healthcare products were sold to one customer.

## 5. LOSS BEFORE TAX

Loss before tax of the Group has been arrived at after charging:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Staff costs (including Directors' emoluments)		
– salaries and allowances	<b>13,284</b>	13,657
– contributions to defined contributions retirement benefits schemes	<b>746</b>	659
	<b>14,030</b>	14,316
Auditors' remuneration		
– audit services	<b>380</b>	350
– other services	–	2,640
Amortisation of leasehold land	<b>52</b>	52
Amortisation of other intangible assets	–	17
Depreciation of property, plant and equipment	<b>7,211</b>	5,004
Operating lease rentals in respect of rented premises	<b>499</b>	1,531
Legal and professional fees	<b>2,818</b>	5,509
Loss on disposal of property, plant and equipment	<b>218</b>	–
Carrying amount of inventories sold	<b>35,585</b>	28,640
Carrying amount of inventories written off	<b>2,911</b>	588

## 6. FINANCE COSTS

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest expense on bank borrowing wholly repayable within one year	<b>161</b>	50
Imputed interest expense on capitalised land lease payments	<b>886</b>	667
	<b>1,047</b>	717

## 7. INCOME TAX

Income tax expense in the consolidated statement of comprehensive income represents:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current tax:		
Hong Kong	–	–
PRC enterprise income tax	<b>1,537</b>	2,265
Deferred tax	–	–
	<b>1,537</b>	2,265

Hong Kong profits tax has not been provided as the Group has no assessable profits arising in Hong Kong during the year (2009: Nil).

PRC enterprise income tax has been provided for at the rate of 25% (2009: 25%) on the estimated assessable profits arising in the PRC.

No deferred tax has been recognised 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 utilise the tax losses is unpredictable.

The tax for the year can be reconciled to the accounting loss as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Loss before tax	<b>(48,140)</b>	(1,116)
Notional tax on loss before tax, calculated at the tax rates applicable to profits in the jurisdictions concerned	<b>11,582</b>	(961)
Tax effect of income not taxable	–	2,466
Tax effect of expenses not deductible and loss not allowable	<b>(252)</b>	16
Tax effect of estimated tax losses not recognised for the year	<b>(12,777)</b>	(3,778)
Tax effect of temporary differences not recognised	<b>(8)</b>	(8)
Tax under-provided in previous year	<b>(82)</b>	–
Income tax charge	<b>(1,537)</b>	(2,265)

## 8. DIVIDEND

No dividend has been paid during the year nor proposed for the year (2009: Nil).

## 9. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to the owners of the Company of approximately HK\$39,769,000 (2009: approximately HK\$6,290,000) and the weighted average number of 1,261,654,631 (2009: 1,159,740,349) ordinary shares in issue during the year.

The diluted loss per share for the years ended 31 March 2010 and 31 March 2009 has not been presented as the potential shares arising from the exercise and conversion of the Company's share options and warrants would decrease the loss per share of the Group for these years and is regarded as anti-dilutive.

## 10. TRADE AND OTHER RECEIVABLES

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade receivables	5,907	4,264
Deposits, prepayments and other receivables ( <i>Note i</i> )	105,156	76,084
Amounts due from minority shareholders of subsidiaries ( <i>Note ii</i> )	9,977	5,678
Amounts due from directors of subsidiaries ( <i>Note ii</i> )	1,478	1,925
Amount due from a related company of subsidiary ( <i>Note ii</i> )	16,302	10,704
	<u>138,820</u>	<u>98,655</u>

The aging analysis of trade receivables is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 to 30 days	11	3,944
31 to 60 days	455	–
Over 60 days	5,441	320
	<u>5,907</u>	<u>4,264</u>

No trade receivables are past due and not impaired.

*Notes:*

- i.* Deposits, prepayments and other receivables included a deposit of HK\$39,644,000 for the years 2010 and 2009 were related to acquisition of Zhejiang Anxian Cemetary Company Limited. Details of which were set out in the circular of the Company dated 14 April 2008.
- ii.* The amounts due from minority shareholders, directors and a related company of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

## 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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade payables	14,700	26,395
Other payables and accruals	77,531	49,949
Amounts due to minority shareholders of subsidiary ( <i>Note</i> )	2,142	1,593
Amounts due to directors of subsidiaries ( <i>Note</i> )	3,691	560
Amounts due to related companies of subsidiaries ( <i>Note</i> )	1,408	2,651
	<u>99,472</u>	<u>81,148</u>

The aging analysis of trade payables is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 to 30 days	420	1,404
31 to 60 days	331	–
Over 60 days	13,949	24,991
	<u>14,700</u>	<u>26,395</u>

*Note:* The amounts due to minority shareholders, directors and related companies of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

### 13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised (ordinary shares of HK\$0.04 each)		
At 1 April 2008, 31 March 2009 and 2010	5,000,000	200,000
Issued and fully paid (ordinary shares of HK\$0.04 each):		
At 1 April 2008	1,053,108	42,125
Issue of new shares under share subscriptions ( <i>Note a</i> )	150,000	6,000
Issue of new shares upon exercise of bonus warrants ( <i>Note b</i> )	678	27
At 31 March 2009 and at 1 April 2009	1,203,786	48,152
Issue of new shares under share subscriptions ( <i>Note c</i> )	240,000	9,600
Issue of new shares under share subscriptions ( <i>Note d</i> )	288,000	11,520
At 31 March 2010	1,731,786	69,272

*Notes:*

(a) 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.

(b) 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.

(c) Share subscriptions

On 6 January 2010, 240,000,000 shares of the Company were issued to subscribers at a total consideration of HK\$44,400,000, of which HK\$9,600,000 was credited to share capital account and the net balance after expenses of HK\$33,615,000 was credited to share premium account.

(d) Share subscriptions

On 30 March 2010, 288,000,000 shares of the Company were issued to subscribers at a total consideration of HK\$46,080,000, of which HK\$11,520,000 was credited to share capital account and the net balance after expenses of HK\$33,283,000 was credited to share premium account.

#### 14. CAPITAL COMMITMENTS

At the end of the reporting period, the capital commitments outstanding not provided for in the financial statements are as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Acquisition of subsidiary contracted for	<b>124,759</b>	124,759
Deposit paid	<b>(36,440)</b>	(36,440)
	<b>88,319</b>	88,319

#### 15. EVENT AFTER REPORTING PERIOD

On 26 April 2010, the Company announced to grant 120,376,000 share options to eligible grantees to subscribe for an aggregate of 120,376,000 new shares of HK\$0.04 each in the share capital of the Company. Details are set out in the Company's announcement dated 26 April 2010.

#### 16. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised 2007) - Presentation of Financial Statements and HKFRS 8 - Operating Segments, certain comparative figures have been adjusted to conform to the current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2010.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND FINANCIAL REVIEW**

For the year ended 31 March 2010, the Group recorded a turnover of approximately HK\$74,505,000 (2009: HK\$55,720,000), representing an increase of 33.7% as compared to last year. The administrative and operating expenses for the year amounted to approximately HK\$40,942,000 (2009: HK\$37,955,000).

The loss attributable to the owners of the Company was approximately HK\$39,769,000 (2009: HK\$6,290,000) including the goodwill impairment charges of HK\$20,473,000 (2009: Nil). The loss per share was 3.15 HK cents (2009: 0.54 HK cents).

#### **Sale of healthcare products**

The turnover of healthcare products for the year amounted to approximately HK\$21,300,000 (2009: HK\$19,566,000) and accounted for 28.6% (2009: 35.1%) of the Group's total turnover, representing an increase of 8.9% as compared to last year. The sale of healthcare products segment recorded a loss of HK\$94,000 (2009: HK\$851,000).

#### **Funeral and related businesses**

The Group had acquired four cemetery companies in July 2008, the turnover of funeral and related businesses for the year was HK\$53,205,000 (2009: HK\$36,154,000) and accounted for 71.4% (2009: 64.9%) of the Group's total turnover, an increase of 47.2% as compared to last year. The funeral and related businesses segment recorded a loss of HK\$41,756,000 (2009: profit of HK\$5,855,000). The loss was mainly due to (i) the impairment loss on goodwill in relation to investments in the funeral and related business operations in the People's Republic of China and (ii) provision for impairment losses of other receivables in relating to the expected recoverable amount less than its carrying amount.

### **PROSPECTS**

The turnover of healthcare products business as at 31 March 2010 was HK\$21,300,000 (2009: HK\$19,566,000), representing an increase of 8.9%. Due to the cost control, the healthcare products business reduced its loss to HK\$94,000 (2009: HK\$851,000). We will continue to focus on the cost control of healthcare products.

The turnover of funeral and related businesses as at 31 March 2010 was HK\$53,205,000 (2009: HK\$36,154,000), representing an increase of 47.2%. However, the result of this business segment had a loss of HK\$41,756,000 as at 31 March 2010 (2009: profit of HK\$5,855,000). The Group will continue to consolidated quality cemeteries and funeral parlors in the mainland.

Going forward, the Board will explore other investment opportunities to expand and diversify its portfolio.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 March 2010, the total net current assets of the Group were approximately HK\$156,326,000 (2009: HK\$93,833,000). The cash and cash equivalents was approximately HK\$72,657,000 (2009: HK\$24,237,000) and accounted for 28% of the current assets (2009: 13.9%).

The bank borrowing for the year amounted to HK\$3,412,000 (2009: Nil), the interest expenses on bank borrowing wholly repayable within one year were HK\$161,000 (2009: HK\$50,000).

As at 31 March 2010, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 26.8% (2009: 25.8%).

As at 31 March 2010, the number of warrants outstanding was 149,164,878 to subscribe for a total of 208,137,038 ordinary shares. The subscription price of the bonus warrants was adjusted to HK\$0.43 (2009: HK\$0.45). No bonus warrants were exercised by warrant holders during the year ended 31 March 2010 (2009: 678,000 shares). In accordance with the terms and conditions of the instrument dated 27 June 2007 constituting the Warrants, the subscription rights attaching to the Warrants will expire on 30 June 2010. Details of information were set out in the Company's announcement dated on 20 May 2010 and the Company's circular dated on 26 May 2010.

On 4 December 2009, the Company and Kingston Securities Limited (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. The maximum net proceeds of approximately HK\$43.2 million from the Placing were intended to be used for the general working capital of the Group. The placing of new shares was completed and the aggregate of 240,000,000 shares had been issued on 6 January 2010. Details of information were set out in the Company's announcements dated on 4 December 2009 and 6 January 2010.

On 23 March 2010, 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 288,000,000 Placing Shares at a price of HK\$0.16 per Placing Share. The maximum net proceeds of approximately HK\$44.8 million from the Placing were intended to be used for the general working capital of the Group and/or further investment if suitable opportunities are identified in the future. The placing of new shares was completed and the aggregate of 288,000,000 shares has been issued on 30 March 2010. Details of information were set out in the Company's announcements dated on 23 March 2010 and 30 March 2010.

## **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 2010, the Group did not have any material charge on assets (2009: Nil).

## **SIGNIFICANT INVESTMENTS**

As at 31 March 2010, the Group did not have any significant investments.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

As at 31 March 2010, the Group did not have any material acquisitions or disposals.

## **EMPLOYEE INFORMATION**

As at 31 March 2010, the Group employed a total of 240 (2009: 223) full-time employees in Hong Kong and PRC. During the year ended 31 March 2010, the total remuneration to employees, including Directors' emoluments and retirement benefits amounted to approximately HK\$14,030,000 (2009: approximately HK\$14,316,000). The Group remunerates its employees based on their performance, qualification, experience and the prevailing industry practice.

## **CONTINGENT LIABILITIES**

As at 31 March 2010, the Group did not have any material contingent liabilities (2009: Nil).

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2010, 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 Director	Type of Interest	Number of Shares	Interest in the Company
Chu Hon Pong	Personal	155,150,967 ( <i>Notes</i> )	8.96%

*Notes:*

- (i) These Shares are pledged to Premier Rise Investments Limited.
- (ii) The approximate percentage of shareholding is calculated based on the issued share capital of the Company of 1,731,786,138 Shares as at 31 March 2010.

#### (2) Long Positions in the underlying Shares of the Company – Warrants

Name of Director	Type of Interest	Number of Shares entitled pursuant to the full exercise of the Warrants as at 31 March 2010
Chu Hon Pong	Personal	781,394

## SHARE OPTIONS SCHEME

The Company's share option scheme (the “Share Option Scheme”) was approved on 1 February 2002 pursuant to a written resolution of the Company.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected individuals to subscribe for shares in the Company as incentives or rewards for their contributions to the Group. 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 of any member of the Group and any advisor 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 for a consideration of HK\$1 per each lot of share options granted. The Share Option Scheme will remain valid for a period of 10 years commencing on 1 February 2002. The option period shall not be less than 3 years and shall not exceed 10 years from the date of acceptance of option. There is no minimum period for which an option must be held before it can be exercised. HK\$1 is payable on acceptance of an option within 28 days from the date of grant.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the Directors, 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.

No share options were granted and exercised during the year ended 31 March 2010.

Details of the Company's share options outstanding during the year are as follows:

2010	Date of grant	Exercise price HK\$	Number of share options outstanding at the beginning of the year	Granted during the year	Exercised during the year	Cancelled/ terminated during the year	Lapsed during the year	Number of share options outstanding at the end of the year
Directors	16/11/2007	1.1	7,500,000	-	-	-	(7,500,000)	-
Employees	16/11/2007	1.1	7,500,000	-	-	-	(7,500,000)	-
Consultants	16/11/2007	1.1	75,000,000	-	-	(75,000,000)	-	-
			<u>90,000,000</u>	<u>-</u>	<u>-</u>	<u>(75,000,000)</u>	<u>(15,000,000)</u>	<u>-</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 reporting period was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors 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 2010, 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 Director	Number of Shares	Interest in the Company
Chu Hon Pong ( <i>Note i</i> ) Chinese People Holdings Company Limited	155,150,967	8.96%
( <i>"Chinese People"</i> , <i>Note (ii)</i> )	150,000,000	8.66%

*Notes:*

- (i) These shares are pledged to Premier Rise Investments Limited.
- (ii) 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.

**(2) Long Positions in the underlying shares of the Company**

<b>Name of Director</b>	<b>Type of Interest</b>	<b>Number of Shares entitled pursuant to the full exercise of the Warrants as at 31 March 2010</b>
Chu Hon Pong	Personal	781,394

Save as disclosed above, as at 31 March 2010, the Directors or chief executive officer of the Company were not aware of any other person (other than the directors or chief executive of the Company) 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 2010, 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. Chi Chi Hung, Kenneth (“Mr. Chi”), Dr. Wong Yun Kuen (“Dr. Wong”) and Mr. Man Kwok Leung (“Mr. Man”). Mr. Chi is a certified public accountants. 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. During the year, the audit committee has met four times to review the Company’s financial reporting process and systems. The Group’s audited consolidated results for the year ended 31 March 2010 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 “CG Code”). The remuneration committee comprises one executive Director and three independent non-executive Directors, namely, Mr. Chui Kwong Kau (“Mr. Chui”), Mr. Chi, Dr. Wong and Mr. Man. Mr. Chui 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. (During the year under review, the remuneration committee held one meeting.)

## **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 2010.

## **CORPORATE GOVERNANCE CODE COMPLIANCE**

Save as the disclosed herein, the Company has complied throughout the year ended 31 March 2010 with the code provisions set out in the CG Code contained in Appendix 15 of the GEM Listing Rules.

Under code provisions A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Chu Hon Pong is the chairman of the Company who is responsible for managing the Board and overseeing the formulation of corporate strategy of the Group. The chief executive officer of the Company is responsible for the overall management and business operations of the Group. The chief executive officer of the Company is vacated, the Board is in the process of locating an appropriate person to fill the vacancy as soon as practicable.

The code provisions A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. All the independent non-executive Directors are not appointed for a fixed term of office, but they are subject to the retirement by rotation and shall be eligible for re-election at the annual general meeting of the Company in line with the Company’s Articles of Association.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year ended 31 March 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed Securities.

## **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 2010.

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

Hong Kong, 28 June 2010

*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. Chi Chi Hung, Kenneth.*

*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>.*