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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



KINGSTON SECURITIES LTD

THE PLACING

On 8 October 2010 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 346,000,000 Placing Shares at a price of HK\$0.128 per Placing Share, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

The 346,000,000 Placing Shares under the Placing represent approximately 19.98% of the existing issued share capital of the Company of 1,731,786,138 Shares as at the date of this announcement and approximately 16.65% of the then issued share capital of 2,077,786,138 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$13,840,000.

The Placing Price of HK\$0.128 represents a discount of approximately 18.47% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.157 per Share as quoted on the GEM on the date of this announcement; and (ii) the average closing price of approximately HK\$0.149 per Share as quoted on the GEM for the last 5 trading days prior to the date of this announcement.

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

The gross proceeds from the Placing will be HK\$44.288 million. The net proceeds from the Placing will amount to approximately HK\$43 million which is 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 net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.124 per Share.

THE PLACING AGREEMENT

Date

8 October 2010 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place 346,000,000 Placing Shares on a fully underwritten basis and will receive a placing commission of 2.5% on the gross proceeds of the number of Placing Shares being placed. The Directors are of the view that the placing commission of 2.5% 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 are not connected with the Company and its connected persons.

As at the date of this announcement, the Placing Agent and its associates do not hold any Shares or any securities convertible into Shares.

Placees

The Placing Agent will place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules). None of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) of the Company immediately after the Placing.

Number of Placing Shares

The 346,000,000 Placing Shares under the Placing represent approximately 19.98% of the existing issued share capital of the Company of 1,731,786,138 Shares as at the date of this announcement and approximately 16.65% of the then issued share capital of 2,077,786,138 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$13,840,000.

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\$0.128 represents a discount of approximately 18.47% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.157 per Share as quoted on the GEM on the date of this announcement; and (ii) the average closing price of approximately HK\$0.149 per Share as quoted on the GEM for the last 5 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 fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing 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 of 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 346,357,227 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

Termination and force majeure

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) the completion of the Placing and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.**

- (ii) The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 10:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).**

For this purpose, a "force majeure event" refers to

- (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 of the Shares 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 on 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 make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.**

- (iii) If, at or prior to 10:00 a.m. on the date of completion of the Placing;**
- (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) any suspension in the trading of the Shares on the GEM for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement 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 hereunder 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.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

Completion of the Placing will take place on or before the fourth business day after the fulfillment of the conditions set out in the Placing Agreement but not later than 8 January 2011 or such later date as may be agreed between the Company and the Placing Agent.

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

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company was incorporated in Cayman Islands with limited liability. The principal business activities of the Group are trading of and sales of healthcare products in Hong Kong and funeral and related businesses in the PRC.

The gross proceeds from the Placing will be HK\$44.288 million. The net proceeds from the Placing will amount to approximately HK\$43 million which is 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 net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.124 per Share.

The Directors have considered different types of fund raising arrangement and consider that the Placing is the most efficient way in terms of cost for the Company. In the meantime, the Company can take this opportunity to broaden the capital base of the Company and enhance the liquidity position for its future business developments. The Directors consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

Date of initial announcement	Fund raising activity	Net proceeds (Approximately)	Intended use of proceeds	Actual use of proceeds
5 August 2010 <i>(note)</i>	Placing of 346,000,000 new Shares	N/A	For general working capital of the Group and further investments	N/A
23 March 2010	Placing of 288,000,000 new Shares	HK\$ 44.80 million	For general working capital of the Group and further investments	Not yet been utilized
4 December 2009	Placing of 240,000,000 new Shares	HK\$ 43.20 million	For general working capital of the Group	Approximately HK\$3 million has been utilized as intended and the remainder has been retained for intended use

Note: The placing has been lapsed, details have been set out in the announcement of the Company dated 5 October 2010.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full) are set out as below:

	As at the date this announcement		Upon completion of the Placing	
	No. of Shares	Approx %	No. of Shares	Approx %
Mr. Chu Hon Pong (<i>Note</i>)	155,150,967	8.96	155,150,967	7.47
Public:				
Places	–	–	346,000,000	16.65
Other public shareholders	<u>1,576,635,171</u>	<u>91.04</u>	<u>1,576,635,171</u>	<u>75.88</u>
	<u><u>1,731,786,138</u></u>	<u><u>100.00</u></u>	<u><u>2,077,786,138</u></u>	<u><u>100.00</u></u>

Note: Mr. Chu Hon Pong is the chairman and an executive Director and these Shares are pledged to Premier Rise Investments Limited.

GENERAL

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

TERMS AND DEFINITIONS

“AGM”	the annual general meeting of the Company held on 4 August 2010;
“Board”	the board of Directors;
“Company”	ZMAY Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM;
“Director(s)”	director(s) of the board of the Company;
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM 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;

“GEM”	The Growth Enterprise Market of the Stock Exchange;
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of PRC;
“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 Agreement;
“Placing”	the placing of 346,000,000 new Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 8 October 2010 in relation to the Placing;
“Placing Price”	HK\$0.128 per Placing Share;
“Placing Share(s)”	346,000,000 new Share(s) to be placed pursuant to the Placing Agreement;
“PRC”	the People’s Republic of China;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong;
and

“%” per cent.

By order of the Board
ZMAY Holdings Limited
Lam Wing Tai
Executive Director

Hong Kong, 8 October 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>.