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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)

PROPOSED PLACING OF NEW SHARES SUBJECT TO SHAREHOLDERS' APPROVAL

Placing Agent



KINGSTON SECURITIES LIMITED

PROPOSED PLACING OF NEW SHARES SUBJECT TO SHAREHOLDERS' APPROVAL

On 15 January 2010 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Company conditionally agreed to place, through the Placing Agent, a maximum number of 2,000,000,000 Placing Shares on a best efforts basis, to not fewer than six Placees who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company or any director, chief executive or substantial shareholders (as defined under the GEM Listing Rules) of any member of the Group or any associate of them or any connected persons of the Company.

The maximum number of 2,000,000,000 Placing Shares represents (i) approximately 138.52% of the existing issued share capital of the Company of 1,443,786,138 Shares in issue as at the date of this announcement; and (ii) approximately 58.08% of the Company's issued share capital of the Company of 3,443,786,138 Shares as enlarged by the Placing. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$80,000,000.

The Placing Price of HK\$0.1 represents (i) a discount of approximately 59.35% to the closing price of HK\$0.246 per Share as quoted on the Stock Exchange at the date of this announcement; (ii) a discount of approximately 56.18% to the average of the closing prices per Share of approximately HK\$0.2282 for the last five consecutive trading days prior to the date of this announcement; and (iii) a discount of approximately 54.89% to the average of the closing prices per Share of approximately HK\$0.2217 for the last ten consecutive trading days prior to the date of this announcement.

The maximum gross proceeds and the maximum net proceeds from the Placing will be HK\$200.00 million and approximately HK\$194.75 million respectively which are intended to be used for the general working capital of the Group and further investments if suitable opportunities are identified in future. The net proceed raised per Placing Share upon the completion of the Placing will be approximately HK\$0.097 per Placing Share.

The Placing is conditional upon the fulfillment of the conditions as set out under the heading “Conditions Precedent” below. The Placing Shares will be issued and allotted pursuant to a specific mandate to be obtained at the EGM.

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.

GENERAL

A circular containing, among other things, details of the Placing and a notice convening the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 15 January 2010 (after trading hours)

Parties: The Company and the Placing Agent

Placing Agent

The Placing Agent has conditionally agreed to place a maximum number of 2,000,000,000 Placing Shares on a best efforts basis, and will receive a placing commission of 2.5% on the gross proceeds of the actual 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 enquiry, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners will be third parties independent of and not connected with the Company or any director, chief executive or substantial shareholders (as defined under 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 to not fewer than six Placees who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company or any director, chief executive or substantial shareholders (as defined under the GEM Listing Rules) of any member of the Group or any associate of them or any connected persons of the Company. It is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after the completion of the Placing.

Placing Price

The Placing Price of HK\$0.1 represents:

- (i) a discount of approximately 59.35% to the closing price of HK\$0.246 per Share as quoted on the Stock Exchange at the date of this announcement;
- (ii) a discount of approximately 56.18% to the average of the closing prices per Share of approximately HK\$0.2282 for the last five consecutive trading days prior to the date of this announcement; and
- (iii) a discount of approximately 54.89% to the average of the closing prices per Share of approximately HK\$0.2217 for 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 Shares 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.

Number of Placing Shares

The maximum number of 2,000,000,000 Placing Shares represents (i) approximately 138.52% of the existing issued share capital of the Company of 1,443,786,138 Shares in issue as at the date of this announcement; and (ii) approximately 58.08% of the Company's issued share capital of the Company of 3,443,786,138 Shares as enlarged by the Placing. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$80,000,000.

Placing Shares

The Placing Shares to be issued under the Placing Agreement will be issued pursuant to the specific mandate to be obtained at the EGM.

The Placing Shares 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.

Conditions Precedent

Completion of the Placing is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares;
- (b) the passing of a resolution by Shareholders to approve the allotment, issue and dealing with the Placing Shares at the EGM; and
- (c) the obligation of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereof, including provision regarding force majeure events.

Termination of the Placing

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) completion of 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 arrangements set out in the Placing Agreement by notice in writing prior to 10:00 a.m. on the date of completion of 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 hereof) 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 or adversely prejudices the success of the placing of the Placing Shares to 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.
- (iii) If, at or prior to 10:00 a.m. on the date of completion of 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 Stock Exchange 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, in its absolute opinion, 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.

- (iv) 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 within four Business Days after the fulfillment of the conditions as set out in the Placing Agreement but not later than three months following the date of the EGM or such other later date to 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.

Listing

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.

REASONS FOR AND BENEFIT OF THE PLACING AND USE OF PROCEEDS

The maximum gross proceeds from the Placing will be HK\$200.00 million and the maximum net proceeds from the Placing will be approximately HK\$194.75 million which are intended to be used by the Company for the general working capital of the Group and further investments if suitable opportunities are identified in future. Accordingly, the Directors consider the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

EFFECT 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) is set out as below:

	As at the date of this announcement		Upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Chu Hon Pong (<i>Note 1</i>)	155,150,967	10.75	155,150,967	4.50
Chinese People Holdings Company Limited ("Chinese People", <i>Note 2</i>)	150,000,000	10.39	150,000,000	4.36
Public Shareholders				
The Placees	–	–	2,000,000,000	58.08
Other public Shareholders	1,138,635,171	78.86	1,138,635,171	33.06
Total	<u>1,443,786,138</u>	<u>100.00</u>	<u>3,443,786,138</u>	<u>100.00</u>

Note:

- (1) Mr. Chu Hon Pong is an executive Director and his shares are pledged to Premier Rise Investments Limited.
- (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.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING DATE OF THIS ANNOUNCEMENT

Save as disclosed below, the Company has not conducted any fund raising activity in the past twelve months immediately before the date of this announcement.

Date of initial announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
4 December 2009	Placing of 240,000,000 new Shares	HK\$43.2 million	For general working capital of the Group	The net proceeds have not been utilized but will be used as intended

EGM

A EGM will be convened and held for the purpose of considering and, if thought fit, approve the entering into of the Placing Agreement and transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder is required to abstain from voting at the EGM.

GENERAL

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 People's Republic of China.

A circular containing, among other things, details of the Placing and a notice convening the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, a Sunday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business;
“Company”	ZMAY Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM;
“Directors”	directors of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Placee(s)”	any professional, institutional or other investors procured by the Placing Agent to subscribe for any of the Placing Shares;
“Placing”	placing of the Placing Shares, on a best efforts basis, procured by the Placing Agent to selected investors on the terms and subject to the conditions set out in 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”	a conditional agreement dated 15 January 2010 entered into between the Company and the Placing Agent in respect of the Placing;
“Placing Price”	HK\$0.1 per Placing Share;
“Placing Share(s)”	a maximum number of 2,000,000,000 new Shares to be placed pursuant to the Placing Agreement;
“EGM”	the extraordinary general meeting of the Company to be convened to consider, if thought fit, and approve the Placing Agreement and the transactions contemplated thereunder;
“Share(s)”	ordinary share(s) of HK\$0.04 each in issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“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 WAI TAI
Executive Director

Hong Kong, 15 January 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 enquires, confirm that, to the best of their knowledge and belief:– (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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>.