



ZMAY HOLDINGS LIMITED
中民安園控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 8085

2009/10

Third Quarterly Report



CHARACTERISTICS OF THE GROWTH ENTERPRISES 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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of ZMAY Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to ZMAY Holdings Limited. The directors of ZMAY Holdings Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

SUMMARY

For the nine months ended 31 December 2009:

- the turnover was approximately HK\$60,876,000;
- the loss attributable to equity holders was approximately HK\$5,263,000; and
- the Board does not recommend the payment of any interim dividend.

THIRD QUARTERLY RESULTS

The board of Directors (the "Board") of ZMAY Holdings Limited (the "Company") hereby submits the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the nine months ended 31 December 2009, together with the unaudited comparative figures for the corresponding period in 2008 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2009 Unaudited HK\$'000	2008 Unaudited HK\$'000	2009 Unaudited HK\$'000	2008 Unaudited HK\$'000
Turnover	3	15,974	20,944	60,876	42,068
Cost of sales		(6,235)	(13,520)	(32,335)	(27,482)
Gross profit		9,739	7,424	28,541	14,586
Other revenue and net income	3	137	661	146	781
Gain arising from business combination	11	-	-	-	33,551
Goodwill arising from business combination written off	11	-	-	-	(25,224)
Administrative and other operating expenses		(13,876)	(12,768)	(31,877)	(30,947)
Loss from operations	6	(4,000)	(4,683)	(3,190)	(7,253)
Finance costs	4	(315)	-	(754)	(18)
Loss before tax		(4,315)	(4,683)	(3,944)	(7,271)
Income tax	7	(56)	(678)	(1,002)	(884)
Loss for the period		(4,371)	(5,361)	(4,946)	(8,155)
Attributable to:					
Equity holders of the Company		(3,386)	(4,778)	(5,263)	(7,914)
Minority interests		(985)	(583)	317	(241)
		(4,371)	(5,361)	(4,946)	(8,155)
Dividend	8	-	-	-	-
Loss per share (HK Cents)	9				
Basic		(0.28)	(0.40)	(0.44)	(0.69)
Diluted		N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(4,371)	(5,361)	(4,946)	(8,155)
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	70	(1,038)	118	(1,164)
Total comprehensive loss for the period	(4,301)	(6,399)	(4,828)	(9,319)
Attributable to:				
Equity holders of the Company	(3,289)	(5,816)	(5,142)	(9,078)
Minority interests	(1,012)	(583)	314	(241)
	(4,301)	(6,399)	(4,828)	(9,319)

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 30 October 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprises Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 7 March 2002.

The name of the Company changed from “New Chinese Medicine Holdings Limited” to “ZMAY Holdings Limited” with effect from 1 August 2008.

The principal activity of the Company is an investment holding company. The principal activities of the Company’s subsidiaries are principally engaged in (i) the sales of healthcare products in Hong Kong; and (ii) funeral and related businesses in the PRC.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the disclosure requirements of Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2009 except in relation to the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants that are adopted for the first time for the current period’s financial information. The adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective.

3. TURNOVER, OTHER REVENUE AND NET INCOME

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

	Three months ended 31 December		Nine months ended 31 December	
	2009 Unaudited HK\$'000	2008 Unaudited HK\$'000	2009 Unaudited HK\$'000	2008 Unaudited HK\$'000
Turnover				
Sales of healthcare products	3,925	9,951	17,230	17,488
Funeral and related businesses	12,049	10,993	43,646	24,580
	15,974	20,944	60,876	42,068
Other revenue and net income				
Interest income	13	93	14	197
Sundry income	124	568	132	584
	137	661	146	781
Total	16,111	21,605	61,022	42,849

4. FINANCE COSTS

	Nine months ended 31 December	
	2009 Unaudited HK\$'000	2008 Unaudited HK\$'000
Interest expense on bank and other borrowings wholly repayable within five years	91	–
Imputed interest expense on capitalized land lease payments	663	18
	754	18

5. SEGMENT INFORMATION

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

Business segments

The Group is currently organized into two business segments:

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

The following table presents turnover, results and certain assets, liabilities and expenditure information for the Group's business segments for the nine months ended 31 December 2009 and 2008.

	Sale of healthcare products		Funeral and related businesses		Total	
	2009	2008	2009	2008	2009	2008
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Turnover from external customers	17,230	17,488	43,646	24,580	60,876	42,068
Segment result	(92)	(439)	1,346	(3,279)	1,254	(3,718)
Gain arising from business combination					-	33,551
Goodwill arising from business combination written off					-	(25,224)
Unallocated corporate income					132	601
Unallocated corporate expenses					(4,576)	(12,463)
Loss from operations					(3,190)	(7,253)
Finance costs					(754)	(18)
Income tax					(1,002)	(884)
Loss for the period					(4,946)	(8,155)
Segment assets	10,359	13,484	325,335	299,127	335,694	312,611
Goodwill arising from business combination					29,733	30,120
Unallocated assets					298	4,019
Total assets					365,725	346,750
Segment liabilities	2,725	2,998	102,591	83,321	105,316	86,319
Unallocated liabilities					309	61
Total liabilities					105,625	86,380
Depreciation and amortization	-	6	5,967	2,569	5,967	2,575
Unallocated depreciation and amortization					30	39
					5,997	2,614

Geographical segments

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

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

	Turnover by geographical market		Carrying amount of segment assets		Capital expenditure	
	2009	2008	2009	2008	2009	2008
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Hong Kong	17,230	17,488	10,657	17,503	8	27
PRC	43,646	24,580	355,068	329,247	20,550	4,194
	60,876	42,068	365,725	346,750	20,558	4,221

6. LOSS FROM OPERATIONS

	Nine months ended 31 December	
	2009 Unaudited HK\$'000	2008 Unaudited HK\$'000
Loss from operation is arrived at after charging:		
Staff costs (including directors' emoluments)		
– salaries and allowances	11,031	10,421
– contributions of defined contributions retirement benefits schemes	672	533
	11,703	10,954
Depreciation	5,997	2,614
Operating lease rentals in respect of rented premises	463	1,135
Carrying amount of inventories written off	–	496
Impairment losses of other receivables	–	23
Legal and professional fee	132	5,296

7. INCOME TAX

	Nine months ended	
	31 December	
	2009	2008
	Unaudited	Unaudited
	HK\$'000	HK\$'000
PRC enterprise income tax	1,002	884

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

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

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

8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2009 (2008: Nil).

9. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	Three months ended		Nine months ended	
	31 December		31 December	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period for the purpose of calculation of basic and diluted loss per share				
- loss attributable to equity holders	(3,386)	(4,778)	(5,263)	(7,914)
Weighted average number of shares for the purpose of calculation of basic loss per share	1,203,786,138	1,203,786,138	1,203,786,138	1,145,325,363

Diluted loss per share for the nine months ended 31 December 2008 and 2009 and three months ended 31 December 2009 have not been presented, as the share options and warrants outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

10. CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Special reserve	Translation reserve	Share options reserve	Accumulated losses	Total	Minority interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	42,126	82,226	(39,998)	-	9,922	(22,327)	71,949	-	71,949
Issue of ordinary shares	6,026	110,768	-	-	-	-	116,794	-	116,794
Exchange differences arising on translation of foreign operations	-	-	-	(1,164)	-	-	(1,164)	-	(1,164)
Minority interest arising on business combination	-	-	-	-	-	-	-	80,946	80,946
Loss for the period	-	-	-	-	-	(7,914)	(7,914)	(241)	(8,155)
At 31 December 2008	48,152	192,994	(39,998)	(1,164)	9,922	(30,241)	179,665	80,705	260,370
At 1 April 2009	48,152	192,994	(39,998)	(1,243)	8,487	(27,182)	181,210	83,718	264,928
Exchange differences arising on translation of foreign operations	-	-	-	121	-	-	121	(3)	118
Loss for the period	-	-	-	-	-	(5,263)	(5,263)	317	(4,946)
Lapse of share options	-	-	-	-	(8,487)	8,487	-	-	-
At 31 December 2009	48,152	192,994	(39,998)	(1,122)	-	(23,958)	176,068	84,032	260,100

11. ACQUISITION OF SUBSIDIARIES

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

	Beijing Zhongmin Anyuan Investment Company Limited (acquired on 7 July 2008) HK\$'000	Xinjiang Ruilin Zhiye Company Limited (acquired on 18 July 2008) HK\$'000	Qinhai Fuli Fenghuangshan Cemetery Company Limited (acquired on 18 July 2008) HK\$'000	Neimenggu Shenghe Development Limited (acquired on 18 July 2008) HK\$'000	Taiyuan City Wufuling Company Limited (acquired on 18 July 2008) HK\$'000	Total HK\$'000
Identifiable assets/(liabilities) acquired						
Property, plant and equipment	1,100	6,015	15,142	5,043	67,246	94,546
Construction in progress	-	35,930	300	-	14,154	50,384
Interest in leasehold land	-	1,560	271	-	-	1,831
Intangible assets	864	-	-	-	-	864
Inventories	-	12,407	8,028	4,941	21,585	46,961
Trade and other receivables	177	11,174	2,812	886	21,354	36,403
Amount due from shareholders	-	1,195	-	-	996	2,191
Amount due from directors	-	2,007	7	364	-	2,378
Amount due from related companies	9	-	8,943	-	-	8,952
Cash and bank balances	2,843	136	129	195	389	3,692
Trade and other payables	(31)	(14,228)	(27,549)	(2,309)	(6,373)	(50,490)
Other payables – land lease payments	-	(11,805)	-	-	-	(11,805)
Amount due to directors	-	(811)	(245)	-	(509)	(1,565)
Amount due to related companies	(5,186)	-	(1,475)	-	-	(6,661)
Income tax payable	-	-	(131)	(1,276)	(8,996)	(10,403)
	(224)	43,580	6,232	7,844	109,846	167,278
Net assets/(liabilities) attributable to minority interest	-	(21,354)	(2,991)	(3,844)	(53,825)	(82,014)
	(224)	22,226	3,241	4,000	56,021	85,264
Gain arising from business combination	-	-	-	-	(33,551)	(33,551)
Goodwill arising from business combination written off	25,224	-	-	-	-	25,224
Goodwill arising from business combination carried forward	-	11,484	9,119	8,360	-	28,963
	25,000	33,710	12,360	12,360	22,470	105,900
Total consideration satisfied by:						
Cash						105,900
Net cashflow arising on acquisition:						
Cash paid						(105,900)
Cash and bank balances acquired						3,692
						(102,208)

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

For the nine months ended 31 December 2009, the Group recorded an unaudited consolidated turnover of approximately HK\$60,876,000, which represented sales of healthcare products and income from funeral and related businesses. The revenue for the nine months ended 31 December 2008 was approximately HK\$42,068,000.

The administrative and other operating expenses for the period under review amounted to approximately HK\$31,877,000 as compared to that of 2008 of approximately HK\$30,947,000.

Unaudited net loss attributable to the equity holders for the period amounted to approximately HK\$5,263,000 as compared to net loss of approximately HK\$7,914,000 for the corresponding period in 2008.

PROSPECTS

The turnover of healthcare products business was HK\$3.93 million (2008: HK\$9.95 million), representing a decrease of 60.5% over last three months period. Due to the cost control, the healthcare products business enhanced its negative contribution to HK\$90,000 (2008: HK\$515,000). We will continue to focus on the high profit margin of healthcare products and tight control the cost of sale.

The turnover of funeral and related business was HK\$12.05 million (2008: HK\$10.99 million), representing an increase of 9.65% over last three months period. However, the result of this business segment still had a loss of HK\$2.07 million during the three months period (2008: HK\$1.92 million), a slightly increased compared with the same period. 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

The Group's net current assets as at 31 December 2009 were approximately HK\$90,302,000 as compared to net current assets of approximately HK\$93,833,000 as at 31 March 2009.

As at 31 December 2009, the Group had outstanding bank borrowings denominated in Renminbi with aggregate amount of approximately HK\$3,402,000 (31 March 2009: Nil).

The interest expenses of the Group for the period were HK\$754,000 (2008: HK\$18,000) of which HK\$663,000 (2008: HK\$18,000) was imputed interest expenses on capitalized land lease payments.

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. A maximum of 240,000,000 Placing Shares under the Placing represent (i) approximately 19.94% of the then 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. On 6 January 2010, the 240,000,000 Placing Shares were completed and the net proceeds from the Placing amount to approximately HK\$43.2 million. Details of the information regarding the Placing and the capitalised terms used herein were set out in the Company's announcement dated 4 December 2009 and 6 January 2010.

GEARING RATIO

As at 31 December 2009, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 29% (31 March 2009: 26%).

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (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 Rules 5.46 of the GEM Listing Rules were as follows:

(1) Long positions in the ordinary shares of HK\$0.04 each in the share capital of the Company ("Shares")

Name of director	Type of interest	Number of shares	Approximate percentage of shareholding
Mr. Chu Hon Pong	Personal	155,150,967 (Note)	12.89%

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 1,203,786,138 Shares.

(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 held as at 31 December 2009
Mr. Chu Hon Pong	Personal	746,666

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

SHARE OPTION SCHEME

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

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

On 16 November 2007, a total of 105,219,106 options have been granted to the participants to subscribe for a total of 105,219,106 shares of the Company at a price of HK\$1.10 per share. By an ordinary resolution duly passed at an extraordinary general meeting of the Company held on 19 September 2008, the total number of shares in respect of which options may be granted under the Share Option Scheme was increased to 120,378,613 shares, which represents 10% of the total number of shares in issue at 19 September 2008. During the period ended 31 December 2009, all the outstanding share options have been lapsed automatically pursuant to the terms and conditions of the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the "Directors' Interests and Short Positions in the Shares, Underlying Shares and Debentures" 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 of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, the following persons or companies (other than Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO and were directly or indirectly interest in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group were as follows:

Long positions in the Shares

Name of shareholders	Direct/indirect interest	Approximate percentage of shareholding
Chinese People Holdings Company Limited (“Chinese People”) (Note 1)	150,000,000	12.46%
Premier Rise Investments Limited (“Premier Rise”) (Note 2)	155,150,967	12.89%
Hui Ho Luek, Vico (Note 2)	155,150,967	12.89%

Notes:

1. 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. These Shares were pledged from Mr. Chu Hon Pong to Premier Rise. Mr. Hui Ho Luek, Vico is the beneficiary owner of Premier Rise.

Save as disclosed above and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, based on public records filled at the website of the Stock Exchange and record kept by the Company as at 31 December 2009, no persons other than the Directors or the chief executive of the Company had registered an interest or short positions in the Shares and the underlying Shares which required to be recorded pursuant to section 336 of the SFO.

COMPETING INTERESTS

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

AUDIT COMMITTEE

An audit committee was established with written terms of reference in compliance with the relevant GEM Listing Rules. There are three members in the audit committee comprising three independent non-executive directors, namely, Dr. Wong Yun Kuen, Mr. Man Kwok Leung and Mr. Chi Chi Hung, Kenneth. The primary duties of the audit committee are to review and provide supervision over the financial reporting system and internal control procedures of the Group. The Group's unaudited consolidated results for the nine months ended 31 December 2009 have been reviewed by the audit committee.

REMUNERATION COMMITTEE

A remuneration committee has been established with written terms of reference in accordance with the requirements of the Code on Corporate Governance Practices. The remuneration committee comprises three independent non-executive directors, namely Dr. Wong Yun Kuen, Mr. Man Kwok Leung and Mr. Chi Chi Hung, Kenneth. The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company's policy, and structure for remuneration of all Directors and senior management, and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company has complied throughout the nine months ended 31 December 2009 with the Code Provisions set out in the Code on Corporate Governance Practices contained in appendix 15 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

BOARD PRACTICES AND PROCEDURES

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

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

Hong Kong, 9 February 2010

As at the date of this report, 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.