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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

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

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from on or in reliance upon the whole or any part of the contents of this report.

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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 six months ended 30 September 2008:

- the revenue was approximately HK\$21,124,000;
- the loss attributable to equity holders was approximately HK\$3,136,000; and
- the directors do not recommend the payment of any interim dividend.

INTERIM 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 six months ended 30 September 2008, together with the unaudited comparative figures for the corresponding period in 2007 as follows:

Consolidated Income Statement

	Notes	Three months ended 30 September		Six months ended 30 September	
		Unaudited 2008 HK\$'000	Unaudited 2007 HK\$'000	Unaudited 2008 HK\$'000	Unaudited 2007 HK\$'000
Turnover	3	19,315	5,768	21,124	13,477
Cost of sales		(12,246)	(5,560)	(13,962)	(12,938)
Gross profit		7,069	208	7,162	539
Other revenue and net income	3	89	59	120	131
Gain arising from business combination	12	33,551	-	33,551	-
Goodwill arising from business combination written off	12	(25,224)	-	(25,224)	-
Administrative and other operating expenses		(14,896)	(1,354)	(18,179)	(2,605)
Profit/(Loss) from operations	5	589	(1,087)	(2,570)	(1,935)
Finance costs		(18)	-	(18)	-
Profit/(Loss) before tax		571	(1,087)	(2,588)	(1,935)
Income tax	6	(206)	-	(206)	-
Profit/(Loss) for the period		365	(1,087)	(2,794)	(1,935)
Attributable to:					
Equity holders of the Company		23	(1,087)	(3,136)	(1,935)
Minority interests		342	-	342	-
		365	(1,087)	(2,794)	(1,935)
Dividend	7	-	-	-	-
Earnings/(Loss) per share (HK cent)	8				
Basic		0.00	(0.14)	(0.28)	(0.25)
Diluted		0.00	N/A	N/A	N/A

Condensed Consolidated Balance Sheet

		As at 30 September 2008 Unaudited HK\$'000	As at 31 March 2008 Audited HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		146,585	135
Goodwill arising from business combination	12	30,120	–
Other assets		867	–
		177,572	135
Current assets			
Inventories		44,993	586
Trade and other receivables	9	85,165	24,449
Cash and bank balances		31,224	48,333
		161,382	73,368
Current liabilities			
Trade and other payables	10	60,253	1,555
Net current assets		101,129	71,813
Total assets less current liabilities		278,701	71,948
Non-current liabilities			
Long-term payables		11,933	–
Net assets		266,768	71,948
Capital and reserves			
Share capital	11	48,151	42,125
Reserves		137,329	29,823
Equity attributable to the equity holders of the Company		185,480	71,948
Minority interests		81,288	–
Total equity		266,768	71,948

Consolidated Statement of Changes in Equity (Unaudited)

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interest HK\$'000	Total equity HK\$'000
At 1 April 2007	30,085	34,103	(39,998)	-	-	(8,958)	15,232	-	15,232
Issue of ordinary shares	12,000	47,717	-	-	-	-	59,717	-	59,717
Loss for the period	-	-	-	-	-	(1,935)	(1,935)	-	(1,935)
At 30 September 2007	42,085	81,820	(39,998)	-	-	(10,893)	73,014	-	73,014
At 1 April 2008	42,125	82,226	(39,998)	-	9,922	(22,327)	71,948	-	71,948
Issue of ordinary shares	6,026	110,768	-	-	-	-	116,794	-	116,794
Translation differences arising on consolidation of overseas subsidiaries	-	-	-	(126)	-	-	(126)	-	(126)
Minority interest arising on business combination	-	-	-	-	-	-	-	80,946	80,946
Loss for the period	-	-	-	-	-	(3,136)	(3,136)	342	(2,794)
At 30 September 2008	48,151	192,994	(39,998)	(126)	9,922	(25,463)	185,480	81,288	266,768

Condensed Consolidated Cash Flow Statement (Unaudited)

	Six months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
Net cash used in operating activities	(21,586)	(3,045)
Net cash (used in)/from investing activities	(106,291)	128
Net cash from financing activities	110,768	59,717
Net (decrease)/increase in cash and cash equivalents	(17,109)	56,800
Cash and cash equivalents at 1 April	48,333	11,538
Cash and cash equivalents at 30 September	31,224	68,338

Notes to Condensed Interim 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 (Revised) 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") since 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 Company is an investment holding company. The Group is 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 interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on the GEM of the Stock Exchange.

The accounting policies adopted in these condensed interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2008.

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.

An Analysis of the Group's turnover, other revenue and net income is as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2008	2007	2008	2007
	Unaudited	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Sales of healthcare products	5,728	5,768	7,537	13,477
Funeral and related businesses	13,587	-	13,587	-
	19,315	5,768	21,124	13,477
Other revenue and net income				
Interest income	73	59	104	131
Sundry income	16	-	16	-
	89	59	120	131
Total	19,404	5,827	21,244	13,608

4. Segment information

Segment information is presented in respect of the Group's primary business segment and secondary geographical segment. During the current and prior periods, there were no inter-segment transactions.

Business segments

For management purposes, the Group is currently organized into two operating 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 revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the six months ended 30 September 2008 and 2007.

	Sale of healthcare products		Funeral and related businesses		Total	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue from external customers	7,537	13,477	13,587	-	21,124	13,477
Segment result	76	53	(1,355)	-	(1,279)	53
Gain arising from business combination					33,551	-
Goodwill arising from business combination written off					(25,224)	-
Unallocated corporate income					12	89
Unallocated corporate expenses					(9,630)	(2,077)
Loss from operations					(2,570)	(1,935)
Finance costs					(18)	-
Taxation					(206)	-
Net loss for the period					(2,794)	(1,935)
Segment assets	14,954	13,135	290,011	-	304,965	13,135
Goodwill arising from business combination					30,120	-
Unallocated assets					3,869	65,409
Total assets					338,954	78,544
Segment liabilities	967	3,179	70,565	-	71,532	3,179
Unallocated liabilities					654	2,351
Total liabilities					72,186	5,530
Depreciation and amortization	4	4	767	-	771	4

Geographical segments

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

The following table presents the Group sales by geographical market, irrespective of origin of the goods, the carrying amount of segment assets and the capital expenditures, analysed by the geographical area in which the assets are located.

	Turnover by geographical market		Carrying amount of segment assets		Capital expenditure	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	7,537	13,477	18,823	78,544	-	3
PRC	13,587	-	320,131	-	512	-
	21,124	13,477	338,954	78,544	512	3

5. Profit/(Loss) from operations

	Six months ended 30 September	
	Unaudited 2008	Unaudited 2007
	HK\$'000	HK\$'000
Loss from operation is arrived at after charging:		
Depreciation	797	22
Exchange loss	43	-
	840	22

6. Income tax

	Six months ended 30 September	
	Unaudited 2008	Unaudited 2007
	HK\$'000	HK\$'000
Current period income tax – PRC	206	-
Current period deferred tax	-	-
	206	-

No provision for Hong Kong profits tax has been made in the unaudited consolidated results as the Group had no assessable profits arising in Hong Kong for the period.

Taxes arising in the PRC are calculated at the rates of tax prevailing 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.

7. Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: Nil).

8. Earnings/(Loss) per share

The calculation of basic and diluted earnings/(loss) per share is based on the following:

	Three months ended 30 September		Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Profit/(Loss) for the purpose of basic and diluted earnings/ (loss) per share				
– profit/(loss) attributable to equity holders	23	(1,087)	(3,136)	(1,935)
Weighted average number of shares for the purpose of basic earnings/(loss) per share	1,177,699,181	774,964,977	1,115,935,247	763,614,300
Effect of dilutive potential shares in respect of share options and warrants	149,003,052	N/A	N/A	N/A
Weighted average number of shares for the purpose of diluted earnings/(loss) per share	1,326,702,233	N/A	N/A	N/A

Diluted loss per share for the six months ended 30 September 2007 and 2008 and three months ended 30 September 2007 have not been disclosed, as the share options and warrants outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

9. Trade and other receivables

	30 September 2008 Unaudited HK\$'000	31 March 2008 Audited HK\$'000
Trade receivables, with ageing analysis:		
0 – 30 days	6,361	5,997
31 – 60 days	–	–
Over 60 days	–	17
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Total trade receivables	6,361	6,014
Deposits, prepayments and other receivables	78,804	18,435
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	85,165	24,449
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10. Trade and other payables

	30 September 2008 Unaudited HK\$'000	31 March 2008 Audited HK\$'000
Trade payables, with ageing analysis:		
0 – 30 days	2,382	421
31 – 60 days	43	–
Over 60 days	21,220	–
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Total trade payables	23,645	421
Other creditors and accruals	36,608	1,134
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	60,253	1,555
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11. Share capital

Ordinary shares of HK\$0.04 each

	Number of shares	Total value HK\$'000
Authorised:		
At 31 March 2008 and 30 September 2008	5,000,000,000	200,000
Issued and fully paid:		
At 31 March 2008	1,053,107,879	42,125
Issue of new shares	150,678,259	6,026
At 30 September 2008	1,203,786,138	48,151

12. Acquisition of subsidiaries

During the three months ended 30 September 2008, the Group acquired certain subsidiaries 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	Qin Hai 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	41,945	15,442	5,043	81,400	144,930
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	586	886	21,354	34,177
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)

	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 Fulu Fenghuangshan Cemetery Company Limited (acquired on 18 July 2008) HK\$'000	Neimenggu Shenghe Development Company Limited (acquired on 18 July 2008) HK\$'000	Taiyuan City Wufuling Company Limited (acquired on 18 July 2008) HK\$'000	Total HK\$'000
Amount due to directors	-	(811)	(244)	-	(509)	(1,564)
Amount due to related companies	(5,186)	-	(1,475)	-	-	(6,661)
Income tax payable	-	-	(131)	(1,276)	(8,996)	(10,403)
	(224)	43,580	4,007	7,844	109,846	165,053
Net assets/(liabilities) attributable to minority interest	-	(21,354)	(1,923)	(3,844)	(53,825)	(80,946)
	(224)	22,226	2,084	4,000	56,021	84,107
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	10,276	8,360	-	30,120
	25,000	33,710	12,360	12,360	22,470	105,900
Total consideration satisfied by:						
Cash						<u>105,900</u>
Net cashflow arising on acquisition:						
Cash paid						(105,900)
Cash and bank balances acquired						<u>3,692</u>
						<u>(102,208)</u>

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\$30,120,000 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.

Those new subsidiaries contributed approximately HK\$8,685,000 to the Group’s profit for the periods between the date of acquisition and 30 September 2008.

If the acquisitions had been completed on 1 April 2008, The Group’s total revenue for the three months and six months ended 30 September 2008 would have been approximately HK\$16,912,000 and HK\$42,151,000 respectively, and profit for the three months and six months ended 30 September 2008 would have been approximately HK\$4,122,000 and HK\$2,121,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisitions been completed on 1 April 2008 or 1 July 2008, nor is it intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

For the six months ended 30 September 2008, the Group recorded an unaudited consolidated turnover of approximately HK\$21,124,000, which represented sales of healthcare products and income from funeral and related businesses. The revenue for the six months ended 30 September 2007 was approximately HK\$13,477,000.

The operating expenses for the period under review amounted to approximately HK\$18,179,000 as compared to that of 2007 of approximately HK\$2,605,000. The increase in operating expenses was mainly caused by consolidated the operating expenses from the acquired subsidiaries and increase in business activities.

Unaudited net loss attributable to the equity holders for the period amounted to approximately HK\$3,136,000 as compared to net loss of approximately HK\$1,935,000 for the corresponding period in 2007.

On 7 July 2008, the Group has completed the acquisition of the entire issued and fully paid share capital of Beijing Zhongmin Anyuan Investment Company Limited (“Zhongmin Anyuan”) at a cash consideration of HK\$25 million. On 18 July 2008, the Group has completed the acquisition of 51% issued and fully paid share capital of Xinjiang Ruilin Zhiye Company Limited; Neimenggu Shenghe Development Limited and Taiyuan City Wufuling Company Limited, and 52% issued and fully paid share capital of Qinhai Fuli Fenghuangshan Cemetery Company Limited (collectively, the “Cemetery Companies”) at an aggregate consideration of RMB72 million. The acquisitions have provided the Group an opportunity to enter into the cemetery related business in the PRC. The post acquisition results of Zhongmin Anyuan and the Cemetery Companies have been included in the unaudited consolidated results of the Group for the period ended 30 September 2008. Details of Zhongmin Anyuan and the Cemetery Companies were set out in the circular dispatched to the shareholders of the Company dated 14 April 2008.

Prospects

The sales on healthcare products pick up its pace during the second quarter of the financial year of 2008/09. Following the winter season comes, which is the high season to consume traditional healthcare products, the Group expected the revenue will increase in the coming quarters of the year and this will improve the future return of the Group.

The acquisitions of the Cemetery Companies on 18 July 2008 signify the Group has entered into a new horizon in the investment and management of funeral services business in the PRC. Pursuant to the information from the Ministry of Civil Affairs of the PRC, the cremation becomes more popular recently, in particular in the major and capital cities. This trend will be favorable to the sales of the Cemetery Companies. The Group believes that the revenue will be further benefited and enhanced from the addition in the investment in the funeral services and management business in the PRC.

The Group will continue to consolidate quality cemeteries and funeral parlors in the mainland should good business opportunities come. In procession of healthy business prospect, positive policy and superiority in human resources, the Group is confidence in its future development and to provide investment returns to the investors.

Liquidity, Financial Resources and Capital Structure

The Group's net current assets as at 30 September 2008 were approximately HK\$101,129,000 as compared to net current assets of approximately HK\$71,813,000 as at 31 March 2008. There were no bank borrowings as at 30 September 2008 (31 March 2008: Nil).

Bonus warrants were exercised by warrant holders during the six months ended 30 September 2008 to subscribe for a total of approximately 678,000 shares in the Company by payment of subscription monies of approximately HK\$312,000, of which approximately HK\$27,000 was credited to share capital account and the balance of approximately HK\$285,000 was credited to the share premium account. The subscription price of the bonus warrants was adjusted from HK\$0.46 to HK\$0.45 upon completion of the share placing as mentioned below on 17 July 2008.

The Company has entered into the Placing Agreement on 27 June 2008 with the Placing Agent for placing, on a best effort basis, of an aggregate of up to 150,000,000 Placing Shares to independent investors at a price of HK\$0.80 per Placing Share. The Placing Shares to be issued, when fully paid, will rank, upon issue, *pari passu* in all respects with the existing issued Shares. Details of the share placing were set out in the Company's announcement dated 30 June 2008. On 17 July 2008, the 150,000,000 Placing Shares were issued and allotted to independent investors at a price of HK\$0.80 per Placing Share.

The Company has been informed by the previous placing agent on 30 July 2008 that the previous placing, on a best effort basis, of an aggregate of up to 400,000,000 new Shares at a price of HK\$1.00 per placing Share has not been completed before the Longstop Date on 30 July 2008 and accordingly the previous placing lapsed. Details of the lapse of the previous placing were set out in the Company's announcement dated 31 July 2008.

Gearing Ratio

As at 30 September 2008, the Group's gearing ratio, being the ratio of total liabilities to total assets, was approximately 21% (31 March 2008: approximately 2%).

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 30 September 2008, a time deposit of HK\$3,000,000 of the Company was pledged to a bank to secure general banking facilities (31 March 2008: HK\$3,000,000).

Significant Investments

Saved as disclosed in Note 12 to the Condensed Interim Financial Statements, the Group had no significant investments during the period.

Material Acquisitions and Disposals

Saved as disclosed in Note 12 to the Condensed Interim Financial Statements, the Group had no material acquisitions or disposals during the period under review.

Employee Information

As at 30 September 2008, the Group employed a total of 244 (31 March 2008: 7) full-time employees in Hong Kong and PRC. During the six months ended 30 September 2008, the total remuneration to employees, including directors' emoluments amounted to approximately HK\$5,370,000 (six months ended 30 September 2007: HK\$805,000). The Group remunerates its employees based on their performance, qualification, experience and the prevailing industry practice.

Contingent Liabilities

As at 30 September 2008, the Group did not have any material contingent liabilities (31 March 2008: Nil).

OTHER INFORMATION

Directors' and Chief Executives' Interests in Securities

As at 30 September 2008, 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 shares of the Company*

Name of directors	Type of interest	Number of share	Interest in the Company's share capital
Mr. Chu Hon Pong	Personal	155,150,967	12.89%
Ms. Tong Pui Chi Lucia	Personal	1,300,000	0.11%
Mr. Law Kwok Chung	Personal	300,000	0.02%

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

(a) Warrants

Name of directors	Type of interest	Number of shares entitled pursuant to the full exercise of the warrants held as at 30 September 2008
Mr. Chu Hon Pong	Personal	746,666
Mr. Li Heguo	Personal	1,333,333
Mr. An Jinping	Personal	1,333,333
Mr. Li Junhong	Personal	1,333,333
Ms. Tong Pui Chi Lucia	Personal	346,666
Mr. Law Kwok Chung	Personal	80,000

(b) Share Options

Name of Directors	Date of grant of share options	Exercise price per share HK\$	Outstanding as at 01/04/2008	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding as at 30/09/2008	Expiry date
Mr. Li Heguo	16/11/2007	1.10	7,500,000	-	-	-	7,500,000	16/11/2010
Ms. Tong Pui Chi Lucia	16/11/2007	1.10	7,500,000	-	-	-	7,500,000	16/11/2010
Mr. Chu Kar Wing	16/11/2007	1.10	1,000,000	-	-	1,000,000	-	16/11/2010
Dr. Loke Hoi Lam	16/11/2007	1.10	1,000,000	-	-	1,000,000	-	16/11/2010
Mr. Ku Ling Yu John	16/11/2007	1.10	1,000,000	-	-	1,000,000	-	16/11/2010

Save as disclosed above, as at 30 September 2008, 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. No share options have been exercised by the Participants since 16 November 2007 and up to the date of this report.

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.

The following are details of the outstanding share options as at 30 September 2008:

Categories of grantees	Date of grant of share options	Exercise price per share HK\$	Outstanding as at 01/04/2008	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding as at 30/09/2008	Expiry date
Directors	16/11/2007	1.10	18,000,000	-	-	3,000,000	15,000,000	16/11/2010
Other Participants	16/11/2007	1.10	87,219,106	-	-	4,719,106	82,500,000	16/11/2010
Total			<u>105,219,106</u>	-	-	<u>7,719,106</u>	<u>97,500,000</u>	

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the "Directors' and Chief Executives' 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 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 30 September 2008, 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 shareholder	Direct/indirect interest	Approximate percentage of shareholding
Excel Point Holdings Limited	190,676,667	15.84%
Mr. Chu Hon Pong	155,150,967	12.89%
Mr. Mo Shikang (" <i>Mr. Mo</i> ", Note)	150,000,000	12.46%
Asian Allied Limited (" <i>Asian Allied</i> ", Note)	150,000,000	12.46%
Super Win Development Limited (" <i>Super Win</i> ", Note)	150,000,000	12.46%
Chinese People Holdings Company Limited (" <i>Chinese People</i> ", Note)	150,000,000	12.46%

Note: As Chinese People is a subsidiary of Super Win, Super Win is deemed to have interest in the ordinary shares of the Company (the "Shares") held by Chinese People for the purpose of the SFO. For the purpose of SFO, Asian Allied is deemed to have interest in the Shares held by Super Win and Mr. Mo is deemed to have interest in the shares held by Asian Allied.

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

Name of shareholder	Number of shares entitled pursuant to the full exercise of the warrants held as at 30 September 2008
Mr. Chu Hon Pong	746,666

Save as disclosed above, as at 30 September 2008, the directors or chief executive officer of the Company were not aware of any other person 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 30 September 2008, 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. Chu Kar Wing, Dr. Loke Hoi Lam and Mr. Ku Ling Yu John. 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 six months ended 30 September 2008 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 Mr. Chu Kar Wing, Dr. Loke Hoi Lam and Mr. Ku Ling Yu John, and one executive director Ms. Tong Pui Chi Lucia. Ms. Tong Pui Chi Lucia 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.

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 30 September 2008.

Corporate Governance Code Compliance

The Company has complied throughout the six months ended 30 September 2008 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 six months ended 30 September 2008, 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 six months ended 30 September 2008.

By Order of the Board
ZMAY Holdings Limited
Liu Jing
Chairman

Hong Kong, 14 November 2008

At the time of this report, the Board comprises of (i) seven executive Directors, namely Mr. Liu Jing, Mr. Chu Hon Pong, Mr. Li Heguo, Mr. An Jinping, Mr. Li Junhong, Ms. Tong Pui Chi Lucia and Mr. Law Kwok Chung; (ii) one non-executive Director, namely Dr. Neil K. Gu; and (iii) three independent non-executive Directors, namely Mr. Chu Kar Wing, Dr. Loke Hoi Lam and Mr. Ku Ling Yu John.