

19 December 2016

Zibao Metals Recycling Holdings Plc
(“Zibao” or the “Company”)
Half Year Results

Zibao Metals Recycling Holdings Plc (AIM: ZBO), a Hong Kong based, recyclable metal trader is pleased to announce its half year results for the six months ended 30 September 2016-.

The Group figures are presented in Hong Kong Dollars.

Highlights

- Revenue increased by 145% to HKD 394 million from HKD161 million
- Gross profit increased by 0.02% to HKD4.26 million from HKD4.18 million while selling and distribution expenses have decreased to HKD53,000 from HKD265,000
- Profit before tax increased 169% to HKD 0.5 million (2015: HKD 0.2 million) mainly due to increased sales volumes.
- The closing cash position at period end was HKD 0.87 million (2015: HKD 3.1 million)

Joe Zhou, Zibao Chairman commented: *“The market conditions in the PRC and Europe continue to be challenging. However we continue to control costs and manage the credit risks prudently. We believe that the Group is well positioned to benefit from a future recovery.”*

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Zibao Metals Recycling Holdings PLC

Established in its current form in 2009, and incorporated as a UK registered company in 2014, Zibao is a trader in non-ferrous metals – principally aluminium and copper. It imports these from a variety of international sources or indirectly from importers based in the People's Republic of China ("PRC") and resells them into the PRC to (a) operators who process them into a 'clean' form for sale to foundries (b) customers who buy them in clean form.

The Company was formed by Wenjie 'Joe' Zhou, whose family has had interests in recyclable metals for nearly twenty years. During this period he has established good relationships with a range of overseas suppliers, importers based in the PRC and developed an in-depth knowledge of the PRC rules and regulations for the metals recycling industry.

Metals recycling is a multi-million pounds global industry and China is the world's leading importer of copper and aluminium and needs recycling to supplement its growing demand.

Chairman's Statement

We are pleased to report the Company's interim results for the six months ended 30 September 2016,

Results

The Group's turnover was HKD 394 million, an increase of approximately 145% mainly due to an increasing demand from both new and existing customers. Profit before tax increased during the period by 169% to HKD 0.5 million reflecting the growth in sales and the tight control over overhead costs.

Suppliers

Some five new suppliers have been secured in the first half of the year, further strengthening the overall supplier base. Each supplier is vetted by the Group before becoming an approved trading partner. The Group seeks to cultivate strong and long-term relationships with its suppliers, helping maintain product quality and promoting integrity and reliability throughout its supply chain.

Customers

Over five new customers were added in the first half of the year and at the same time the Group also saw existing customers increase their order volumes. A factor in the increase in orders was the slight loosening of credit in the PRC. Despite this, the overall PRC economy remains weak and margins continue to be tight. As a result, the Group's gross profit margins on sales have fallen due to competition from other suppliers.

Outlook

Market conditions in the PRC and Europe continue to be challenging. The Group will continue its policy of controlling costs and managing the credit risk prudently.

The Board believes that the Group is well positioned to benefit from any future recovery.

I would like to take this opportunity to thank our long standing customers and suppliers as well as our employees for their loyalty and hard work.

Joe Zhou

Chairman
19 December 2016

Zibao Metals Recycling Holdings Plc

Consolidated Statement of Comprehensive Income

	Notes	6 months to 30 September 2016 HKD'000 Unaudited	6 months to 30 September 2015 HKD'000 Unaudited	Year to 31 March 2016 HKD'000 Audited
Continuing operations				
Revenue	3	394,128	160,989	496,978
Cost of sales		(389,873)	(156,806)	(488,550)
Gross profit		4,255	4,183	8,428
Other revenues	1	1	2	751
Selling and distribution expenses		(53)	(265)	(346)
Administrative expenses		(3,695)	(3,731)	(8,247)
Operating profit		508	189	586
Finance cost		-	-	-
Profit before tax		508	189	586
Income tax (expense)/credit		10	-	23
Profit and total comprehensive income for the period		518	189	609
Profit and total comprehensive income for the year attributable to the owners of the Company		518	189	609
Earnings per share	5	HKD	HKD	HKD
Basic		0.004	0.002	0.005
Diluted		0.004	0.002	0.005

Consolidated Statement of Financial Position

	Notes	As at 30 September 2016 HKD'000 Unaudited	As at 30 September 2015 HKD'000 Unaudited	As at 31 March 2016 HKD'000 Audited
Assets				
Non-Current Assets				
Property, plant and equipment		41,222	44,563	43,730
Intangible assets		1,608	1,772	1,658
		<u>42,830</u>	<u>46,335</u>	<u>45,388</u>
Current Assets				
Inventories		32,333	18,355	26,052
Trade receivables		5,908	9,099	2,663
Taxes recoverable		-	9,107	92
Prepayments, deposits and other receivables		5,675	4,864	8,584
Cash and cash equivalents	6	870	3,077	5,289
		<u>44,786</u>	<u>44,502</u>	<u>42,680</u>
Total Assets		<u><u>87,616</u></u>	<u><u>90,837</u></u>	<u><u>88,068</u></u>
Equity and liabilities				
Equity attributable to owners of the company				
Share capital	7	15,549	15,549	15,549
Share premium		42,167	42,167	42,167
Group reorganisation reserve		(527)	(527)	(527)
Share based payments reserve		662	589	662
Foreign exchange reserve		(1,265)		135
Retained earnings		7,717	6,779	7,199
Total Equity		<u>64,303</u>	<u>64,557</u>	<u>65,185</u>
Non-current liabilities				
Deferred tax		168	200	177
		<u>168</u>	<u>200</u>	<u>177</u>
Current liabilities				
Trade payables		9,649	8,981	9,966
Accrued liabilities and other payables		4,102	4,979	3,624
Amount due to a director		-	3,004	-
Corporate Tax payable		9,394	9,116	9,116
		<u>23,145</u>	<u>26,080</u>	<u>22,706</u>
Total Liabilities		<u>23,313</u>	<u>26,280</u>	<u>22,883</u>
Total Equity and Liabilities		<u><u>87,616</u></u>	<u><u>90,837</u></u>	<u><u>88,068</u></u>

Consolidated Statement of Cash Flows

	6 months to Sep 2016 HKD'000 Unaudited	6 months to Sep 2015 HKD'000 Unaudited	Year to 31 March 2016 HKD'000 Audited
Cash flows from operating activities			
Net cash from operating activities	(6,529)	1,814	4,480
Taxation	370	(238)	(237)
Net cash (used in)/ generated from operating activities	(6,159)	1,576	4,243
Investing activities			
Addition of property, plant and equipment	(10)	-	(92)
Sales of property, plant and equipment	-	397	34
Net cash (used in)/generated from investing activities	(10)	397	(58)
Net (decrease)/increase in cash and cash equivalents	(6,169)	1,973	4,185
Cash and cash equivalents at beginning of the period	5,289	1,104	1,104
Effect of foreign exchange rate changes	1,750	-	-
Cash and cash equivalents at end of the period	870	3,077	5,289
Represented by:			
Bank balances and cash	870	3,077	5,289
	870	3,077	5,289

Notes for Consolidated Statement of Cash Flows

	6 months to Sep 2016 HKD'000 Unaudited	6 months to Sep 2015 HKD'000 Unaudited	Year to 31 March 2016 HKD'000 Audited
Cash flows from operating activities before changes in working capital and provisions			
Profit before income tax	508	189	586
Adjustments for:			
Depreciation on property, plant and equipment	768	488	966
Interest income	-	(2)	-
Amortisation	50	-	113
Share option payment	-	-	73
Foreign exchange difference	(1,400)	-	135
(Increase) in inventories	(6,281)	(1,122)	(8,819)
(Increase) / decrease in trade receivables	(3,245)	5,675	12,111
Decrease in prepayments, deposits and other receivables	2,909	8,934	15,038
(Decrease) in trade payables	(317)	(13,809)	(12,825)
Increase in accrued liabilities and other payables	479	1,461	106
(Decrease) in amounts due to a director	-	-	(3,004)
Cash used in operations	(6,529)	1,814	4,480

Consolidated Statement of Changes in Equity

	Share Capital	Share premium	Share based payment reserves	Group Reorganisation reserve	Foreign exchange reserve	Retained Earnings	Total
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
As at 31 March 2015	15,549	42,167	589	(527)	-	6,590	64,368
Total comprehensive income for the period	-	-	-	-	-	189	189
As at 31 September 2015	15,549	42,167	589	(527)	-	6,779	64,557
Total comprehensive income for the period						420	420
Share options expense for the period			73				73
Foreign exchange differences					135		135
As at 31 March 2016	15,549	42,167	662	(527)	135	7,199	65,185
Total comprehensive income for the period						518	518
Foreign exchange difference					(1,400)		(1,400)
As at 31 September 2016	15,549	42,167	662	(527)	(1,265)	7,717	64,303

Notes to the interim financial information

1. General information

Zibao Metals Recycling Holdings Plc is a company incorporated in England on 9 October 2013 under the Companies Act 2006 but domiciled in Hong Kong. It was listed on the AIM market on 20 June 2014. The Group's principal activity is that of trading scrap metals.

2. Basis of preparation and significant accounting policies

This interim report, which incorporates the financial information of the Company, has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, using accounting policies which are consistent with those set out in the financial statements for the year ended 31 March 2016.

Taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Standards and Interpretations adopted with no material effect on financial statements

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the Group.

Standards, interpretations and amendments to published standards that are not yet effective.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 April 2016 and have not been early adopted:

Reference	Title	Summary	Application date of standard	Application date of Group
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2018	1 April 2018
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more informative and relevant disclosures	Periods commencing on or after 1 January 2018	1 April 2018
IFRS 16	Lease	IFRS 16 <i>Leases</i> published	Periods commencing on or after 1 January 2019	1 April 2019

Reference	Title	Summary	Application date of standard	Application date of Group
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2018	1 April 2018
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more informative and relevant disclosures	Periods commencing on or after 1 January 2018	1 April 2018
IFRS 16	Lease	IFRS 16 <i>Leases</i> published	Periods commencing on or after 1 January 2019	1 April 2019

The directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Group.

3. Segmental reporting

In the opinion of the directors, the Group has one class of business, being the trading of scrap materials. The Group's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is China. All revenues and costs are derived from the single segment.

4. Directors' remuneration

	6 months to 30 September 2016 Salaries, fees and options HKD'000 Unaudited	6 months to 30 September 2015 Salaries, fees and options HKD'000 Unaudited	Year to 31 March 2016 Salaries, fees and options HKD'000 Audited
Wenjie Zhou	240	240	480
Jianfeng Li	120	120	240
Alan Ong	67	58	159
Chin Phang Kwok	67	57	159
Peter Greenhalgh	67	58	150
Ajay Rajpal	66	57	157
	<u>627</u>	<u>590</u>	<u>1,345</u>

5. Earnings per share

Profit per share data is based on the Group profit for the period and the weighted average number of shares in issue.

	6 months to 30 September 2016 HKD'000 Unaudited	6 months to 30 September 2015 HKD'000 Unaudited	Year to 31 March 2016 HKD'000 Audited
Profit for the period attributable to owners of Company	<u>518</u>	<u>189</u>	<u>609</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share (000's)	122,010	122,010	122,010
Weighted average number of ordinary shares for the purposes of diluted earnings per share (000's)	<u>125,453</u>	<u>123,452</u>	<u>125,453</u>

	6 months to 30 September 2016 HKD'000 Unaudited	6 months to 30 September 2015 HKD'000 Unaudited	Year to 31 March 2016 HKD'000 Audited
Basic earnings per share			
Total basic earnings per share	0.004	0.002	0.005
Diluted earnings per share			
Total basic and diluted earnings per share	<u>0.004</u>	<u>0.002</u>	<u>0.005</u>

6. Cash and cash equivalents Group

	As at 30 September 2016 HKD'000 Unaudited	As at 30 September 2015 HKD'000 Unaudited	As at 31 March 2016 HKD'000 Audited
Cash and bank balances	870	3,077	5,289
Cash and bank balances as presented in balance sheets	<u>870</u>	<u>3,077</u>	<u>52,89</u>
Cash and cash equivalents as presented in consolidated statement of cash flows	<u>870</u>	<u>3,077</u>	<u>5,289</u>

7. Share capital

The issued share capital as at 30 September 2016 was 122,010,000 ordinary shares of £0.01 each (30 September 2015: 122,010,000 ordinary share of £0.01, 31 March 2016: 122,010,000 ordinary shares of £0.01)

8. Related-party transactions

During the period, the Group entered into the following trading transactions with related parties that are not members of the Group:

		Sales of goods	
	6 months to 30 September 2016 HKD'000	6 months to 30 September 2015 HKD'000	Year to 31 March 2016 HKD'000
Wang Kei Yip Development Limited	15,777	11,739	32,658

The following balances were outstanding at end of the period:

	Amounts owed by related parties			Amounts owed to related parties	
	As at 30 Sept 2016 HKD'000	As at 30 March 2016 HKD'000	As at 30 Sept 2015 HKD'000	As at 30 Sept 2016 HKD'000	As at 30 March 2016 HKD'000
Wang Kei Yip Development Limited	-	263	-	241	1,866
Wenjie Zhou	-	-	3,004	-	-

Ben Lee is the brother in law of the director, and is a director of Wang Kei Yip Development Limited. Wang Kei Yip Development Limited is therefore a related party.

The amount due to Wenjie Zhou was unsecured, interest-free and had no fixed term of repayment. All the above transactions were done at arm's length.

9. The unaudited results for the period ended 30 September 2016 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative figures for the period ended 31 March 2016 were extracted from the audited financial statements which contained an unqualified audit report and did not contain statements under Sections 498 to 502 of the Companies Act 2006.
10. This interim financial statement will be, in accordance with Rule 26 of the AIM Rules for Companies, available shortly on the Company's website at www.zibaometals.com.

- 11.** The Company is incorporated in the UK but is treated as a Hong Kong resident for tax purposes. Macau and Hong Kong tax has been provided at a rate of 12% and 16.5% respectively. There was deferred taxation in respect of the period.