

**4 September 2018**  
**For immediate release**

**THE INFORMATION COMMUNICATED IN THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION EU NO. 596/2014 ("MAR").**

**Zibao Metals Recycling Holdings Plc**

("Zibao" or "the Company" or "the Group")

**Trading Update**

We refer to our announcement dated 9 July 2018 regarding the impact of the new regulations which came into effect in 2018, together with further trading updates and results statements since that time.

Despite the Board's best efforts to mitigate the effects of the changed trading environment, which is affecting all operators in our marketplace, the Group has continued to struggle to make the substantial changes needed to make the existing business viable in the longer term. Despite undertaking significant cost cutting and implementing measures to seek new suppliers which can comply with the new import regulations into China for the Group's products, the pace of this change, as we indicated in our interim results announcement, has been very slow and this has continued in the second half and into the current financial period, with the Group continuing to make trading losses.

As this situation has now prevailed for nearly 18 months, with trading losses increasing, and there being no indication that there will be any immediate solution to the structural change to our industry, the Board has decided, concurrent with the audit process, to consider the carrying value of the Group's trading subsidiary – Masterpiece Enterprises Limited ("Masterpiece") – in the accounts of the Company.

Whilst the audit is yet to complete, it is now clear that there will need to be a significant exceptional write-down of the existing carrying value of Masterpiece of HKD30,046K in the Group's final results for the year ended 31 March 2019, which will be announced later this month.

Given the current position, the Board has been considering alternative options for the Group, which it hopes to present to shareholders in the near future.

Further announcements will be made as appropriate.

~ End ~

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