

16 December 2014

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 2014.

The Group figures are presented in Hong Kong Dollars (HKD 12.16 to £1.00 on 11 December 2014).

Highlights

- Revenue has remained stable at HKD 208.3 million (2013: HKD 208.7 million)
- PBT (before admission expenses) decreased 20% to HKD 5.9 million (2013: HKD 7.4 million) mainly due to additional costs of being public.
- Profit from continuing operations, after admission costs, decreased 29% to HKD 4.4 million (2013: HKD 6.2 million)
- Cash position at period end at HKD 1.9 million (2013: HKD 3.2 million)
- Three new suppliers secured to support demand
- Maiden interim dividend of 0.19p declared

Joe Zhou, Zibao Chairman commented: *"In the face of adverse market conditions during the year we have made good progress. We continue to build on the key relationships with our customers and suppliers as well as progress our acquisition strategy. Trading continues to be stable in the first half of the current year and we look forward to building on this performance throughout the rest of the year."*

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About Zibao Metals Recycling Holdings PLC

Established in its current form in 2009, and incorporated as a UK registered company in 2013, Zibao is a trader in non-ferrous metals – principally aluminium and copper. It imports these from a variety of international sources and resells them into the People's Republic of China to operators who process them into a 'clean' form for sale to foundries.

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 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 maiden interim results as a public company for the six months ended 30 September 2014, in which Zibao further developed the business and continued to lay the foundation on which the business's future growth will be built.

Results

The Company has delivered results in line with management expectations with revenues stable at HKD 208.3 million. Profit before tax and exceptional admission costs, declined in the period by 20% to HKD 5.9 million mainly due to the additional costs of being public. The Board proposes to declare a maiden interim dividend of 0.19p.

Suppliers

Three new suppliers have been secured in the first half of the year, which strengthens the overall supplier panel to over 55 members. Each supplier is vetted by the Group before becoming an approved trading partner. As a result of this process, the Group cultivates strong and long-term relationships with its suppliers, reducing the risk of lower product quality and promoting integrity and reliability throughout our supply chain.

Customers

New potential customers were approached in the first half of the year, but no transactions took place as final payment terms had not been agreed upon before the period end. During the period, the Group has seen customers struggle with their levels of working capital due to Chinese banks tightening their credit policies and the directors welcome the recently announced drop in interest rates, which they believe should have a positive impact on demand.

Zibao has successfully maintained the long term relationships with its five principal customers based in Nanhai Foshan and Tianjin.

Trading in the period

Throughout the six months to 30 September 2014, trading remained in line with management expectations. The tightening of liquidity by the Chinese banks continued to be felt.

While these restrictions are still in place, we are glad to see that Zibao has been able to maintain constant levels of revenue. We have seen a number of commodities including scrap metal, fall in price. We have been successful in offsetting these lower prices by selling higher quantities of copper and aluminium.

The directors are pleased by the reduction in transport costs which has been achieved in large part by negotiating the transfer of these costs, where possible, to customers and suppliers. This cost saving has been offset by the additional cost burden of being a public company. These latter costs are however, relatively fixed and the directors anticipate that their significance to profits will reduce as the business grows.

Outlook

The pressures being faced by the smaller scrap metal traders in the current market environment create an attractive opportunity for Zibao which, as a larger operator with greater working capital, is able to consolidate its position.

Recent rate cuts by the PRC central bank should relax the levels of lending within the system, increasing demand for our products.

Zibao has had a steady first half of the year in the face of strict credit control in China and a generally weak global economy. The board remains cautiously optimistic of further credit easing in Q4 2014 which will encourage increased trading in the second half of the year. During H1 Zibao has continued to develop the strong base on which the business is founded. Over the coming year we will continue to establish and build our relationships with suppliers and customers, as well as, further our acquisition plans.

As outlined at the time of the IPO in June 2014, Zibao continues to explore acquisition opportunities to increase the number of up-stream suppliers as well as the acquisition or establishment of additional recycling yards at strategically important sites internationally. A number of potential targets have been identified and the Company is in active discussions which may lead to an acquisition being completed in 2015.

The Board is confident in the future of Zibao and we look forward to delivering value to our shareholders in the second half of the year and beyond.

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
15 December 2014**

Zibao Metals Recycling Holdings Plc

Year ended 2014

Consolidated Statement of Comprehensive Income

	Notes	6 months to 30 September 2014 HKD'000	6 months to 30 September 2013 HKD'000	Year to 31 March 2014 HKD'000
Continuing operations				
Revenue	3	208,280	208,744	443,607
Cost of sales		(197,862)	(198,104)	(420,956)
Gross profit		10,418	10,640	22,651
Other revenues		-	42	660
Selling and distribution expenses		(454)	(1,170)	(2,574)
Administrative expenses		(4,460)	(2,022)	(12,522)
- Admission expenses		(581)	-	(7,992)
- Other administrative expenses		(3,879)	(2,022)	(4,530)
Operating profit		5,504	7,490	8,215
Finance cost		(150)	(75)	(225)
Profit before tax		5,354	7,415	7,990
Income tax expense		(963)	(1,229)	(2,179)
Profit for the year from continuing operations		4,391	6,186	5,811
Discontinued operations				
Profit/ (loss) for the year from discontinued operations		-	-	74
Profit and total comprehensive income for the year		4,391	6,186	5,885
Profit and total comprehensive income for the year attributable to the owners of the Company		4,391	6,186	5,885
Earnings per share				
	7	HKD	HKD	HKD
From continuing and discontinued operations				
Basic		0.049	0.076	0.073
Diluted		0.048	0.076	0.073
From continuing operations				
Basic		0.049	0.076	0.072
Diluted		0.048	0.076	0.072

Consolidated Statement of Financial Position

		As at 30 September 2014 HKD'000	As at 30 September 2013 HKD'000	As at 31 March 2014 HKD'000
Assets				
Non-Current Assets				
Property, plant and equipment		115	192	152
		115	192	152
Current Assets				
Inventories		23,805	31,653	16,191
Trade receivables		29,900	25,407	25,360
Prepayments, deposits and other receivables		8,497	10,644	6,620
Cash and cash equivalents	9	1,938	3,225	6,030
		64,140	70,929	54,201
Total Assets		64,255	71,121	54,353
Equity and liabilities				
Equity attributable to owners of the company				
Share capital	10	12,643	-	10,530
Share premium		13,821	-	-
Group reorganisation reserve		(527)	-	(527)
Share based payments reserve	5,6	589	-	-
Retained earnings		3,238	11,477	1,176
Total Equity		29,764	11,477	11,179
Non-current liabilities				
Long term loan from shareholders		-	10,000	-
		-	10,000	-
Current liabilities				
Trade payables		3,231	6,243	6,098
Accrued liabilities and other payables		17,279	36,680	29,390
Amount due to a director		3,004	-	-
Tax payable		8,648	6,721	7,686
Dividends payable	8	2,329	-	-
		34,491	49,644	43,174
Total Liabilities		34,491	59,644	43,174
Total Equity and Liabilities		64,255	71,121	54,353

Consolidated Statement of Cash Flows

	Notes	6 months to 30 September 2014 HKD'000	6 months to 30 September 2013 HKD'000	Year to 31 March 2014 HKD'000
Cash flows from operating activities				
Net cash from operating activities		(20,025)	(2,021)	10,784
Investing activities				
Addition of property, plant and equipment		-	-	(4)
Sale of property, plant and equipment		-	(4)	-
Net cash used in investing activities		-	(4)	(4)
Financing activities				
Dividend paid	8	-	-	(10,000)
Net proceeds from the issue of Ordinary shares		15,933	-	-
Net cash from / (used in) in financing activities		15,933	-	(10,000)
Net increase / (decrease) in cash and cash equivalents		(4,092)	(2,025)	780
Cash and cash equivalents at beginning of the period		6,030	5,250	5,250
Cash and cash equivalents at the end of the period		1,938	3,225	6,030
Represented by:				
Bank balances and cash		1,938	5,250	6,030
		1,938	5,250	6,030

Notes for Consolidated Statement of Cash Flows

	6 months to 30 September 2014 HKD'000	6 months to 30 September 2013 HKD'000	Year to 31 March 2014 HKD'000
Continuing activities	5,354	7,415	7,990
Discontinued activities	-	-	89
	<hr/>	<hr/>	<hr/>
Profit before income tax	5,354	7,415	8,079
Adjustments for:			
Depreciation on property, plant and equipment	37	39	77
Interest income	-	75	-
Share option charge	5 28	-	-
Charge for Warrants	6 561	-	-
(Increase) / decrease in inventories	(7,615)	(9,823)	5,640
Decrease/(Increase) in trade receivables	(4,540)	(19,523)	(19,475)
Decrease / (Increase) in prepayments, deposits and other receivables	(1,877)	(3,395)	630
Increase in trade payables	(2,866)	(8,490)	(8,635)
Increase / (decrease) in accrued liabilities and other payables	(12,111)	32,284	25,071
(Decrease) / increase in amounts due to a director	3,004	(603)	(603)
	<hr/>	<hr/>	<hr/>
Cash used in operations	(20,025)	(2,021)	10,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Changes in Equity

	Share Capital	Share premium	Share based payment reserves	Group Reorgan- isation Reserve	Retained Earnings	Total
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
As at 31 March 2013	-	-	-	-	5,291	5,291
Total comprehensive income for the period	-	-	-	-	6,186	6,186
As at 30 September 2013	-	-	-	-	11,477	11,477
Total comprehensive income for the period	-	-	-	-	(301)	(301)
Dividend paid to equity holders of Masterpiece	-	-	-	-	(10,000)	(10,000)
Shares issued during the period	10,530	-	-	-	-	10,530
Group reorganisation	-	-	-	(527)	-	(527)
As at 31 March 2014	10,530	-	-	(527)	1,176	11,179
Total comprehensive income for the period	-	-	-	-	4,391	4,391
Shares issued during the period	2,113	13,821	-	-	-	15,934
Share options and warrants issued in the period	-	-	589	-	-	589
Dividends payable to equity holders of the Company	-	-	-	-	(2,329)	(2,329)
As at 30 September 2014	12,643	13,821	589	(527)	3,238	29,764

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 statement for the year ended 31 March 2014.

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 2014 and have not been early adopted:

Reference	Title	Summary	Application date of standard	Application date of Group
Amendments to IFRS 2, IFRS 3	Amendments resulting from Annual Improvements 2010-12 Cycle	IFRS 2: clarifies definition of vesting conditions IFRS 3: clarifies contingent consideration in a business combination	1 July 2014	1 July 2014
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Clarifies that the treatment of contributions when they are independent of the number of years of service	Periods commencing on or after 1 July 2014	1 January 2015
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2015	1 January 2015
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	Periods commencing on or after 1 January 2016	1 January 2016
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 2017	1 January 2017

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.

The Group has five principal customers: two of which accounted for 20-30 per cent. of turnover in both 2013 and 2014 while the other three customers accounted for 10-20 per cent. of turnover in 2013 and 2014.

4. Directors' remuneration

	6 months to 30 September 2014 Salaries, fees and options HKD'000	6 months to 30 September 2013 Salaries, fees and options HKD'000	Year to 31 March 2014 Salaries, fees and options HKD'000
Wenjie Zhou	120	240	240
Jianfeng Li	120	-	-
Alan Ong	91	-	-
Chin Phang Kwok	91	-	-
Peter Greenhalgh	91	-	-
Ajay Rajpal	91	-	-
	<hr/> 604	<hr/> 240	<hr/> 240

5. Share option payment

On 16 June 2014 the Company granted options on 525,000 ordinary shares to certain directors. The options are exercisable at £0.08 per share after the first anniversary of Admission, provided that the director remains in office until then.

	Number of options	Exercise price	Weighted average remaining contractual life
At 30 September 2013, 31 March 2014	-	-	-
Options issued in the period	525,000	£0.08	5 years
	<hr/> 525,000	<hr/> £0.08	<hr/> 5 years

The fair value of the share options issued in the current period is HKD 0.19 and was derived using the Black Scholes model. The following assumptions were used in the calculation:

Bid price discount	25%
Risk-free rate	1.5%
Volatility	60%
Expected life	3 years

Expected volatility is based on a conservative estimate for a newly listed entity. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

A charge of HKD 27,756 (September 2013 and March 2014: HKD nil) has been recognised for the share based payments over the vesting period.

6. Warrants

On 16 June 2014, the Company granted to ZAI warrants to subscribe for 2,917,500 Ordinary shares at an issue price of £0.08 at any time in the period to 16 June 2019.

	Number of options	Exercise price	Weighted average remaining contractual life
At 30 September 2013, 31 March 2014	-	-	-
Warrants issued in the period	2,917,500	£0.08	5 years
	_____	_____	_____
At 30 September 2014	2,917,500	£0.08	5 years
	_____	_____	_____

The fair value of the warrants issued in the current period is HKD 0.19 and was derived using the Black Scholes model. The following assumptions were used in the calculations:

Bid price discount	25%
Risk-free rate	1.5%
Volatility	60%
Expected life	3 years

Expected volatility is based on a conservative estimate for a newly listed entity. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

A charge of HKD 560,885 (September 2013 and March 2014: HKD nil) has been recognised for the share based payments in the period as the warrants vested immediately upon listing.

7. Profit 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 2014 HKD'000	6 months to 30 September 2013 HKD'000	Year to 31 March 2014 HKD'000
Profit for the period from:			
Continuing operations used in the calculation of basic and diluted earnings per share from continuing operations	4,391	6,186	5,811
Discontinued operations used in the calculation of basic and diluted earnings per share from discontinued operations	-	-	74
	<u>4,391</u>	<u>6,186</u>	<u>5,885</u>
Profit for the period attributable to owners of Company	<u>4,391</u>	<u>6,186</u>	<u>5,885</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share (000's)	90,057	81,000	81,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share (000's)	92,051	81,000	81,000
	<u>90,057</u>	<u>81,000</u>	<u>81,000</u>

	6 months to 30 September 2014 HKD'000	6 months to 30 September 2013 HKD'000	Year to 31 March 2014 HKD'000
Basic earnings per share			
From continuing operations	0.049	0.076	0.072
From discontinued operations	-	-	0.001
Total basic earnings per share	<u>0.049</u>	<u>0.076</u>	<u>0.073</u>
Diluted earnings per share			
From continuing operations	0.048	0.076	0.072
From discontinued operations	-	-	0.001
Total basic and diluted earnings per share	<u>0.048</u>	<u>0.076</u>	<u>0.073</u>

The weighted average number of ordinary shares for the period ended 30 September 2013 has been restated to reflect the total number of shares arising from the share for share exchange on acquisition and is considered to be in place from the earliest period.

8. Dividends

	6 months to 30 September 2014 HKD'000	6 months to 30 September 2013 HKD'000	Year to 31 March 2014 HKD'000
Interim Dividends paid by Masterpiece Enterprises Limited: (HKD0.12 per share)	-	-	10,000
Interim Dividends payable by the Company (HKD0.02 per share)	2,329	-	-
Final Dividends	-	-	-
	<u>2,329</u>	<u>-</u>	<u>10,000</u>

9. Cash and cash equivalents Group

	As at 30 September 2014 HKD'000	As at 30 September 2013 HKD'000	As at 31 March 2014 HKD'000
Cash and bank balances	1,938	3,225	6,030
Cash and bank balances as presented in balance sheets	1,938	3,225	6,030
Add: Pledged fixed deposits	-	-	-
Cash and cash equivalents as presented in consolidated statement of cash flows	<u>1,938</u>	<u>3,225</u>	<u>6,030</u>

10. Share capital

The issued share capital as at 30 September 2014 was 97,250,000 ordinary shares of £0.01 each (30 September 2013: 1 ordinary share of US\$1, 31 March 2014: 81,000,000 ordinary shares of £0.01)

On 20 June 2014 the Company issued 16,250,000 ordinary shares of £0.01 each at a price of £0.08 each. Issue costs of HKD 963,560 have been deducted from share premium.

11. 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			Purchase of goods		
	6 months to 30 September 2014 HKD' 000	6 months to 30 September 2013 HKD' 000	Year to 31 March 2014 HKD' 000	6 months to 30 September 2014 HKD' 000	6 months to 30 September 2013 HKD' 000	Year to 31 March 2014 HKD' 000
Trading Metals Pty Limited	-	-	-	13,712	13,190	32,260
Nanhai Tai Ping Metal Products Limited	18,041	22,239	38,951	-	-	-

The following balances were outstanding at the end of the period:

	Amounts owed by related parties			Amounts owed to related parties		
	As at 30 September 2014 HKD' 000	As at 30 September 2013 HKD' 000	As at 31 March 2014 HKD' 000	As at 30 September 2014 HKD' 000	As at 30 September 2013 HKD' 000	As at 31 March 2014 HKD' 000
Trading Metals Pty Limited	-	-	-	-	1,012	-
Nanhai Tai Ping Metal Products Limited	871	4,323	633	-	-	-
Wenjie Zhou	-	-	-	3,004	-	-

Zhou Yi is the director's father and owns 50% of the share capital of Trading Metals Pty Limited and is therefore a related party.

Ben Lee is the brother in law of the director, and is a director of Nanhai Tai Ping Metal Products Limited. Nanhai Tai Ping Metal Products 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.

12. The unaudited results for the period ended 30 September 2014 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 2014 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.
13. 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.

- 14.** 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 no unprovided deferred taxation in respect of the period (31 March 2014 and 30 September 2013: HKD Nil).