

16 February 2015

Zibao Metals Recycling Holdings plc
("Zibao" or the "Company")

Acquisition of PRC based stockyard

Zibao Metals Recycling Holdings Plc (AIM: ZBO), a Hong Kong based, recyclable metal trader, is pleased to announce that on, 16 February 2015, the group entered into a contract to acquire Zhengbao, a non-ferrous metal processing and stockholding yard based in Nanhai, in the Foshan Province of the PRC. The consideration for the acquisition is RMB25 million (GBP equivalent 2.6 million) which be settled in shares. The shares are subjected to a lock up period of 2 years from the date of issue. At 31 July 2014 the net assets of Zhengbao comprised.

	RMB m
Fixed Assets	
Tangible	31.2
Intangible	6.3
	<hr/>
	37.5
Current Assets	8.2
Current Liabilities	-20.3
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Net Assets	<u>25.4</u>

This represents a first step in the Group's acquisition strategy, as outlined at the time of the IPO in June 2014, of seeking to integrate vertically and laterally in its supply chain. The Zhengbao yard occupies an area of approximately 60,000 sq.m., (equivalent to approximately 15 acres) with buildings with a gross floor area of approximately 6,064 sq.m. and processes - washes and sorts aluminium and strips copper cable - which it sells on to customers in the industry.

In the year to 31 December 2013, the yard had a turnover of RMB 113m, equal to approximately 32% of that of the Zibao group in the year to 31 March 2014, and the acquisition of Zhengbao brings with it about 20 active customers, thus reducing Zibao's dependence on a limited customer base. The acquisition will also add approximately 5 suppliers to the Group's existing panel.

In the year to 31 December 2013, Zhengbao, made profits of RMB 0.3m as it purchases most of its purchases from importers in the PRC and unlike Zibao, which acquires metals for stock directly from suppliers. It is Zibao's intention that the stock held in the yard will amount to no more than one months turnover at any given time.

As part of the post-acquisition arrangement, the vendors, Zhou Binghua and Zhou Wenjian, will remain while Zibao will post its staff to strengthen and control the management. Following completion, the vendors via an investment holding company "Vendor Holdco" will hold 20.% of Zibao's issued share capital as follows:

The Vendor Holdco's shareholders are

Zhou Binghua [50]%

Zhou Wenjian [50]%

As a result of the new share issue existing, significant shareholding have been diluted as follows:

	Pre Issue	Post issue
Add Profit Corporation (note 1)	10.3%	8.2%
Sino Jump Global Inc (note 1)	10.3%	8.2%
Zhou Wenjie	59.6%	47.5%
Vendor Holdco	-	20.3%

Note 1:
100% beneficial held by Zhou Wenjie

Zibao Chairman Joe Zhou commented on the transaction as follows:

"I am pleased that within a year of our IPO we have completed the first step in our acquisition strategy to develop Zibao into a significant metals trading group. The acquisition of the Zhengbao boosts our competitive advantage in our consolidating marketplace as well as bringing new customers and suppliers. We're looking forward to working with the new team and integrating them into Zibao plc."

For further information please contact:

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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.