

10 December 2015

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 2015.

The Group figures are presented in Hong Kong Dollars (HKD 11.63 to £1.00 on 8 December 2015).

Highlights

- Revenue reduced by 23% to HKD 161 million from HKD 208.3 million
- PBT decreased 97% to HKD 0.2 million (2014: HKD 5.9 million before admission costs) mainly due to lower gross profit margins
- Profit from operations decreased 95% to HKD 0.2 million (2014: HKD 4.4 million)
- Cash position at period end at HKD 3.1 million (2014: HKD 1.9 million)

Joe Zhou, Zibao Chairman commented: *"The market condition the PRC and Europe continues to be challenging. The Group will continue to control its costs and manage the credit risks prudently. The Group believes that it will be well positioned to benefit from a future recovery."*

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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 2014, 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 interim results for the six months ended 30 September 2015,

Results

The Group's turnover was HKD 161-million, a decline of approximately 23% mainly due to decline in sales to existing customers. Profit before tax declined in the period by 97% to HKD 0.2-million mainly due to lower margins from sale to new customers with shorter credit periods. During the six months ended 30 September 2015, as a result of market uncertainty, the Group diversified away from its previous customer base and tightened its credit policy.

Suppliers

Two new suppliers have been secured in the first half of the year, which strengthens the overall supplier panel to over 57 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. 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. During the six months ended 30 September 2015, the Group diversified away from its previous customer base due to the Group's tightening credit policy due to market uncertainty.

Outlook

The market condition the PRC and Europe continues to be challenging. The Group will continue to control its costs and manage the credit risks prudently. The Group believes that it will be well positioned to benefit from a 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
10 December 2015

Zibao Metals Recycling Holdings Plc

Year ended 2015

Consolidated Statement of Comprehensive Income

	Notes	6 months to 30 September 2015 HKD'000 Unaudited	6 months to 30 September 2014 HKD'000 Unaudited	Year to 31 March 2015 HKD'000 Audited
Continuing operations				
Revenue	3	160,989	208,280	403,798
Cost of sales		(156,806)	(197,862)	(386,189)
Gross profit		4,183	10,418	17,609
Other revenues		2	-	1,031
Selling and distribution expenses		(265)	(454)	(692)
Administrative expenses		(3,731)	(4,460)	(8,524)
- Admission expenses		-	(581)	(581)
- Other administrative expenses		(3,731)	(3,879)	(7,943)
Operating profit		189	5,504	9,424
Finance cost		-	(150)	(250)
Profit before tax		189	5,354	9,174
Income tax expense		-	(963)	(1,431)
Profit and total comprehensive income for the period		189	4,391	7,743
Profit and total comprehensive income for the year attributable to the owners of the Company		189	4,391	7,743
Earnings per share	5	HKD	HKD	HKD
Basic		0.002	0.049	0.082
Diluted		0.002	0.048	0.080

Consolidated Statement of Financial Position

	Notes	As at 30 September 2015 HKD'000 Unaudited	As at 30 September 2014 HKD'000 Unaudited	As at 31 March 2015 HKD'000 Audited
Assets				
Non-Current Assets				
Property, plant and equipment		44,563	115	45,448
Intangible assets		1,772	-	1,772
		<u>46,335</u>	<u>115</u>	<u>47,220</u>
Current Assets				
Inventories		18,355	23,805	17,233
Trade receivables		9,099	29,900	14,774
Taxes recoverable		9,107	-	-
Prepayments, deposits and other receivables		4,864	8,497	22,905
Cash and cash equivalents	7	3,077	1,938	1,104
		<u>44,502</u>	<u>64,140</u>	<u>56,016</u>
Total Assets		<u>90,837</u>	<u>64,255</u>	<u>103,236</u>
Equity and liabilities				
Equity attributable to owners of the company				
Share capital	8	15,549	12,643	15,549
Share premium		42,167	13,821	42,167
Group reorganisation reserve		(527)	(527)	(527)
Share based payments reserve		589	589	589
Retained earnings		6,779	3,238	6,590
Total Equity		<u>64,557</u>	<u>29,764</u>	<u>64,368</u>
Non-current liabilities				
Deferred tax		200	-	200
		<u>200</u>	<u>-</u>	<u>200</u>
Current liabilities				
Trade payables		8,981	3,231	22,792
Accrued liabilities and other payables		4,979	17,279	3,518
Amount due to a director		3,004	3,004	3,004
Corporate Tax payable		9,116	8,648	9,354
Dividends payable	6	-	2,329	-
		<u>26,080</u>	<u>34,491</u>	<u>38,668</u>
Total Liabilities		<u>26,280</u>	<u>34,491</u>	<u>38,868</u>
Total Equity and Liabilities		<u>90,837</u>	<u>64,255</u>	<u>103,236</u>

Consolidated Statement of Cash Flows

	Notes	6 months to 30 September 2015 HKD'000 Unaudited	6 months to 30 September 2014 HKD'000 Unaudited	Year to 31 March 2015 HKD'000 Audited
Cash flows from operating activities				
Net cash from operating activities		1,814	(20,025)	(18,837)
Investing activities				
Disposals of property, plant and equipment		397	-	-
Interest received		-	-	1
Acquisition of subsidiary net of cash acquired		-	-	304
Net generated from / (cash used) in investing activities		397	-	305
Financing activities				
Dividend paid	6	-	-	(2,329)
Net proceeds from the issue of Ordinary shares		-	15,933	15,935
Net cash from / (used in) in financing activities		-	15,933	13,606
Taxation		(238)	-	-
Net increase / (decrease) in cash and cash equivalents		1,973	(4,092)	(4,926)
Cash and cash equivalents at beginning of the period		1,104	6,030	6,030
Cash and cash equivalents at the end of the period		3,077	1,938	1,104
Represented by:				
Bank balances and cash		3,077	1,938	1,104
		<u>3,077</u>	<u>1,938</u>	<u>1,104</u>

Notes for Consolidated Statement of Cash Flows

	6 months to 30 September 2015 HKD'000 Unaudited	6 months to 30 September 2014 HKD'000 Unaudited	Year to 31 March 2015 HKD'000 Audited
Profit before income tax	189	5,354	9,174
Adjustments for:			
Depreciation on property, plant and equipment	488	37	498
Interest income	(2)	-	(1)
Written off for property, plant and equipment	-	-	9
Share option charge	-	28	28
Charge for Warrants	-	561	561
(Increase) / decrease in inventories	(1,122)	(7,615)	3,379
Decrease/(Increase) in trade receivables	5,675	(4,540)	19,539
Decrease / (Increase) in prepayments, deposits and other receivables	8,934	(1,877)	29,763
Increase / (decrease) in trade payables	(13,809)	(2,866)	(26,791)
Increase / (decrease) in accrued liabilities and other payables	1,461	(12,111)	(58,000)
(Decrease) / increase in amounts due to a director	-	3,004	3,004
	<hr/>	<hr/>	<hr/>
Cash generated from / (used in) operations	1,814	(20,025)	(18,837)
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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 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	<u>12,643</u>	<u>13,821</u>	<u>589</u>	<u>(527)</u>	<u>3,238</u>	<u>29,764</u>
Total comprehensive income for the period	-	-	-	-	3,352	3,352
Shares issued during the period	2,906	28,346	-	-	-	31,252
As at 31 March 2015	<u>15,549</u>	<u>42,167</u>	<u>589</u>	<u>(527)</u>	<u>6,590</u>	<u>64,368</u>
Total comprehensive income for the period	-	-	-	-	189	189
As at 30 September 2015	<u>15,549</u>	<u>42,167</u>	<u>589</u>	<u>(527)</u>	<u>6,779</u>	<u>64,557</u>

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 2015.

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 2015 and have not been early adopted:

Reference	Title	Summary	Application date of standard	Application date of Group
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 April 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 April 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.

4. Directors' remuneration

	6 months to 30 September 2015 Salaries, fees and options HKD'000 Unaudited	6 months to 30 September 2014 Salaries, fees and options HKD'000 Unaudited	Year to 31 March 2015 Salaries, fees and options HKD'000 Audited
Wenjie Zhou	240	120	420
Jianfeng Li	120	120	180
Alan Ong	58	91	170
Chin Phang Kwok	57	91	170
Peter Greenhalgh	58	91	167
Ajay Rajpal	57	91	169
	<u>590</u>	<u>604</u>	<u>1,276</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 2015 HKD'000 Unaudited	6 months to 30 September 2014 HKD'000 Unaudited	Year to 31 March 2015 HKD'000 Audited
Profit for the period attributable to owners of Company	<u>189</u>	<u>4,391</u>	<u>7,743</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share (000's)	122,010	90,057	94,662
Weighted average number of ordinary shares for the purposes of diluted earnings per share (000's)	<u>125,452</u>	<u>92,051</u>	<u>97,378</u>

	6 months to 30 September 2015 HKD'000 Unaudited	6 months to 30 September 2014 HKD'000 Unaudited	Year to 31 March 2015 HKD'000 Audited
Basic earnings per share			
Total basic earnings per share	0.002	0.049	0.082
Diluted earnings per share			
Total basic and diluted earnings per share	<u>0.002</u>	<u>0.048</u>	<u>0.080</u>

6. Dividends

	6 months to 30 September 2015 HKD'000 Unaudited	6 months to 30 September 2014 HKD'000 Unaudited	Year to 31 March 2015 HKD'000 Audited
Interim Dividends payable by the Company (HKD0.02 per share)	-	2,329	2,329
Final Dividends	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>2,329</u>	<u>2,329</u>

7. Cash and cash equivalents Group

	As at 30 September 2015 HKD'000 Unaudited	As at 30 September 2014 HKD'000 Unaudited	As at 31 March 2015 HKD'000 Audited
Cash and bank balances	<u>3,077</u>	<u>1,938</u>	<u>1,104</u>
Cash and bank balances as presented in balance sheets	3,077	1,938	1,104
Add: Pledged fixed deposits	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents as presented in consolidated statement of cash flows	<u>3,077</u>	<u>1,938</u>	<u>1,104</u>

8. Share capital

The issued share capital as at 30 September 2015 was 122,010,000 ordinary shares of £0.01 each (30 September 2014: 97,250,000 ordinary share of £0.01, 31 March 2015: 122,010,000 ordinary shares of £0.01)

9. 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 2015 HKD' 000	6 months to 30 September 2014 HKD' 000	Year to 31 March 2015 HKD' 000	6 months to 30 September 2015 HKD' 000	6 months to 30 September 2014 HKD' 000	Year to 31 March 2015 HKD' 000
Trading Metals Pty Limited	-	-	-	-	13,712	15,161
Nanhai Tai Ping Metal Products Limited	-	18,041	29,412	-	-	-

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 2015 HKD' 000	As at 30 September 2014 HKD' 000	As at 31 March 2015 HKD' 000	As at 30 September 2015 HKD' 000	As at 30 September 2014 HKD' 000	As at 31 March 2015 HKD' 000
Trading Metals Pty Limited	-	-	-	-	-	-
Nanhai Tai Ping Metal Products Limited	-	871	-	-	-	-
Wenjie Zhou	-	-	-	3,004	3,004	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.

10. The unaudited results for the period ended 30 September 2015 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 2015 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.
11. 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.

12. 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 2015: HKD Nil and 30 September 2014: HKD Nil).