

22 December 2017

Zibao Metals Recycling Holdings Plc
("Zibao" or "the Company" or "the Group")
Half Year Results

Zibao Metals Recycling Holdings Plc (AIM: ZBO), a Hong Kong based, recyclable metal trader and processor is pleased to announce its half year results for the six months ended 30 September 2017.

The Group figures are presented in Hong Kong Dollars.

Highlights

- Revenue increased by 22% to HKD 479 million from HKD 394 million.
- Gross profit decreased by 10% to HKD 3.83 million from HKD 4.26 million while selling and distribution expenses have increased marginally to HKD 79,500 from HKD 53,000.
- Profit before tax decreased 6.8% to HKD 0.47 million (2016: HKD 0.51 million) mainly due to tighter margins caused by the difficult trading conditions. The decrease was partially offset by a reduction in administration expenses of HKD 0.41 million.
- The closing cash position at period end was HKD 3.13 million (2016: HKD 0.87 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."

For further information please contact:

Zibao Metals Recycling Holdings PLC

Wenjie "Joe" Zhou, Chairman

Jianfeng "Eddy" Li, Chief Executive Officer

Chor Wei "Alan" Ong, Finance Director

Tel: +852 2769 7662

www.zibaometals.com

SPARK Advisory Partners Limited (Nominated Adviser)

Mark Brady/Neil Baldwin

+44 203 368 3551

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 and processor 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. In addition, Zibao also operates a non-ferrous metal processing and stockholding yard based in Nanhai. The purchases by the yard are from importers based in the PRC and the customers are based in PRC.

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 2017, 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 Group's turnover was HKD 479 million, an increase of approximately 22% on the corresponding period last year, mainly due to an increasing demand from both new and existing customers. Profit before tax decreased during the period by 6.8% to HKD 0.47 million reflecting lower gross profit margins due to competition. 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 increased competition from other suppliers.

Suppliers

Six 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

Ten 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.

Outlook

Market conditions in the PRC and Europe for the business remain challenging. The Group will continue its policy of tightly controlling costs and managing the credit risk prudently.

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

The Directors are currently carrying out a review of our current business, with a view to ensuring the Group is well placed to take advantage of any market recovery, whilst also ensuring that any potential future risks are mitigated as best as possible. In addition, the Board would consider looking at other opportunities which would add to our existing business; this may involve the Group acquiring complementary businesses, should suitable opportunities arise, although there is nothing in contemplation at this time.

Finally, 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
22 December 2017

Zibao Metals Recycling Holdings Plc

Six months ended 30 September 2017

Consolidated Statement of Comprehensive Income

	Notes	6 months to 30 September 2017 HKD'000 UNAUDITED	6 months to 30 September 2016 HKD'000 UNAUDITED	Year to 31 March 2017 HKD'000 AUDITED
Continuing operations				
Revenue	3	478,904	394,128	808,873
Cost of sales		(475,075)	(389,873)	(800,804)
Gross profit		3,829	4,255	8,069
Other revenues		6	1	368
Selling and distribution expenses		(79)	(53)	(115)
Administrative expenses		(3,283)	(3,695)	(7,213)
Operating profit		473	508	1,109
Finance cost		-	-	-
Profit before tax		473	508	1,109
Income tax expense		10	10	(80)
Profit and total comprehensive income for the period		483	518	1,029
Profit and total comprehensive income for the year attributable to the owners of the Company		483	518	1,029
Earnings per share	5	HKD	HKD	HKD
Basic		0.004	0.004	0.008
Diluted		0.004	0.004	0.008

Consolidated Statement of Financial Position

	Notes	As at 30 September 2017 HKD'000 UNAUDITED	As at 30 September 2016 HKD'000 UNAUDITED	As at 31 March 2017 HKD'000 AUDITED
Assets				
Non-Current Assets				
Property, plant and equipment		37,395	41,222	40,475
Intangible assets		1,507	1,608	1,557
		<u>38,902</u>	<u>42,830</u>	<u>42,032</u>
Current Assets				
Inventories		21,620	32,333	35,153
Trade receivables		14,840	5,908	1,685
Prepayments, deposits and other receivables		9,425	5,675	5,661
Cash and cash equivalents	6	3,131	870	1,288
		<u>49,016</u>	<u>44,786</u>	<u>43,787</u>
Total Assets		<u><u>87,918</u></u>	<u><u>87,616</u></u>	<u><u>85,819</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	662	662
Foreign Exchange reserve		(3,394)	(1,265)	(1,267)
Retained earnings		8,711	7,717	8,228
Total Equity		<u>63,168</u>	<u>64,303</u>	<u>64,812</u>
Non-current liabilities				
Deferred tax		148	168	157
		<u>148</u>	<u>168</u>	<u>157</u>
Current liabilities				
Trade payables		9,001	9,649	6,106
Accrued liabilities and other payables		5,971	4,102	5,074
Amount due to a director		-	-	-
Tax payable		9,630	9,394	9,670
Dividends payable		-	-	-
		<u>24,602</u>	<u>23,145</u>	<u>20,850</u>
Total Liabilities		<u>24,750</u>	<u>23,313</u>	<u>21,007</u>
Total Equity and Liabilities		<u><u>87,918</u></u>	<u><u>87,616</u></u>	<u><u>85,819</u></u>

Consolidated Statement of Cash Flows

Notes	6 months to 30 September 2017 HKD'000 UNAUDITED	6 months to 30 September 2016 HKD'000 UNAUDITED	Year to 31 March 2017 HKD'000 AUDITED
Cash flows from operating activities			
Net cash from operating activities	(786)	(6,529)	(5,387)
Taxation	(40)	370	474
	<u>(826)</u>	<u>(6,159)</u>	<u>(4,913)</u>
Investing activities			
Addition of property, plant and equipment	(14)	(10)	(27)
Disposals of property, plant and equipment	-	-	-
Interest received	-	-	-
Acquisition of subsidiary net of cash acquired	-	-	-
	<u>(14)</u>	<u>(10)</u>	<u>(27)</u>
Financing activities			
Dividend paid	-	-	-
Net proceeds from the issue of Ordinary shares	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash from / (used in) in financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Taxation	-	-	-
Net increase / (decrease) in cash and cash equivalents	(840)	(6,169)	(4,940)
Cash and cash equivalents at beginning of the period	1,288	5,289	5,289
Effect of foreign exchange rate changes	2,683	1,750	939
	<u>3,131</u>	<u>870</u>	<u>1,288</u>
Cash and cash equivalents at the end of the period	3,131	870	1,288
Represented by:			
Bank balances and cash	3,131	870	1,288
	<u>3,131</u>	<u>870</u>	<u>1,288</u>

Notes for Consolidated Statement of Cash Flows

	6 months to 30 September 2017 HKD'000 UNAUDITED	6 months to 30 September 2016 HKD'000 UNAUDITED	Year to 31 March 2017 HKD'000 AUDITED
Profit before income tax	473	508	1,109
Adjustments for:			
Depreciation on property, plant and equipment	405	768	941
Interest income	6	-	-
Amortisation	50	50	101
Foreign Exchange Difference	(2,127)	(1,400)	-
(Increase) / decrease in inventories	13,534	(6,281)	(9,101)
Decrease/(Increase) in trade receivables	(13,155)	(3,245)	978
Decrease / (Increase) in prepayments, deposits and other receivables	(3,764)	2,909	3,015
Increase / (decrease) in trade payables	2,896	(317)	(3,860)
Increase / (decrease) in accrued liabilities and other payables	896	479	1,430
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Cash generated from / (used in) operations	(786)	(6,529)	(5,387)
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Consolidated Statement of Changes in Equity

	Share Capital	Share premium	Share based payment reserves	Group Reorgan- isation 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 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 30 September 2016	15,549	42,167	662	(527)	(1,265)	7,717	64,303
Total comprehensive income for the period	-	-	-	-	-	511	511
Foreign exchange difference	-	-	-	-	(2)	-	(2)
As at 31 March 2017	15,549	42,167	662	(527)	(1,267)	8,228	64,812
Total comprehensive income for the period	-	-	-	-	-	483	483
Foreign exchange difference	-	-	-	-	(2,127)	-	(2,127)
	15,549	42,167	662	(527)	(3,394)	8,711	63,168

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 and processing 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 2017.

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 2018 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	Leases	Original issue	Periods commencing on or after 1 January 2019	1 April 2019
IFRS 17	Insurance Contracts	IFRS 17 Insurance Contracts	Periods Commencing on or after 1 January 2021	1 April 2021
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Interpretation that addresses foreign currency transactions or parts transactions	Periods commencing on or after 1 January 2018	1 April 2018

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 2017	6 months to 30 September 2016	Year to 31 March 2017
	Salaries, fees and options HKD'000	Salaries, fees and options HKD'000	Salaries, fees and options HKD'000
	UNAUDITED	UNAUDITED	AUDITED
Wenjie Zhou	120	240	360
Jianfeng Li	120	120	240
Alan Ong	58	67	134
Chin Phang Kwok	58	67	134
Peter Greenhalgh	58	67	134
Ajay Rajpal	58	66	134
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	472	627	1,136
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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 2017	6 months to 30 September 2016	Year to 31 March 2017
	HKD'000	HKD'000	HKD'000
	UNAUDITED	UNAUDITED	AUDITED
Profit for the period attributable to owners of Company	483	518	1,029
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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)	125,453	125,453	125,453
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	6 months to 30 September 2017 HKD'000 UNAUDITED	6 months to 30 September 2016 HKD'000 UNAUDITED	Year to 31 March 2017 HKD'000 AUDITED
Basic earnings per share			
Total basic earnings per share	0.004	0.004	0.008
Diluted earnings per share			
Total basic and diluted earnings per share	0.004	0.004	0.008

6. Cash and cash equivalents Group

	As at 30 September 2017 HKD'000 UNAUDITED	As at 30 September 2016 HKD'000 UNAUDITED	As at 31 March 2017 HKD'000 AUDITED
Cash and bank balances	3,131	870	1,288
Cash and bank balances as presented in balance sheets	3,131	870	1,288
Add: Pledged fixed deposits	-	-	-
Cash and cash equivalents as presented in consolidated statement of cash flows	3,131	870	1,288

7. Share capital

The issued share capital as at 30 September 2017 was 122,010,000 ordinary shares of £0.01 each (30 September 2016: 122,010,000 ordinary shares of £0.01, 31 March 2017: 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 2017 HKD' 000	6 months to 30 September 2016 HKD' 000	Year to 31 March 2017 HKD' 000
Wang Kei Yip Development Limited	4,387	15,777	31,541

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 2017 HKD' 000	As at 30 September 2016 HKD' 000	As at 31 March 2017 HKD' 000	As at 30 September 2017 HKD' 000	As at 30 September 2016 HKD' 000	As at 31 March 2017 HKD' 000
Wang Kei Yip Development Limited	-	-	-	597	241	237

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 2017 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 2017 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 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.