

30 December 2019

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 unaudited half year results for the six months ended 30 September 2019.

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Chairman's Statement

We are pleased to report the Company's unaudited interim results for the six months ended 30 September 2019.

Results

The Group's turnover was HKD 118 million [1H2018 : HKD 139 million], a decrease of approximately 15% on the corresponding period last year, mainly as a result of the continued impact of the change in regulations in the PRC restricting importation of scrap materials. The Group has not been able to secure new and compliant sources of supply, such that normal levels of trading can resume, and there is no visibility if and when this can happen.

Loss before tax during the period was HKD 0.53 million [1H2018 : HKD 2.4 million], as the Group continued with its cost control initiatives following the reduced levels of activity.

Outlook

Trading levels are not anticipated to return to normal or sustainable levels in the foreseeable future, and whilst the Group continues to manage its costs, it also continues to explore other strategies for the Group.

As announced on 12 December 2019, the Board are exploring the disposal of the Group's main trading subsidiary, Masterpiece Enterprises Limited. It is likely that any such disposal, if agreed, would also require shareholders' approval, in general meeting, as required by AIM Rule 15. Should this disposal be approved, the Company would also seek to raise some new equity through a placing of new shares.

We will keep shareholders advised of progress as and when appropriate.

Joe Zhou

Chairman

30 December 2019

Consolidated Statement of Comprehensive Income

		6 months to 30 September 2019	6 months to 30 September 2018	Year to 31 March 2019
	Notes	HKD'000 UNAUDITED	HKD'000 UNAUDITED	HKD'000 AUDITED
Continuing operations				
Revenue	3	118,253	138,777	363,228
Cost of sales		(117,335)	(138,434)	(377,678)
Gross profit		918	343	(14,450)
Other revenues		359	157	23
Selling and distribution expenses		(109)	(29)	(133)
Administrative expenses		(1,702)	(2,826)	(9,071)

Other Operating expenses	-	-	(20,000)
Impairment losses	-	-	(21,134)
	<u> </u>	<u> </u>	<u> </u>
Operating (loss)/ profit	(534)	(2,355)	(64,765)
Finance cost	-	-	-
	<u> </u>	<u> </u>	<u> </u>
(Loss)/Profit before tax	(534)	(2,355)	(64,765)
Income tax credit/ (expense)	10	10	(37)
	<u> </u>	<u> </u>	<u> </u>
(Loss)/profit for the year	(524)	(2,345)	(64,802)
Other Comprehensive income			
Foreign exchange difference	-	-	(860)
	<u> </u>	<u> </u>	<u> </u>
(Loss)/Profit and total comprehensive income for the period	(524)	(2,345)	(65,662)
	<u> </u>	<u> </u>	<u> </u>
(Loss)/Profit and total comprehensive income for the year attributable to the owners of the Company	(524)	(2,345)	(65,662)
	<u> </u>	<u> </u>	<u> </u>
(Loss)/Earnings per share	5	HKD	HKD
		HKD	HKD
Basic	(0.004)	(0.019)	(0.531)
Diluted	(0.004)	(0.019)	(0.531)
	<u> </u>	<u> </u>	<u> </u>

Consolidated Statement of Financial Position

		As at 30 September 2019 HKD'000 UNAUDITED	As at 30 September 2018 HKD'000 UNAUDITED	As at 31 March 2019 HKD'000 AUDITED
	Notes			
Assets				
Non-Current Assets				
Property, plant and equipment		17,398	39,778	17,658
Intangible assets		-	1,406	-
		<u>17,398</u>	<u>41,184</u>	<u>17,658</u>
Current Assets				
Inventories		-	22,286	3,055
Trade receivables		6,778	4,548	12,100
Prepayments, deposits and other receivables		4,634	10,019	7,261
Tax recoverable		-	3,268	-
Cash and cash equivalents	6	7,463	5,396	8,943
		<u>18,875</u>	<u>45,517</u>	<u>31,359</u>
Total Assets		<u><u>36,273</u></u>	<u><u>86,701</u></u>	<u><u>49,017</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		(1,770)	(910)	(1,770)
Retained earnings		(55,405)	7,576	(54,881)
		<u>676</u>	<u>64,517</u>	<u>1,200</u>
Total Equity		<u>676</u>	<u>64,517</u>	<u>1,200</u>
Non-current liabilities				
Deferred tax		108	128	118
		<u>108</u>	<u>128</u>	<u>118</u>
Current liabilities				

Trade payables	4,454	8,136	12,958
Accrued liabilities and other payables	21,902	4,746	25,609
Tax payable	9,133	9,174	9,132
	<hr/>	<hr/>	<hr/>
	35,489	22,056	47,699
	<hr/>	<hr/>	<hr/>
Total Liabilities	35,597	22,184	47,817
	<hr/>	<hr/>	<hr/>
Total Equity and Liabilities	36,273	86,701	49,017
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Cash Flows

		6 months to 30 September 2019 HKD'000 UNAUDITED	6 months to 30 September 2018 HKD'000 UNAUDITED	Year to 31 March 2019 HKD'000 AUDITED
	Notes			
Cash flows from operating activities				
Net cash from operating activities	1	(1,740)	(6,879)	(3,985)
Taxation		-	-	-
		<hr/>	<hr/>	<hr/>
Net cash (used in)/ generated from operating activities		(1,740)	(6,879)	(3,985)
Investing activities				
Sale/Addition of property, plant and equipment		260	-	(12)
		<hr/>	<hr/>	<hr/>
Net generated from / (cash used) in investing activities		260	-	(12)
		<hr/>	<hr/>	<hr/>
Net cash from / (used in) in financing activities		-	-	-
		<hr/>	<hr/>	<hr/>
Taxation		-	-	-
Net decrease in cash and cash equivalents		(1,480)	(6,879)	(3,997)
Cash and cash equivalents at beginning of the period		8,943	12,275	12,275
Effect of foreign exchange rate changes		-	-	665

Cash and cash equivalents at the end of the period	7,463	5,396	8,943
Represented by:			
Bank balances and cash	7,463	5,396	8,943

Notes for Consolidated Statement of Cash Flows

1. Net cash from operating activities

	6 months to 30 September 2019 HKD'000 UNAUDITED	6 months to 30 September 2018 HKD'000 UNAUDITED	Year to 31 March 2019 HKD'000 AUDITED
Loss before income tax	(534)	(2,355)	(64,765)
Adjustments for:			
Depreciation on property, plant and equipment	270	793	1,525
Interest income	-	-	-
Amortisation	-	50	101
Provision for Obsolete inventories	-	-	15,722
Impairment of Property, plant and equipment	-	-	19,778
Impairment of Goodwill	-	-	1,355
(Increase) / decrease in inventories	3,055	3,507	7,016
Decrease/(Increase) in trade receivables	5,322	6,893	(660)
Decrease / (Increase) in prepayments, deposits and other receivables	433	(853)	4,789
Increase / (decrease) in trade payables	(8,504)	(10,160)	(5,338)
Increase / (decrease) in accrued liabilities and other payables	(1,782)	(4,754)	16,492
Cash used in operations	(1,740)	(6,879)	(3,985)

Consolidated Statement of Changes in Equity

	Share Capital	Share premium	Share based payment reserves	Group Reorgan- is- ation Reserve	Foreign exchang e reserve	Retained Earnings	Total
	HKD'00 0	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
As at 31 March 2018	15,549	42,167	662	(527)	(910)	9,921	66,862
Total comprehensive income for the period	-	-	-	-	-	(2,345)	(2,345)
Foreign exchange difference	-	-	-	-	-	-	-
As at 30 September 2018	15,549	42,167	662	(527)	(910)	7,576	64,517
Total comprehensive income for the period	-	-	-	-	-	(62,457)	(62,457)
Foreign exchange difference	-	-	-	-	(860)	-	(860)
As at 31 March 2019	15,549	42,167	662	(527)	(1,770)	(54,881)	1,200
Total comprehensive income for the period	-	-	-	-	-	(524)	(524)
Foreign exchange difference	-	-	-	-	-	-	-
As at 30 September 2019	15,549	42,167	662	(527)	(1,770)	(55,405)	676

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 2019.

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.

IFRS16 is not material to the Group, therefore no adjustments have been made.

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 2019 and have not been early adopted.

Reference	Title	Summary	Application date of standard	Application date of Group
IFRS 17	Insurance Contracts	IFRS 17 Insurance Contracts	Periods Commencing on or after 1 January 2021	1 April 2021

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 2019	6 months to 30 September 2018	Year to 31 March 2019
	Salaries, fees and options HKD'000 UNAUDITED	Salaries, fees and options HKD'000 UNAUDITED	Salaries, fees and options HKD'000 AUDITED
Wenjie Zhou	120	120	240
Jianfeng Li	120	120	240
Chor Wei Ong	31	66	132
Chin Phang Kwok	31	66	132
Peter Greenhalgh	31	66	132
Ajay Rajpal	31	66	132
	<hr/> 364 <hr/>	<hr/> 504 <hr/>	<hr/> 1,008 <hr/>

5. Loss per share

Loss 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 2019 HKD'000 UNAUDITED	6 months to 30 September 2018 HKD'000 UNAUDITED	Year to 31 March 2019 HKD'000 AUDITED
Loss for the period attributable to owners of Company	(524)	(2,345)	(65,662)
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

	6 months to 30 September 2019 HKD'000 UNAUDITED	6 months to 30 September 2018 HKD'000 UNAUDITED	Year to 31 March 2019 HKD'000 AUDITED
Basic loss per share			
Total basic losses per share	(0.004)	(0.019)	(0.531)

Diluted loss per share

Total diluted earnings per share	(0.004)	(0.019)	(0.531)
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6. Cash and cash equivalents Group

	As at 30 September 2019 HKD'000 UNAUDITED	As at 30 September 2018 HKD'000 UNAUDITED	As at 31 March 2018 HKD'000 AUDITED
Cash and bank balances	7,463	5,396	8,943
Cash and bank balances as presented in balance sheets	7,463	5,396	8,943
Add: Pledged fixed deposits	-	-	-
Cash and cash equivalents as presented in consolidated statement of cash flows	7,463	5,396	8,943

7. Share capital

The issued share capital as at 30 September 2019 was 122,010,000 ordinary shares of £0.01 each (30 September 2018: 122,010,000 ordinary shares of £0.01, 31 March 2019: 122,010,000 ordinary shares of £0.01)

8. The unaudited results for the period ended 30 September 2019 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 2019 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.
9. 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.
10. 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.