



FOR IMMEDIATE RELEASE

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**TINCI HOLDINGS LTD  
INTERIM RESULTS  
FOR THE 6 MONTHS ENDED 30 JUNE 2010**

Tinci Holdings Ltd. (the "Company" or "Tinci") (TINCI), the AIM quoted environmental engineering company, today announces its unaudited interim results for the six months ended 30 June 2010.

**Highlights:**

- Turnover down to RMB 36.7 million from RMB 48.0 million in the first half of 2009.
- Difficult market environment restricts available new projects but three new projects won in the period.
- Loss before tax of RMB 3.6 million (2009 profit before tax of RMB 1.4 million).
- Company concentrating on exploring Flue Gas Desulphurisation ("FGD") joint ventures in niche markets, in particular in China's petrochemical industry.
- Further investment in biodegradable plastics joint venture, which is continuing its technology development phase.

Commenting on the results David Steeds, Chairman, said;

"The first six months of 2010 were again challenging for Tinci's business. The management team worked hard to contain costs on reduced sales.

Competition for new orders from large customers continues to be harsh. The management is therefore exploring a number of possible joint ventures with our established customers and partners in niche markets, particularly China Oil and Sinopec. We will report to shareholders as and when progress is made in developing these joint ventures."

**For further information, please visit [www.tinciholdings.com](http://www.tinciholdings.com) or contact:**

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## Overview of Operating Performance

Tinci achieved revenues of RMB 36.7 million in the first six months of 2010 (a 23% decrease in revenue compared to the same period in 2009 – RMB 48.0 million). During the period the Company signed three contracts worth RMB 88.4 million with an existing client, the Xinfu Aluminium Group. This included the RMB 54.5 million contract signed in June for two 360MW installations using traditional wet limestone FGD technology. This project commenced in June 2010 and is expected to last for approximately 12 months. In the difficult market environment the Company again found it hard to win new customers.

As reported previously, after thorough analysis the Company management has concluded that it is unlikely to expand business simply by offering FGD in power plants, where it is in competition with the power companies' in-house FGD subsidiaries. Therefore the Company intends instead to focus its FGD business in China on the petrochemical sector, building on its good relations with Sinopec and Petrochina and to work on developing processes involving the production of re-usable by-products, such as sulphuric acid, as its main line business.

Also in June the Company invested a further RMB 7.8 million in its associate company, Guangzhou Tiancheng Biodegradation Materials Co. Ltd, PPC. This company is developing new Chinese-government sponsored technology to produce biodegradable plastics. Tinci owns 49% of this associate.

## Recent Developments

For the remainder of 2010 the Company expects FGD sales to slow as it adjusts its business direction and focuses its FGD business in China on the petrochemical sector.

Meanwhile, the Company will concentrate its resources on developing its various joint ventures: its bio-degradable plastics associate, PPC; its MgO project; and its catalytic refinery project with Sinopec, in the hope of achieving a breakthrough in one of these new businesses while maintaining a stable income from FGD in 2010/11.

## Financial Performance

Compared to the same period in 2009, revenue decreased by 23% from RMB 48.0 million to RMB 36.7 million. The net loss was RMB 3.6 million, compared to a profit before tax of RMB1.3million for the same period last year. However, the net operating cash flow was RMB 28.3 million, an improvement of RMB 15.9 million on the RMB 12.4 million inflow in the corresponding period last year.

The main reason for the decrease in sales revenue and net loss was the decrease in FGD activity and in new projects won.

The cash flow was positive in the first six month in 2010 due to lower working capital requirements from lower project activity. In addition, cash collection improved; a number of projects were completed in 2009 and payments to major suppliers were made in 2009 with the project revenue being received in the first half of 2010.

Finally, the Company intends to improve its financial performance by focusing on collecting receivables, cutting costs, and improving project management.

## Outlook

The Board expects the difficult market conditions to continue through the remainder of 2010 and into 2011 and as a consequence the Company plans to concentrate its efforts on the following:

- Developing FGD joint ventures in niche areas with established customers/partners.
- Promoting and marketing MgO FGD technology.
- Developing its PPC bio-degradable plastics project.
- Promoting co-operation with Sinopec on a catalytic refining project
- Cutting costs and improving receivables collection.
- Improving project management with effective budgeting and cost control.

**Tinci Holdings Limited**  
**Unaudited Interim Financial Information**  
**For the six months ended 30 June 2010**

**Tinci Holdings Limited**  
**Condensed consolidated statement of comprehensive income (Unaudited)**  
**for the six months ended 30 June 2010**

	<i>Note</i>	<i>Six months ending 30 June 2010 (unaudited) RMB'000</i>	<i>Year ending 31 December 2009 (audited) RMB'000</i>	<i>Six months ending 30 June 2009 (unaudited) RMB'000</i>
Turnover		36,740	177,497	48,043
Other revenue		152	635	176
Raw material and consumables used		-31,431	-156,095	-37,716
Staff costs and benefits expenses		-3,279	-8,942	-2,371
Depreciation and amortisation expenses		-1,251	-2,499	-1,349
Other operating expenses		-4,165	-7,459	-4,912
(Loss)/profit from operations		-3,234	3,137	1,871
Exchange (loss)/gain		-11	-231	12
Finance costs		-317	-756	-474
Non-Operating Income		0	0	-8
Share of losses of a jointly controlled entity		0	-25	0
(Loss)/profit on ordinary activities before Taxation		-3,562	2,125	1,401
Taxation		-38	-926	-228
(Loss)/profit on ordinary activities after Taxation		-3,600	1,199	1,173
(Loss)/profit for the period/year		-3,600	1,199	1,173
Other comprehensive income for the period/year				
Exchange difference arising on consolidation		-7	69	82
Total comprehensive income/(loss) for the period/year		-3,607	1,268	1,255
Total comprehensive income/(loss) attributable to:				
- Shareholders of the Company		-3,607	1,268	1,255
- Minority interests		0	0	0
Total comprehensive income/(loss) for the period/year		-3,607	1,268	1,255
(Loss)/profit per ordinary share				
Basic and diluted profit/(loss) per share (Renminbi)	6	-0.068	0.023	0.022

**Tinci Holdings Limited**  
**Condensed consolidated statement of financial position (Unaudited)**  
**as at 30 June 2010**

	<i>At 30</i>	<i>At 31</i>	<i>At 30</i>
	<i>June 2010</i>	<i>December 2009</i>	<i>June 2009</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Prepaid land lease	398	404	410
Property, plant and equipment	13,485	11,554	12,185
Interest in an associate	17,640	9,800	9,800
Interest in a jointly controlled entity	635	635	660
Intangible assets	6,690	7,256	8,111
Deferred tax assets	5,630	5,630	0
Total non-current assets	<u>44,478</u>	<u>35,279</u>	<u>31,166</u>
<b>Current assets</b>			
Amount due from customers for contract work	48,019	55,307	2,322
Trade and other receivables	171,054	220,583	222,735
Restricted bank balances	3,748	2,052	4,640
Cash and bank balances	25,016	18,867	24,093
Total current assets	<u>247,837</u>	<u>296,809</u>	<u>253,790</u>
Total assets	292,315	332,088	284,956
<b>Current liabilities</b>			
Trade and other payables	-144,611	-163,544	-113,306
Bills payable	-1,897	-2,607	-6,816
Short term bank loans	-5,000	-15,000	-13,000
Amount due to a related company	0	0	-7,350
Tax payable	-16	-6,539	-222
Total current liabilities	<u>-151,524</u>	<u>-187,690</u>	<u>-140,694</u>
Net assets	140,791	144,398	144,262
<b>Non-current liability</b>			
Deferred tax liability	0	0	0
<b>Net assets</b>	<u>140,791</u>	<u>144,398</u>	<u>144,262</u>
<b>Equity</b>			
Share capital	7,796	7,796	7,796
Share premium	18,078	18,078	18,078
Reverse Acquisition reserve	42,644	42,644	42,644
Share options reserve	959	959	836
Retained earnings	71,614	75,214	75,188
Translation reserve	-300	-293	-280
Total shareholders' equity	<u>140,791</u>	<u>144,398</u>	<u>144,262</u>

**Tinci Holdings Limited****Condensed consolidated statement of changes in shareholders' equity (Unaudited)  
for the six months ended 30 June 2010**

	<i>Six months ending 30 June 2010 (unaudited) RMB'000</i>	<i>Year ending 31 December 2009 (audited) RMB'000</i>	<i>Six months ending 30 June 2009 (unaudited) RMB'000</i>
Shareholders' equity as at the beginning of the period/year	144,398	143,007	143,007
(Loss)/profit for the period/year	-3,600	1,199	1,173
Other comprehensive income for the period/year			
Exchange difference arising on consolidation	-7	69	82
Total comprehensive income for the period/year	-3,607	1,268	1,255
Employee share option benefits	0	123	0
Shareholders' equity as at the end of the period/year	140,791	144,398	144,262

**Tinci Holdings Limited**  
**Condensed consolidated cash flow statement (Unaudited)**  
**for the six months ended 30 June 2010**

	<i>Six months ending 30 June 2010 (unaudited) RMB'000</i>	<i>Year ending 31 December 2009 (audited) RMB'000</i>	<i>Six months ending 30 June 2009 (unaudited) RMB'000</i>
<b>(Loss)/profit before taxation</b>	<b>-3,562</b>	<b>2,125</b>	<b>1,401</b>
Interest income	-40	-159	-91
Equity-settled share option expense	0	123	0
Interest expenses	315	756	442
Depreciation and amortisation expense	1,251	2,499	1,349
Provision for doubtful debts	0	315	0
Share of losses of a jointly controlled entity	0	25	0
<b>Operating profit/(loss) before movements in working capital</b>	<b>-2,036</b>	<b>5,684</b>	<b>3,101</b>
Decrease in amount due from customers for contract work	7,288	51,405	104,390
Decrease /(increase) in trade and other receivables	49,529	-78,069	-79,906
(Decrease)/increase in trade and other payables	-18,933	30,554	-19,684
(Decrease)/Increase in bills payable	-710	1,195	5,404
<b>Cash generated from operations</b>	<b>35,138</b>	<b>10,769</b>	<b>13,305</b>
Interest received	40	159	91
Interest paid	-315	-756	-442
Current income tax paid	-6,561	-518	-507
<b>Net cash equivalents generated from operations</b>	<b>28,302</b>	<b>9,654</b>	<b>12,447</b>
<b>Cash flow from investing activities</b>			
Purchases of property, plant and equipment	-2,610	0	-342
Investment an associate	-7,840	0	0
Investment in a jointly controlled entity	0	-660	-660
<b>Net cash (used in) investing activities</b>	<b>-10,450</b>	<b>-660</b>	<b>-1,002</b>
<b>Cash flow from financing activities</b>			
Proceeds from bank loan	0	15,000	0
Repayment of bank loan	-10,000	-13,000	0
Movement in restricted bank balances	-1,696	2,572	-16
Decrease in amount due to an associate	0	-7,350	0
<b>Net cash (used in) financing Activities</b>	<b>-11,696</b>	<b>-2,778</b>	<b>-16</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,156</b>	<b>6,216</b>	<b>11,429</b>
Cash or cash equivalents at 1 January	18,867	12,582	12,582
Effect of foreign exchange rates changes-net	-7	69	82
<b>Cash or cash equivalents at 30 June/31December</b>	<b>25,016</b>	<b>18,867</b>	<b>24,093</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	25,016	18,867	24,093

**Tinci Holdings Limited**  
**Notes to the condensed consolidated interim financial statements**  
**for the six months ended 30 June 2010**

**1. General information**

Tinci Holdings Ltd (the "Company") is incorporated in Hong Kong under the Hong Kong Companies Ordinance. The Company is a public listed company and its shares are quoted on the AIM market of the London Stock Exchange. The principal place of business of the Company and its subsidiaries (collectively "the Group") is Guangzhou, China.

The interim results for the six months ended 30 June 2010 are unaudited and do not constitute statutory accounts within the meaning of s.240 of the Companies Act 1985.

**2. Basis of preparation**

The Directors are responsible for the preparation of the Group's unaudited interim financial results. These unaudited interim financial results should be read in conjunction with the 2009 annual financial statements. The accounting policies adopted in preparing the unaudited interim financial information for the six months ended 30 June 2010 are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings.

**3. Changes in accounting policies**

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning 1 January 2010.

- |                      |  |
|----------------------|--|
| • IAS 27 (Revised)   | Consolidated and Separate Financial Statements                             |
| • IAS 39 (Amendment) | Financial Instruments: Recognition and Measurement - Eligible Hedged Items |
| • IFRS 3 (Revised)   | Business Combinations  |

The adoption of the above new and revised IFRSs has no material impact on these condensed consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

		Effective for accounting periods <u>beginning on or after</u>
IAS 24 (Revised)	Related Party Disclosures	1 January 2011
IFRS 9	Financial Instruments	1 January 2013

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the financial statements.

**Tinci Holdings Limited**  
**Notes to the condensed consolidated interim financial statements**  
**for the six months ended 30 June 2010**

**4. Foreign currency**

The functional currency of the subsidiary undertakings is Renminbi (“RMB”), and the presentation currency of the Group is RMB. Transactions in currencies other than RMB are recorded at rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date, and gains or losses arising on retranslation are included in the net profit for period. Non-monetary assets and liabilities are translated using historical rates, and exchange rate differences arising are classified as equity and transferred to foreign currency translation reserve.

On consolidation, the assets and liabilities of foreign operations are translated at the exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period/year.

For the six months ended 30 June 2010, the foreign operations’ financial statements have been translated from GBP and HKD to RMB at the following exchange rates:

	<i>Period end rate as at 30 June 2010</i>	<i>Average rates Period to 30 June 2010</i>	<i>Period end rate as at 30 June 2009</i>	<i>Average rates Period to 30 June 2009</i>	<i>Year end rates as at 31 December 2009</i>	<i>Average rates Year to 31 December 2009</i>
RMB: GBP	10.2135	10.3765	11.3379	10.2224	10.9780	10.6831
RMB: HKD	0.8724	0.8775	0.8815	0.8814	0.8805	0.8812

**5. Turnover**

The principal activity of the Company is investment holding. The principal activities of the Group during the period were developing, selling and installing large-scale flue gas desulphurisation equipment to power stations.

Details of the principal activities of the wholly-owned subsidiaries are as follows:

<u>Subsidiaries</u>	<u>Principal activities</u>
World International Investment Limited	Investment holding
Guangzhou Tinci Sanhe Environmental Engineering Co. Ltd	Developing, manufacturing and installing Flue Gas Desulphurisation Systems

Turnover represented the percentage of contract revenue completed and recognised.

Turnover for the period is wholly attributable to activities undertaken in China.

**Tinci Holdings Limited**  
**Notes to the condensed consolidated interim financial statements**  
**for the six months ended 30 June 2010**

**6. (Loss)/profit per ordinary share**

	<i>6 months ended 30 June</i>		<i>Year ended</i>
	<i>2010</i>	<i>2009</i>	<i>31 December</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>2009</i>
			<i>(audited)</i>
(Loss)/profit on ordinary activities after taxation (in RMB'000)	<u>-3,600</u>	<u>1,173</u>	<u>1,199</u>
Weighted average number of ordinary Shares in issue (in thousands)	<u>52,950</u>	<u>52,950</u>	<u>52,950</u>
(Loss)/profit per ordinary share Basic and diluted profit/(loss) per share (in Reminbi)	<u>-0.068</u>	<u>0.022</u>	<u>0.023</u>

**7. Dividend**

The Board is not recommending the payment of an interim dividend for the six months ended 30 June 2010.