

17 June 2010

**TINCI HOLDINGS LTD PRELIMINARY RESULTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2009**

Tinci Holdings Ltd. (“Tinci”, or the “Company”, or the “Group”), the AIM quoted China-based environmental engineering company, today announces the Company’s preliminary results for the twelve months ended 31 December 2009 in accordance with International Financial Reporting Standards (IFRS).

Financial Highlights:

- Total revenue of RMB178.1 million (2008 - RMB217.8 million)
- Profit before tax of RMB2.13 million (2008 - RMB0.91 million)
- Profit after tax of RMB1.20 million (2008 - RMB1.09 million)

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About Tinci Holdings Limited

Tinci Holdings Ltd. is the parent company of Tinci Sanhe Environmental Engineering Co. Ltd., an environmental engineering company founded in October 2001, which is primarily involved in developing, manufacturing and installing flue gas desulphurization (FGD) systems for reducing sulphur dioxide (“SO₂”) emissions from coal-fired power stations and large industrial boilers in China.

Sulphur dioxide discharges rose 27% between 2000 and 2005 in China, where air pollution is blamed for more than 400,000 premature deaths a year. China's State Environmental Protection Administration (SEPA) has estimated that existing and new Chinese plants will require total FGD investment of RMB 102 billion (c. £10.1 billion) from 2006-2010, with the total investment required expected to rise to RMB 190 billion (c. £18.9 billion) by 2020.

Tinci plans to use its technical capabilities to develop a portfolio of businesses and services around the environmental engineering services sector in China. The Company’s shares are traded on the AIM market of the London Stock Exchange under the symbol ‘TNCI’.

Chief Executive Officer's Review

Overview of Operating Performance

After a difficult first half in 2009, conditions in the second half were much the same, reflecting the uncertain economic conditions in China and around the world. This resulted in a small second half profit and a small profit for the year as a whole offset by an increased provision for tax.

The Company was successful in winning four projects in the very competitive market in 2009 with a contract value of RMB 132.6 million, compared to five projects and a total contract value of RMB 59 million in 2008. Of the four projects won in 2009, two employ conventional FGD technology and the other two employ Tinci's own TFGD technology.

Although revenue was lower than expected, receivable collection and cash flow were satisfactory during the year.

After recent market analysis and a review of the results of the company's operations over the past few years, the Company management has concluded that it is unlikely to expand business simply by offering FGD in power plants. As a result, the Company has begun to adjust its business direction. The Company intends to concentrate on developing processes involving the production of re-usable by-products, such as sulphuric acid, as its main line business. It will focus its FGD business in China on the petrochemical sector, building on its good relations with Sinopec and PetroChina. Meanwhile, the Company will concentrate more resources in developing its bio-degradable plastics joint venture, PPC, its MgO project, and its catalytic refinery project with Sinopec in hope of achieving a breakthrough in one of these new businesses while maintaining a stable income from FGD in 2010.

The Company's order book at the end of 2009 amounted to RMB83.2 million. The task for 2010 will be to increase sales and accelerate receivable collection so as to maintain a good cash flow for the Company, which will lay a solid foundation for developing new projects.

New Project Developments

1. PPC Bio-degradable Plastics Project

The Company announced in 2008 that it had been presented with an opportunity presented to it by the Guangdong Provincial Government to enter into a joint venture to exploit new polymerisation technology using a newly-invented catalytic process to convert carbon dioxide into a biodegradable plastic polymer. Over 200 million tonnes of plastic are manufactured annually around the world, of which only a tiny fraction is biodegradable. The market for biodegradable plastics is very new. The joint venture partners are Tinci (49%) and Guangzhou Honsea Chemistry Co. Ltd. (51%). The technology has been developed in Guangdong and the Provincial Government is seeking its exploitation by local companies. The joint venture is in the form of a Chinese limited company. An initial investment of RMB9.8m was made by Tinci in 2007 to secure the rights, acquire land and fund construction and plant.

The Company expects the Provincial Government to grant the land for the joint venture to use in 2010. As the technological progress has been slower than the Company planned and the technology risk remains high, the Company is likely to postpone further investment in this project until the technology is further developed. Since this project is supported by government, once the technological obstacles are overcome, the potential of this project is substantial.

2. MgO Project

In 2008 Tinci's wholly owned subsidiary, Guangzhou Tinci Sanhe Environmental Engineering Co. Ltd., signed an agreement with Ducon to utilize Ducon's magnesium oxide ("MgO") FGD technology ("MgO Technology") for the engineering of selected FGD projects.

The MgO Technology agreement enables Tinci to offer its customers a process which introduces benefits over existing systems. These benefits include, *inter alia*, improved efficiency in the removal of sulphur dioxide (“SO₂”) which results in lower operating costs for customers.

More importantly, a by-product of the MgO FGD process can be recycled and used for the production of sulphuric acid. In recent years, China has seen an increasing demand for sulphuric acid and, to take full advantage of the demand, Tinci signed a letter of intent with Chiping Xinfra Huaxing Aluminium to co-operate in its manufacturing.

Since the letter of intent was signed the market price of sulphuric acid has fallen sharply in China as a result of the economic slowdown. The FGD device for the first project in Guangxi has almost been finished and will soon be commissioned. Once the FGD device is operational later in 2010, the details of the next phase for the production of sulfuric acid will be decided.

3. Co-operation with Sinopec on Catalytic Refining Project

In 2009 the Company spent much time negotiating a technical co-operation agreement with a research institute subsidiary of Sinopec, one of China’s major petrochemical companies. The co-operation agreement was eventually signed in 2010 and it is anticipated that one to two projects will be developed in the second half of 2010. The progress under the co-operation agreement is so far satisfactory.

4. Co-operation with Nan Fang Alkali

A co-operation with Nan Fang Alkali to develop a new project utilizing waste alkali residue as the neutralizing agent for FGD projects was announced in 2009.

The results from this project with Nan Fang Alkali were satisfactory in 2009 and the joint venture is expected to become profitable in 2010.

Financial Performance

The total business income in 2009 was RMB 178.1 million which is 18% lower than in 2008. The profit after tax was RMB 1.20 million (compared to a profit of RMB 1.09 million in 2008).

Revenue decreased during 2009 as the company was not able to win sufficient work at profitable rates. However, the decline in revenue was offset by firm control of operational costs.

Receivables increased from RMB 142.8 million in 2008 to RMB 220.6 million in 2009, while payables also increased from RMB 133.0 million in 2008 to RMB 163.5 million in 2009. The main reason for the increase in receivables was the slow collection of the receivables from projects due to the influence of the financial crisis in 2008-2009.

The cash position improved from RMB 12.6 million in 2008 to RMB 18.9 million in 2009 mainly due to the timely collection of receivables relating to those projects completed in prior years.

Outlook

The Company expects FGD sales to slow in 2010 as it adjusts its business direction focussing its FGD business in China on the petrochemical sector. The Company intends to concentrate on developing processes involving the production of re-usable by-products, such as sulphuric acid.

Meanwhile, the Company will concentrate more resources in developing its new business opportunities, its bio-degradable plastics joint venture, PPC, its MgO project, and its catalytic refinery project with Sinopec in hope of achieving a breakthrough in one of these new businesses while maintaining a stable income from FGD in 2010.

Cash flow in 2010 is expected to be neutral as receivables are collected, offsetting any reduction in sales.

Staff and Management

I would like to thank all employees in the Company for their hard work towards the development of the Company. I am also grateful to our shareholders for their steady support and understanding.

XU Jinfu
Chief Executive Officer
16 June 2009

Tinci Holdings Limited
Consolidated Income Statement
Year ended 31 December 2009

	<i>Note</i>	<i>2009</i> <i>RMB'000</i>	<i>2008</i> <i>RMB'000</i>
Turnover	2	177,497	216,804
Other income	2	635	975
		<u>178,132</u>	<u>217,779</u>
Raw material and consumables used		(156,095)	(192,075)
Staff costs and staff benefits expenses		(8,942)	(11,029)
Depreciation and amortisation expense		(2,499)	(2,501)
Other operating expenses		<u>(7,459)</u>	<u>(10,713)</u>
Profit from operations		3,137	1,461
Exchange (loss)/gain		(231)	478
Finance costs		(756)	(1,030)
Share of losses of a jointly controlled entity		<u>(25)</u>	<u>-</u>
Profit on ordinary activities before taxation	3	2,125	909
Taxation	4	<u>(926)</u>	<u>183</u>
Profit for the year		<u><u>1,199</u></u>	<u><u>1,092</u></u>
Attributable to:			
Shareholders of the Company		<u><u>1,199</u></u>	<u><u>1,092</u></u>
		RMB Cents	RMB Cents
Earning per share (basic and diluted)	5	2	2

Tinci Holdings Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	<i>2009</i> <i>RMB'000</i>	<i>2008</i> <i>RMB'000</i>
Profit for the year	1,199	1,092
Other comprehensive income		
Exchange difference arising on consolidation	69	(335)
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the year, net of tax	<u>69</u>	<u>(335)</u>
Total comprehensive income for the year	<u>1,268</u>	<u>757</u>
Total comprehensive income attributable to: Shareholders of the Company	<u>1,268</u>	<u>757</u>

Tinci Holdings Limited

Consolidated Statement of Financial Position

At 31 December 2009

	<i>Note</i>	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Assets			
Non-current assets			
Land use rights		404	416
Property, plant and equipment		11,554	12,910
Intangible assets		7,256	8,387
Interest in an associate		9,800	9,800
Interest in a jointly controlled entity		635	-
Deferred tax assets		5,630	-
Total non-current assets		<u>35,279</u>	<u>31,513</u>
Current assets			
Amounts due from customers for contract work		55,307	106,712
Trade and other receivables		220,583	142,829
Restricted bank balances		2,052	4,624
Cash and bank balances		18,867	12,582
Total current assets		<u>296,809</u>	<u>266,747</u>
Total assets		<u>332,088</u>	<u>298,260</u>
Liabilities			
Current liabilities			
Trade and other payables		163,544	132,990
Bills payable		2,607	1,412
Short-term bank loan - secured		15,000	13,000
Amount due to an associate		-	7,350
Current income tax liabilities		6,539	501
Total current liabilities		<u>187,690</u>	<u>155,253</u>
Net assets		<u>144,398</u>	<u>143,007</u>
Equity			
Share capital	6	7,796	7,796
Share premium		18,078	18,078
Other reserves		43,310	43,118
Retained earnings		75,214	74,015
Total shareholders' equity		<u>144,398</u>	<u>143,007</u>

Tinci Holdings Limited

Consolidated Statement of Changes in Shareholders' Equity

Year ended 31 December 2009

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Share options reserve <i>RMB'000</i>	Reverse acquisition reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2008	7,796	18,078	682	42,644	72,923	(27)	142,096
Employee share option scheme							
- value of employee services	-	-	154	-	-	-	154
Total comprehensive income for the year	-	-	-	-	1,092	(335)	757
Balance at 31 December 2008	<u>7,796</u>	<u>18,078</u>	<u>836</u>	<u>42,644</u>	<u>74,015</u>	<u>(362)</u>	<u>143,007</u>
Employee share option scheme							
- value of employee services	-	-	123	-	-	-	123
Total comprehensive income for the year	-	-	-	-	1,199	69	1,268
Balance at 31 December 2009	<u><u>7,796</u></u>	<u><u>18,078</u></u>	<u><u>959</u></u>	<u><u>42,644</u></u>	<u><u>75,214</u></u>	<u><u>(293)</u></u>	<u><u>144,398</u></u>

Tinci Holdings Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
Profit before taxation	2,125	909
Adjustments for:		
Interest income	(159)	(293)
Equity-settled share option expense	123	154
Interest expenses	756	1,030
Depreciation and amortisation expense	2,499	2,501
Provision for doubtful debts	315	-
Share of losses of a jointly controlled entity	25	-
Operating profit before changes in working capital	5,684	4,301
Decrease/(increase) in amount due from customers for contract work	51,405	(87,714)
(Increase)/decrease in trade and other receivables	(78,069)	20,922
Increase in trade and other payables	30,554	20,533
Increase/(decrease) in bills payable	1,195	(3,454)
Cash generated from/(used in) operations	10,769	(45,412)
Interest received	159	293
Interest paid	(756)	(1,030)
Current income tax paid	(518)	(126)
Net cash generated from/(used in) operating activities	9,654	(46,275)
Cash flow from investing activities		
Purchases of property, plant and equipment	-	(240)
Payment for purchase of intangible assets	-	(2,320)
Investment in a jointly controlled entity	(660)	-
Net cash used in investing activities	(660)	(2,560)
Cash flow from financing activities		
Proceeds from bank loan	15,000	13,000
Repayment of bank loan	(13,000)	(13,000)
Loan advanced from an associate	-	7,350
Movement in restricted bank balances	2,572	5,479
Decrease in amount due to an associate	(7,350)	-
Net cash (used in)/generated from financing activities	(2,778)	12,829
Net increase/(decrease) in cash and cash equivalents	6,216	(36,006)
Cash and cash equivalents as at 1 January	12,582	48,923
Effect of foreign exchange rates changes – net	69	(335)
Cash and cash equivalents as at 31 December	18,867	12,582
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	18,867	12,582

Tinci Holdings Limited
Notes to Financial Statements
Year ended 31 December 2009

1. FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 December 2009 or 2008. The statutory accounts for the year ended 31 December 2009 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies.

2. TURNOVER, OTHER INCOME AND SEGMENTAL REPORTING

The principal activities of the Group during the year were developing, selling and installing large-scale flue gas desulphurisation equipment to power stations.

For the years ended 31 December 2009 and 2008, the Group comprised only one business and one geographical segment.

Turnover for the year is wholly attributable to construction contract revenue for activities undertaken in China. An analysis of the Group's other income is set out below:-

Other income

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Sales of scrap materials	-	142
Rental income, net of tax	92	266
Interest income	159	293
Overprovision of other tax expenses	-	177
Gain on disposal of motor vehicle	100	-
Write back of accruals	261	-
Miscellaneous	23	97
	635	975

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
This is arrived at after charging / (crediting):		
Auditor's remuneration	410	429
Staff costs		
- Salaries and allowance	7,781	9,908
- Contribution to defined contribution retirement plans	543	579
- Other benefits	495	388
- Employee share option benefits	123	154
	8,942	11,029
Research and development expenses	440	511
Amortisation of land use rights	12	12
Depreciation	1,356	1,510
Amortisation of intangible assets	1,131	979
Depreciation and amortisation	2,499	2,501
Short-term bank loan interest expenses	756	1,030
Provision for doubtful debts	315	-

4. TAXATION

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which the Group entities are domiciled and operate.

The main operating subsidiary of the Group, Guangzhou Tinci operating in the PRC, was subject to enterprise income tax (“EIT”) at 33%, of which 30% was state tax and 3% was local tax. Following the change of the legal form of Guangzhou Tinci from a domestic enterprise to a wholly foreign-owned enterprise (WFOE) in 2006, Guangzhou Tinci became subject to a foreign enterprise income tax (“FEIT”) rate at 30%. Being a WFOE, starting from the first profitable year, Guangzhou Tinci was entitled to a two-year exemption from FEIT and a 50% reduction in its FEIT for the subsequent three years (“Tax Holiday”). As such, Guangzhou Tinci was exempted from FEIT for the two years ended 31 December, 2007 and subject to a reduced tax rate for the three years ending 31 December 2010.

On 16 March 2007, The National People’s Congress approved the Corporate Income Tax Law of the People’s Republic of China (the “New CIT Law”). The New CIT Law unified the FEIT and EIT with reduced EIT rate from 33% to 25% with effect from 1 January 2008.

Under the New CIT Law mentioned above, entities currently enjoying Tax Holiday will continue to enjoy it until it expires. Guangzhou Tinci will be subjected to PRC enterprise income tax at a rate of 12.5% for the fiscal years 2008 to 2010 and starting from the fiscal year 2011 at the unified rate of 25%.

The Group is also subject to Hong Kong Profits Tax through the Company and its subsidiary, World International. No provision for Hong Kong Profits Tax has been made as the Company and World International had no taxable income. The statutory rate of corporate tax in Hong Kong is 16.5% (2008: 16.5%).

	2009	2008
	RMB'000	RMB'000
The tax charge comprises:		
Current tax		
PRC Enterprise Income Tax		
- Current tax provided for the year	6,778	627
- Over-provision in prior years	(222)	-
	6,556	627
Hong Kong Profits Tax	-	-
	6,556	627
Deferred taxation		
Origination and reversal of temporary difference	(5,630)	(810)
	926	(183)

Deferred tax has been recognised in the financial statements due to revenue and expenses recognized for financial reporting purposes before being recognised for tax purposes.

5. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	1,199	1,092
Weighted average number of ordinary shares in issue	52,950,041	52,950,041
Earnings per share (RMB Cents)	2	2

Diluted earnings per share

The Company has one category of dilutive instrument – share options.

None of the share options of the Company in issue had a dilutive effect on the basic earnings per share as the exercise price is above the share price quoted in the AIM market throughout the year. So they are considered as anti-dilutive and have not been included in the diluted earnings per share calculation for the years ended 31 December 2009 and 2008.

6. SHARE CAPITAL

	<i>2009</i>	<i>2008</i>
	<i>GBP</i>	<i>GBP</i>
<i>Authorised:</i>		
140,000,000 ordinary shares of GBP0.01 each	1,400,000	1,400,000
	<i>RMB</i>	<i>RMB</i>
<i>Issued and fully paid:</i>		
52,950,041 ordinary shares of GBP0.01 each	7,795,574	7,795,574