



FOR IMMEDIATE RELEASE

29 September 2011

TINCI HOLDINGS LTD INTERIM RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2011

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 2011.

Highlights:

- Turnover down to RMB 22.3 million from RMB 36.7 million in the first half of 2010.
- Difficult market environment continues to restrict available new projects but one new project won in the period.
- Profit before tax of RMB 0.75 million (2010 Loss before tax of RMB 3.6 million).
- Company concentrating on developing Flue Gas Desulphurisation (“FGD”) joint ventures in niche markets, in particular with China Oil aimed at China’s petrochemical industry.
- The Company is acquiring a 22.5% shareholding in JiangSu AnDi Chemical Co. Ltd, a manufacturer of speciality chemicals for a total of RMB13.64 million of which RMB4.9 million has been paid.

Commenting on the results David Steeds, Chairman, said;

“The first six months of 2011 were yet again challenging for Tinci’s core FGD business. However, the management team has worked hard to cut costs on reduced sales.

The management continues to explore a number of possible joint ventures with our established customers and partners in niche markets, particularly with China Oil. We will report to shareholders as and when progress is made in developing these joint ventures.

The team behind JiangSu AnDi are well known to the Tinci Board and we look forward to working with them to develop the company.”

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Overview of Operating Performance

As expected, trading in the first half of 2011 was at a lower level than in 2010 but strong control of costs has resulted in a small profit being reported in these results to 30 September 2011. During the period the Company won one new contract with Jiulong Quanzhou worth RMB 15 million. In the difficult market environment the Company again found it hard to win new customers.

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

The Company's Order Book at 30 June 2011 amounted to RMB100 million compared to RMB 105 million at 31 December 2011.

In September the Company invested RMB 4.9 million in JiangSu AnDi Chemical Co. Ltd. This company is developing speciality chemical products for the pharmaceutical and chemical industries. Tinci now owns 22.5% of this new associate company.

Future Developments

Early indications are that trading in the second half of 2011 is expected to show a similar pattern to the first half, although it is too early to predict the financial results for the full year. However, operating cash flow is expected to be marginally positive for the full year.

Since the half year end, the Company has agreed to subscribe a total of RMB13.64 million in cash for a 22.5% shareholding in JiangSu AnDi Chemical Co. Ltd, a private company in China set up by Mr Kang Hongjie the CEO and major shareholder. Of this sum, RMB 4.9 million has been paid in September and the balance is due by 31 December 2011. Tinci invested alongside a private Chinese investor, who invested on the same terms. The funds will be used to finance the development of JiangSu AnDi.

The management of JiangSu AnDi, led by Mr Kang, is well known to the Tinci Board and has been successful in developing other chemicals businesses. Tinci's Board and senior management are primarily chemical engineers and this is a sector that they are familiar with. Mr Xu, Tinci's CEO, will represent the Company on the Board of JiangSu AnDi; he will not receive any remuneration from JiangSu AnDi.

For the remainder of 2011 the Company expects FGD sales to slow as it further adjusts its business direction and focuses its FGD business in China on the petrochemical sector.

Meanwhile, the Company will continue to concentrate its resources on developing its various joint ventures, particularly its catalytic refinery project with China Oil, in the hope of achieving a breakthrough in one of these new businesses while maintaining a stable income from FGD in the current year.

Financial Performance

Revenue in the first half of 2011 decreased by 39% from RMB 36.74 million to RMB 22.3 million in the same period of 2010; profit before tax was RMB 0.752 million compared with a loss before tax of RMB 3.56 million for the same 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.

Operating cash flow was negative in the first six months of 2011 due to a large reduction in accounts payable in the period. The outflow of RMB15.3 million compares with an inflow of RMB 28.3 million in the comparative period.

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 conditions in the FGD market to persist through the remainder of 2011 and into 2012. The Company will continue to concentrate its efforts on:

- Developing FGD joint ventures in niche areas with established customers/partners.
- Developing its investment in JiangSu AnDi in speciality chemical products
- 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 2011

Tinci Holdings Limited
Condensed consolidated statement of comprehensive income (Unaudited)
for the six months ended 30 June 2011

	<i>Note</i>	<i>Six months ending 30 June 2011 (unaudited) RMB'000</i>	<i>Year ending 31 December 2010 (audited) RMB'000</i>	<i>Six months ending 30 June 2010 (unaudited) RMB'000</i>
Turnover		22,307	109,570	36,740
Other revenue		-36	604	152
Raw material and consumables used		-13,573	-90,791	-31,431
Staff costs and benefits expenses		-3,138	-8,456	-3,279
Depreciation and amortisation expenses		-1,036	-2,572	-1,251
Other operating expenses		-3,832	-8,819	-4,165
Profit/(Loss) from operations		692	-464	-3,234
Exchange (loss)/gain		-28	-14	-11
Finance costs		-212	-305	-317
Non-Operating Income		300	0	0
Share of losses of a jointly controlled entity		0	-182	0
Profit/(Loss) on ordinary activities before Taxation		752	-965	-3,562
Taxation		-430	-598	-38
Profit/(Loss) on ordinary activities after Taxation		<u>322</u>	<u>-1,563</u>	<u>-3,600</u>
Profit/(Loss) for the period/year		322	-1,563	-3,600
Other comprehensive income for the period/year				
Exchange difference arising on consolidation		0		-7
Total comprehensive income/(loss) for the period/year		<u>322</u>	<u>-1,563</u>	<u>-3,607</u>
Total comprehensive income/(loss) attributable to:				
- Shareholders of the Company		322	-1,563	-3,607
- Minority interests		0	0	0
Total comprehensive income/(loss) for the period/year		<u>322</u>	<u>-1,563</u>	<u>-3,607</u>
Profit/(Loss) per ordinary share				
Basic and diluted profit/(loss) per share (Renminbi)	6	0.006	-0.030	-0.068

Tinci Holdings Limited
Condensed consolidated statement of financial position (Unaudited)
as at 30 June 2011

	<i>At 30</i>	<i>At 31</i>	<i>At 30</i>
	<i>June 2011</i>	<i>December 2010</i>	<i>June 2010</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Prepaid land lease	387	393	398
Property, plant and equipment	11,732	12,166	13,485
Interest in an associate	24,990	24,990	17,640
Interest in a jointly controlled entity	453	453	635
Intangible assets	5,559	6,125	6,690
Deferred tax assets	5,571	6,012	5,630
Total non-current assets	<u>48,692</u>	<u>50,139</u>	<u>44,478</u>
Current assets			
Amount due from customers for contract work	3,652	24,170	48,019
Trade and other receivables	188,149	199,073	171,054
Derivative Financial Instrument		37	
Restricted bank balances	5,775	6,454	3,748
Cash and bank balances	6,545	21,134	25,016
Total current assets	<u>204,121</u>	<u>250,868</u>	<u>247,837</u>
Total assets	252,813	301,007	292,315
Current liabilities			
Trade and other payables	-98,159	-157,636	-144,611
Bills payable	-11,588	0	-1,897
Short term bank loans	0	0	-5,000
Tax payable	3	-653	-16
Total current liabilities	<u>-109,744</u>	<u>-158,289</u>	<u>-151,524</u>
Net assets	143,069	142,718	140,791
Non-current liability			
Deferred tax liability	0	0	0
Net assets	<u>143,069</u>	<u>142,718</u>	<u>140,791</u>
Equity			
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	875	875	959
Retained earnings	73,973	73,651	71,614
Translation reserve	-297	-326	-300
Total shareholders' equity	<u>143,069</u>	<u>142,718</u>	<u>140,791</u>

Tinci Holdings Limited
Condensed consolidated statement of changes in shareholders' equity (Unaudited)
for the six months ended 30 June 2011

	<i>Six months ending 30 June 2011 (unaudited) RMB'000</i>	<i>Year ending 31 December 2010 (audited) RMB'000</i>	<i>Six months ending 30 June 2010 (unaudited) RMB'000</i>
Shareholders' equity as at the beginning of the period/year	142,718	144,398	144,398
Profit/(Loss) for the period/year	322	-1,596	-3,600
Other comprehensive income for the period/year			
Exchange difference arising on consolidation	29	0	-7
Total comprehensive income for the period/year	351	-1,596	-3,607
Employee share option benefits	0	-84	0
Shareholders' equity as at the end of the period/year	143,069	142,718	140,791

Tinci Holdings Limited
Condensed consolidated cash flow statement (Unaudited)
for the six months ended 30 June 2011

	<i>Six months ending 30 June 2011 (unaudited) RMB'000</i>	<i>Year ending 31 December 2010 (audited) RMB'000</i>	<i>Six months ending 30 June 2010 (unaudited) RMB'000</i>
Profit/(Loss) before taxation	752	-965	-3,562
Interest income	-70	-128	-40
Equity-settled share option expense	0	-84	0
Interest expenses	212	305	315
Depreciation and amortisation expense	1,036	2,571	1,251
Unrealised gain on derivative financial instruments	0	-37	0
Gain on disposal of property, plant and equipment	0	-98	0
Impairment on derecognition of financial assets	0	600	0
Provision for doubtful debts	1,000	1,534	0
Share of losses of a jointly controlled entity	0	182	0
Operating profit/(loss) before movements in working capital	2,930	3,880	-2,036
Decrease in amount due from customers for contract work	20,518	31,137	7,288
Decrease in trade and other receivables	9,961	17,376	49,529
(Decrease) in trade and other payables	-59,477	-5,810	-18,933
Increase/(Decrease) in bills payable	11,588	-2,607	-710
Cash (used in)/generated from operations	-14,480	43,967	35,138
Interest received	70	128	40
Interest paid	-212	-305	-315
Current income tax paid	-645	-6,866	-6,561
Net cash equivalents (used in)/generated from operations	-15,267	36,933	28,302
Cash flow from investing activities			
Purchases of property, plant and equipment	-30	-41	-2,610
Investment an associate	0	-7,840	-7,840
Loan to an associate	0	-7,350	0
Net cash (used in) investing activities	-30	-15,231	-10,450
Cash flow from financing activities			
Repayment of bank loan	0	-15,000	-10,000
Movement in restricted bank balances	679	-4,402	-1,696
Net cash (used in) financing Activities	679	-19,402	-11,696
Net (decrease)/increase in cash and cash equivalents	-14,618	2,300	6,156
Cash or cash equivalents at 1 January	21,134	18,867	18,867
Effect of foreign exchange rates changes-net	29	-33	-7
Cash or cash equivalents at 30 June/31December	6,545	21,134	25,016
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	6,545	21,134	25,016

Tinci Holdings Limited
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2011

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 2011 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 2010 annual financial statements. The accounting policies adopted in preparing the unaudited interim financial information for the six months ended 30 June 2011 are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

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

3. Changes in accounting policies

- a. The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those set out in the 2010 Financial Statements except that the Group has adopted the following new/revised IFRS standards and interpretations for accounting periods commencing 1 January 2011:

Amendment to IAS 24	Related Party Disclosures
Amendment to IAS 34	Interim Financial Reporting
Amendment to IFRIC 13	Customer Loyalty Programmes

The adoption of the above new/revised IFRS standards and interpretations did not have any material impact on the Group's Interim Financial Information and has not led to any significant changes to the Group's accounting policies.

The following new standards, interpretations and amendments to the existing standards have been published but have not come into effect for the financial year beginning 1 January 2011:

		Effective for annual periods beginning on or after
IFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1 July 2011
Amendment to IAS 12	Deferred tax: Recovery of Underlying Assets	1 January 2012
IAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
IAS 19 (Amendment)	Employee Benefits	1 January 2013
IFRS 9	Financial Instruments	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurements	1 January 2013

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- b. The Group has not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the period. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will result.

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 2011, 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 2011</i>	<i>Average rates Period to 30 June 2011</i>	<i>Year end rates as at 31 December 2010</i>	<i>Average rates Year to 31 December 2010</i>	<i>Period end rate as at 30 June 2010</i>	<i>Average rates Period to 30 June 2010</i>
RMB: GBP	10.3986	10.5817	10.2182	10.4368	10.2135	10.3765
RMB: HKD	0.8316	0.8389	0.8509	0.8708	0.8724	0.8775

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
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for the six months ended 30 June 2011

6. (Loss)/profit per ordinary share

	<i>6 months ended 30 June</i>		<i>Year ended</i>
	<i>2011</i>	<i>2010</i>	<i>31 December</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>2010</i>
			<i>(audited)</i>
(Loss)/profit on ordinary activities after taxation (in RMB'000)	<u>322</u>	<u>-3,600</u>	<u>-1,563</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>0.006</u>	<u>-0.068</u>	<u>-0.030</u>

7. Dividend

The Board is not recommending the payment of an interim dividend for the six months ended 30 June 2011.