



FOR IMMEDIATE RELEASE

29 September, 2006

**TINCI HOLDINGS LTD
INTERIM RESULTS
FOR THE 6 MONTHS ENDED 30 JUNE 2006**

Tinci Holdings Ltd. ("the Company") (TINCI), the AIM listed environmental engineering company and one of the leading Chinese companies in the global fight against "Acid Rain", today announced its interim results for the six months ended 30 June 2006.

Financial Highlights:

- Turnover of £9,240k, up 203% over the same period in 2005
- Profit before tax of £1,694k, or 18.3% of turnover, up 120% over 2005
- Admission to trading on the AIM market of the London Stock Exchange ("AIM") successfully completed (after the period end) in July 2006.

Market Highlights:

- In 2005, China was the world's worst emitter of sulphur dioxide (SO₂), the major contributor to the worldwide "acid rain" problem. Chinese factories emitted nearly 26 million tons of SO₂, causing an estimated US\$ 63 billion of social and economic losses over the year.
- During the first half of 2006, SO₂ emissions increased 5.8% year-on-year, despite current pollution controls, highlighting the urgent need in China for the implementation of solutions such as Tinci's flue gas desulphurisation (FGD) technologies.

Chairman's Statement:

Mr David Brewer, Chairman of the Board of Tinci Holdings Ltd. commented:

"I am pleased to present Tinci's interim results covering the six months ended 30 June 2006, during which Tinci continued to strengthen its position as the leading FGD engineering company in Guangdong province, China. The Board has confidence in the Company's long-term growth potential and is encouraged with the results achieved in other parts of the country.

As was explained to investors during the AIM placing road show, the Company's strategy is to gain market share rapidly by using established technologies licensed from Europe and the USA, such as the Ducon, Niro and Ragar technologies, to bid for larger contracts alongside bids for small and medium-sized contracts using the technology we have developed in-house ("TFGD" technology). Although the profit margins on larger contracts using licensed technology are lower than those available on smaller contracts using TFGD, we believe the strategy of pursuing all sizes of contract to be in the best interests of the Company. We believe this strategy will enable us to establish a reputation in the market as a provider of quality solutions for all sizes of contract. As the Company's reputation in the market grows and as the TFGD technology is developed, we expect to be able to convert an increasingly large percentage of our prospects to TFGD with correspondingly higher margins.

Becoming a public company has increased our prospects of winning further large contracts and enhanced our financing capacity to undertake those projects.

We are encouraged by the Company's continued progress and have confidence in its long-term growth potential."

David Brewer,
Chairman

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Chief Executive Officer's review

Overview of Operating Performance

During the six months to June 30, 2006 Tinci continued its work on existing contracts for two major Wet Limestone process contracts: Zhanjiang Power Plant in Guangdong (47% complete) and the Gansu Jingyuan 2nd Power Plant, in Gansu Province, where 80% and 70% of the total contract for stages 2 and 3 respectively were completed. Work also continued on a TFGD retrofit project for Nanhai Power Plant which has been 70% completed.

During the period Tinci was named as the preferred bidder for two new contracts for a total amount of RMB 87 million (£6.2 million). In light of the Chinese Government's recent decisions to take stronger measures to protect the environment, the Company expects favourable market conditions in the coming months, particularly for sales to small-to-medium sized power plants. As a result, Tinci has expanded its marketing team to pursue actively such projects in a number of regions in China outside Guangdong.

During the first half of 2006, Chinese environmental engineering companies faced aggressive price competition for large-scale desulphurisation projects, despite growing demand in the market. As a result and given the high level of equity investment required to fund such projects, Tinci has adopted a more selective strategy in tender bidding. The Company is increasingly focusing its efforts on tendering for small-to-medium scale projects that will allow it to deploy its proprietary TFGD

process, which has the advantage over licensed technologies of being more cost-effective and producing higher margins.

An emphasis on quality management systems and one-year after-sales service with regular engineer visits has led to lower warranty costs and a higher degree of customer satisfaction, reinforcing the “Tinci” brand as a provider of quality FGD systems and services.

The Company was also recently (May 2006) given a credit rating of grade “AA” by ICBC (Industrial and Commercial Bank of China) and CCB (China Construction Bank). Tinci should now benefit from a better credit standing, which will help the Company to finance more projects.

Market conditions

Recent market feedback and analysis has enabled the Company to concentrate its efforts and resources on developing the TFGD market segments which offer the best potential returns. The sales and technical team have been strengthened to ensure tenders outside of Guangdong Province can be won. Despite somewhat challenging conditions in the beginning of the second half, Tinci has managed to win two further TFGD retrofit tenders, which were concluded in late July and early August, with a combined estimated contract value of some RMB 18 million (approximately £1.3 million).

Financial Performance

92% of revenue for the period was attributable to 2 major contracts, Zhanjiang Power Plant in Guangdong and the Gansu Jingyuan 2nd Power Plant in Gansu Province. These two contracts deploy Ducon technology, with a much reduced gross profit margin to Tinci in addition to which the Zhanjiang contract is for the procurement of materials only. The balance of revenue came from the Nanhai Power Plant which uses TFGD technology and earns a gross profit margin of around 50%.

Net Revenues increased substantially to £9.2 million as compared to £3.0 million in the same period for 2005, although this was offset by a fall in gross profit margins to 24% from 33% partly because most of the revenue related to licensed technology or was for materials procurement only. In 2005 a much higher proportion of revenues were from TFGD at higher margins. It will be noted that the comparative results for the period to 30 June 2005 reflect a period when the business of the Company was at an early stage of development so that a direct comparison of the results for the two periods is difficult.

The significant and sustained increases in the price of copper during the period has required the Board, acting prudently, to carry out an exercise to revise its calculations of and the approach taken to the recognition of costs on contracts in progress. This has resulted in an increase in the expected costs of sales in the period with consequent effects on margins.

AIM Listing

The Company's shares were admitted to trading on AIM after the end of the period under review and dealings commenced on 31 July 2006. The Company's new status as a public listed company has raised Tinci's profile with its customers and the Board believes the ability to present a stronger balance sheet will increase Tinci's prospects of winning larger contracts and strengthen its financial capacity to undertake those projects.

Outlook

While China has been enjoying rapid economic and industrial development in recent years, many feel this has been achieved at the expense of public health and the environment. Acid rain in China has led to financial losses estimated at over RMB 100 billion (c. £6.8 billion) each year according to China's State Environmental Protection Administration (SEPA) and the Chinese Research Academy of Environmental Sciences.

The People's Republic of China (PRC) government supports plans to reduce SO₂ pollution and has introduced a series of measures making it mandatory for newly constructed coal-fired electricity plants to have on-site FGD facilities and imposing increasing levies on plants that discharge SO₂. Such regulation has become a driving force for both existing and new coal-fired electricity generating plants to equip themselves with appropriate FGD facilities. Coal is, and Tinci expects it to remain, the main source of fuel for fire-powered electricity generating facilities and industrial boilers in the PRC.

SEPA has estimated that existing and new Chinese plants will require total investment of RMB 102 billion (c. £6.9 billion) from 2006-2010, with the total investment required expected to rise to RMB 190 billion (c. £12.9 billion) by 2020.

Tinci's business expanded rapidly during 2005 and in the first half of 2006. Management expects this growth to continue in the second half of the year and beyond. The recent contracts for larger power plants and its listing on the London Stock Exchange's AIM market have increased Tinci's credibility and profile in its industry. The Company is looking to build upon these factors by tendering for and winning further contracts both in Guangdong province and in other provinces throughout China. It is hoped that additional research and development spent on Tinci's proprietary TFGD process will enable it to be utilised on larger projects and higher margins may result from using this in-house system than can be achieved using licensed technologies.

Conclusion

We are satisfied with the results achieved and we have confidence in the Company's long-term growth potential.

Mr Xu Jinfu,
CEO

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ABOUT TINCI HOLDINGS LTD

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 FGD systems for reducing SO₂ emissions from coal-fired power stations and large industrial boilers in China. The Directors consider Tinci to be the leading FGD company in Guangdong Province in Southern China, and to be amongst the top ten FGD companies in China.

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**INTERIM PROFORMA CONSOLIDATED FINANCIAL STATEMENT
AS OF 30 JUNE 2006**

UNAUDITED

Tinci Holdings Ltd
Unaudited proforma consolidated profit and loss account
For the six months ended 30 June 2006

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<i>2006</i>	<i>2005</i>
		<i>£'000</i>	<i>£'000</i>
Turnover		9,240	3,048
Other revenue		<u>14</u>	<u>1</u>
		9,254	3,049
Raw material and consumables used		(7,010)	(2,027)
Staff costs		(144)	(81)
Staff benefits expenses		(30)	(11)
Depreciation and amortisation expense		(65)	(14)
Other operating expenses		<u>(250)</u>	<u>(148)</u>
Profit from operations		1,755	768
Exchange loss		(3)	-
Finance costs		<u>(58)</u>	<u>-</u>
Profit on ordinary activities before taxation		1,694	768
Taxation	3	<u>(254)</u>	<u>(115)</u>
Profit on ordinary activities after taxation for the period		<u>1,440</u>	<u>653</u>
Profit per ordinary share			
Basic and diluted profit per share (pence)	4	<u>2.9p</u>	<u>1.3p</u>

Tinci Holdings Ltd
Unaudited proforma consolidated balance sheet
as at 30 June 2006

	<i>Note</i>	<i>At 30 June 2006 £'000</i>	<i>At 31 December 2005 £'000</i>	<i>At 30 June 2005 £'000</i>
ASSETS				
Non-current assets				
Property, plant and equipment		1,096	1,081	70
Intangible assets		<u>375</u>	<u>420</u>	<u>-</u>
Total non-current assets		<u>1,471</u>	<u>1,501</u>	<u>70</u>
Current assets				
Trade and other receivables, deposits and prepayments		13,895	10,703	3,337
Amount due from a related company	7	983	2,397	322
Restricted bank balances		271	-	-
Cash and bank balances		<u>1,659</u>	<u>2,127</u>	<u>1,596</u>
Total current assets		<u>16,808</u>	<u>15,227</u>	<u>5,255</u>
Total assets		<u><u>18,279</u></u>	<u><u>16,728</u></u>	<u><u>5,325</u></u>
EQUITY AND LIABILITIES				
Capital and reserve				
Called up share capital		500	500	500
Merger reserve		(500)	(500)	(500)
Retained earnings		5,211	3,771	546
Exchange reserve		<u>(647)</u>	<u>(454)</u>	<u>(87)</u>
Total shareholders' equity	5	<u>4,564</u>	<u>3,317</u>	<u>459</u>
Non-current liability				
Deferred tax liability	3	<u>838</u>	<u>618</u>	<u>115</u>
Current liabilities				
Trade and other payables and accruals		9,409	10,545	4,751
Notes payable		1,353	-	-
Short term bank loans		2,115	2,232	-
Enterprise income tax payable		<u>-</u>	<u>16</u>	<u>-</u>
Total current liabilities		<u>12,877</u>	<u>12,793</u>	<u>4,751</u>
Total liabilities		<u>13,715</u>	<u>13,411</u>	<u>4,866</u>
Total liabilities and shareholders' equity		<u><u>18,279</u></u>	<u><u>16,728</u></u>	<u><u>5,325</u></u>

Tinci Holdings Ltd
Unaudited proforma consolidated cash flow statement
for the six months ended 30 June 2006

	Note	<i>Six months ended 30 June</i>	
		<i>2006</i>	<i>2005</i>
		<i>£'000</i>	<i>£'000</i>
Net cash (used in)/generated from operating activities	(a)	<u>(245)</u>	<u>1,356</u>
Investing activities			
Purchases of property, plant and equipment		<u>(113)</u>	<u>(20)</u>
Net cash used in investing activities		<u>(113)</u>	<u>(20)</u>
Financing activities			
Interest received		<u>3</u>	<u>1</u>
Net cash from financing activities		<u>3</u>	<u>1</u>
(Decrease)/increase in cash		(355)	1,337
Effect of foreign exchange rates		(113)	(18)
Cash or cash equivalents at the beginning of the period		<u>2,127</u>	<u>277</u>
Cash or cash equivalents at the end of the period		<u><u>1,659</u></u>	<u><u>1,596</u></u>

Note :-

(a) Reconciliation of profit before taxation to net cash (used in)/generated from operations :-

	<i>Six months ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>
Profit before taxation	1,694	768
Interest income	(3)	(1)
Depreciation and amortisation	<u>65</u>	<u>14</u>
Operation profit before movements in working capital	1,756	781
Increase in trade and other receivables, deposits and prepayments	(3,191)	(330)
Decrease/(increase) in amount due from a related company	1,414	(322)
Increase in restricted bank balances	(271)	-
(Decrease)/increase in trade and other payables and accruals	(1,136)	1,221
Increase in notes payable	1,353	-
Effect on foreign exchange rates	<u>(154)</u>	<u>6</u>
Cash (used in)/generated from operations	(229)	1,356
Income tax paid	<u>(16)</u>	<u>-</u>
Net cash or cash equivalents (used in)/ generated from operations	<u><u>(245)</u></u>	<u><u>1,356</u></u>

Tinci Holdings Ltd
Notes to the financial statements
For the six months ended 30 June 2006

1. Basis of preparation

Tinci Holdings Ltd (the “Company”) was incorporated, and is registered, in Hong Kong under the Hong Kong Companies Ordinance, on 5 June 2006, as a company with limited liability. On 14 July 2006, the Company acquired the whole of the issued share capital of World International Investment Limited (“World International”), a company registered in Hong Kong in exchange, for the issue of 49,995,000 ordinary shares of 1p in the Company. World International itself owns the entire paid-up capital of Guangzhou Tinci Sanhe Environmental Engineering Co. Ltd (“Guangzhou Tinci”), a private wholly-owned foreign enterprise in the People’s Republic of China (the “PRC”).

The Directors have accounted for the aforementioned group reconstruction using merger accounting principles. Accordingly, proforma information has been prepared to show the position as if the Company had been in existence and the parent of World International and its subsidiary throughout the reporting periods. The proforma information has been compiled by taking the results of the Company and the consolidated results of World International before the group reconstruction and adjusting for the capital structure of the new group.

These interim results have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). The accounting policies and presentation applied to these financial statements are consistent with those disclosed in Part III “Accountants’ Report on Guangzhou Tinci Sanhe Environmental Engineering Company Limited” of the Company’s admission document dated 25 July 2006 for its proposed placing and admission to AIM except where the accounting policies and presentation are to be changed in the Company’s next annual financial statements, in which case the new accounting policies and presentation are followed.

These financial statements for the six months ended 30 June 2006 are unaudited but have been reviewed in accordance with Auditing Practices Board guidance by Hong Kong PKF. These interim results do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

The Renminbi is the currency of the primary economic environment in which the group entities operate (the “functional currency”). Pounds sterling is the currency in which these financial statements are presented (the “presentation currency”). For financial reporting purposes, these financial statements have been translated from the functional currency to presentation currency at the exchange rates ruling at the balance sheet dates. The results of the foreign operations have been translated at the average rates ruling during the reporting periods.

2. Turnover

The principal activity of the Company is investment holding.

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	Developing, manufacturing and installing Flue
Engineering Co. Ltd	Gas Desulphurisation Systems

Turnover represented the percentage of contract revenue completed and recognised in the PRC.

3. Taxation

Taxation in the income statement represents the provision for PRC Enterprise Income tax calculated based on the estimated assessable profits of Guangzhou Tinci for the reporting periods that was determined in accordance with the tax rules and regulations applicable in the PRC. Guangzhou Tinci has been recognised as a technologically advanced and hi-tech enterprise established in the High-Tech Industrial Development Area of Guangzhou. Accordingly the applicable enterprise income tax rate is reduced from a standard rate of 33% to 15%.

Deferred tax represents temporary differences due to the differences between the basis for recognition of taxable income and expenses under the PRC tax rules and the basis under IFRS. Under the PRC tax rules, income and expenses are recognised in accordance with the payment schedule under the contracts. Under IFRS, the revenue and expenses are recognised on an accrual basis.

4. Profit per ordinary share

	<u>Six months ended 30 June</u>	
	<u>2006</u>	<u>2005</u>
Profit on ordinary activities after taxation (in £'000)	<u>1,440</u>	<u>653</u>
Weighted average number of shares in issue	<u>50,000,000</u>	<u>50,000,000</u>
Profit per ordinary share		
Basic and diluted profit per share (in pence)	<u>2.9</u>	<u>1.3</u>

There were no dilutive instruments in issue during the reporting periods and the basic and diluted profit per ordinary share are the same. The weighted average number of shares in issue for both reporting periods represents the issued and outstanding shares of the Company after the acquisition of World International which stands at 50,000,000.

5. Reconciliation of movements in shareholders' equity

	<i>Six months ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>
Profit for the period	1,440	653
Exchange difference arising from translation of financial statements of foreign operation	<u>(193)</u>	<u>(87)</u>
Total recognised gain for the period	1,247	565
Shareholders' equity at the beginning of the period	<u>3,317</u>	<u>(106)</u>
Shareholders' equity at the end of the period	<u><u>4,564</u></u>	<u><u>459</u></u>

There were no other recognised gains and losses during either of the periods presented.

The issue of 1 Hong Kong dollar ordinary share by World International prior to its acquisition by the Company has been restated to reflect the 49,995,000 shares issued for the group reconstruction as detailed in note 1 above. The difference between the nominal value of the shares in the group reconstruction and the amount standing to the issued share capital of World International has been taken to a merger reserve.

6. Dividend

The Directors do not propose an interim dividend.

7. Amount due from a related company

The amount due from a related company represents an interest-free loan due from Guangzhou Tinci Hi-Tech Materials Co. Ltd, a company whose controlling shareholder is Mr. Xu Jinfu, a director and chief executive officer of the Company. Guangzhou Tinci Hi-Tech Materials Co. Ltd has undertaken, and Mr. Xu Jinfu has agreed to so procure, that the amount will be repaid in full on or before 31 October 2006.

8. Post balance sheet events

On 31 July 2006 trading in the ordinary shares of the Company commenced on AIM, a market operated by the London Stock Exchange. 2,928,613 new ordinary shares were issued in a placing at the placing price of 70p per share. A further 21,428 new ordinary shares have been issued as part of the directors' compensation. The placing shares represent 5.53% of the enlarged share capital. On admission, the Company had 52,950,041 ordinary shares in issue and a market capitalisation at the placing price of £37.1 million.

92% of the total revenue during the period was generated by two contracts, Zhanjiang Power Plant and the Gansu Jingyuan 2nd Power Plant. 87% of the trade receivables as at 30 June 2006 (approximately £10.9 million) were due from these two projects. As at the date of this report, the trade receivables due from these two contracts have been reduced by £4.3 million.

**Independent Review Report to the Shareholders of
Tinci Holdings Ltd**

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and the related notes. We have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the AIM admission document except where changes, and the reason for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

PKF
Certified Public Accountants
Hong Kong
28 September 2006

