



FOR IMMEDIATE RELEASE

1 February 2007

TRADING STATEMENT

The Directors of Tinci Holdings Ltd. ("the Company" or "Tinci") (TINCI), the AIM listed environmental engineering company and one of the leading Chinese companies in the global fight against "Acid Rain", would like to update shareholders on current trading, in advance of the Company's full year results.

The Directors expect Tinci's profit for the year ending 31 December 2006 to be below the previous year despite higher sales in 2006. In 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.

The decline expected in gross margins in 2006 was exacerbated by the sharp increase in the cost of copper, which is an important component of flue gas desulphurisation (FGD) systems. Much of Tinci's revenues in 2006 came from two large contracts which used licensed FGD technology, on which the margins are lower than on contracts which use Tinci's own technology.

Overheads have had to be built up in 2006 to meet the requirements of growth and the need to sell outside Tinci's home province of Guangdong. In addition, overheads in 2006 include the ongoing costs associated with the company's new status as an AIM Listed company.

Mr Xu Jinfu, Chief Executive Officer of Tinci Holdings Ltd., commented: "Tinci has made sound progress in 2006 and the Listing of its shares on AIM will give it a higher profile both within China and internationally. We expect the company to continue its growth in the current year, despite higher levels of competition. There is no doubt that China needs to improve its record on protecting the environment and Tinci's work is central to reducing pollution from the country's power stations. We are disappointed that the profit for 2006 will be below expectations, but are working towards resuming our growth path in the current year. The company remains both profitable and cash positive."

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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 flue gas desulphurisation (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. £6.9 billion) from 2006-2010, with the total investment required expected to rise to RMB 190 billion (c. £12.9 billion) by 2020.

As one of the top ten FGD companies in China, Tinci is well positioned to benefit from the current demand for FGD technology in China. The Company's shares are traded on the AIM market of the London Stock Exchange under the symbol 'TNCI'.

For further information on Tinci and on its various FGD technology processes, please visit www.tinciholdings.com or contact:

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