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RCG HOLDINGS LIMITED
宏霸數碼集團（控股）有限公司*
(a company incorporated in Bermuda with limited liability)

(Stock Code: HKSE: 802; AIM: RCG)

TRADING UPDATE AND PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Hong Kong Listing Rules.

The board of directors of the Company wishes to inform shareholders and potential investors of the Company that it expects to report a net loss for the financial year ended 31 December 2010 compared to a net profit for the same period in 2009.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by RCG Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”).

RCG Holdings Limited (AIM:RCG, HKSE:802), an international provider of biometric and RFID products and solution services with a primary focus in the Asia Pacific and Middle East markets, announces the following further trading update for the financial year ended 31 December 2010.

Since the last trading update issued on 20 December 2010 the Company has continued to trade profitably. However, in view of the recent announcement by the Chinese Government that its target is to reduce its average GDP growth rate to 7% per annum over the coming five years, the Board believes that it is prudent to revise downwards the sales growth prospects for the Company’s business operations in China. Moreover, the Group has been experiencing increased competition from local companies which the Board believes will indirectly impact upon the Group’s sales prospects. As a consequence of the revised expectations of sales in China, the Board, having taken

* For identification purposes only

advice from the Group's auditors, has decided that further impairment of the carrying value of contract rights should be recognised in order to maintain compliance with the International Financial Reporting Standard. For the same reason, the Company has also decided to write down the investment in A-1 Development, Inc.

Whilst the Company has continued to trade profitably and remains cash flow positive, it expects that the impairment provisions referred to above will cause the Group to report a net loss for the financial year ended 31 December 2010 compared to a net profit for the same period in 2009. The Company is currently in the process of finalising its final results for that year and the information contained in this announcement is therefore based on information which is still subject to audit. The Company will be announcing its preliminary results for the year ended 31 December 2010 on Monday 28 March 2011.

Looking ahead, the Board remains cautiously optimistic on the business prospects for the Company and will adopt a development strategy to counterbalance the anticipated slowdown of the Chinese economy and increased competition in the market. A restructuring of the overall business model of the Company has been initiated in 2010 and is expected to continue into 2011. The remodeling includes an increased focus on the Company's Solutions, Projects and Services business segment, thereby placing less reliance on its previous distributorship model. The Company will also look into expansion in other geographies such as South Asia, with the intention of diversifying the geographical risks of the ongoing political turmoil in the Middle East and the slowing growth prospects in China. The possible economic effects of the recent disaster in Japan on the Group's operating territories will also be closely monitored by the Board.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board of
RCG Holdings Limited
Ying Kan Man
Director

Hong Kong, 21 March 2011

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:

Dato' Lee Boon Han
Ying Kan Man
Chong Khing Chung

Non-executive Directors:

Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman
Raymond Chu Wai Man

Independent Non-executive Directors:

Li Mow Ming, Sonny
Liu Kwok Bond
Pieter Lambert Diaz Wattimena