
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in RCG Holdings Limited (the "Company"), you should at once hand the Prospectus Documents (as defined herein) to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, HKSCC and the Stock Exchange take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

RCG

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: 802)

OPEN OFFER ON THE BASIS OF FIVE OFFER SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD ON THE RECORD DATE AT HK\$0.25 PER OFFER SHARE

Financial adviser to the Company



Underwriter of the Open Offer



The latest time for acceptance of and payment for the Offer Shares is at 4:00 p.m. on Thursday, 13 August 2015. The procedures for acceptance of and payment for the Offer Shares are set out on pages 25 to 26 of this Prospectus.

Shareholders should note that the Consolidated Shares have been dealt in on an ex-entitlement basis commencing from Tuesday, 21 July 2015 and that dealings in the Consolidated Shares may take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in the Consolidated Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Consolidated Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed "Conditions of the Open Offer" in the Letter from the Board of this Prospectus. In particular, the Open Offer is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

* For purpose of identification only

30 July 2015

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EXPECTED TIMETABLE

The expected timetable for the Open Offer is set below:

Event	2015
Despatch of the Prospectus Documents	Thursday, 30 July
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Monday, 3 August
Original counter for trading in Consolidated Shares in new board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 3 August
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Monday, 3 August
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Thursday, 13 August
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Tuesday, 18 August
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	4:00 p.m. on Friday, 21 August
Temporary counter for trading in board lots of 250 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. on Friday, 21 August
Parallel trading in Consolidated Shares (in the form of new and existing certificates) ends	4:00 p.m. on Friday, 21 August
Announcement of the results of the Open Offer	Monday, 24 August
Despatch of certificates for the Offer Shares	Tuesday, 25 August
Despatch of refund cheques if the Open Offer is terminated	Tuesday, 25 August
Last day of free exchange of existing certificates for new certificates for Consolidated Shares	Tuesday, 25 August
Expected first day of dealings in the Offer Shares	9:00 a.m. on Wednesday, 26 August

EXPECTED TIMETABLE

All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

The latest time for acceptance of and payment for the Offer Shares will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead, the latest time for acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Offer Shares is postponed in accordance with the foregoing, the dates mentioned in the above “EXPECTED TIMETABLE” may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

Notwithstanding anything contained in the Underwriting Agreement, if at any time prior to the Latest Time for Termination:

- (a) the success of the Open Offer would be materially and adversely affected by the development, occurrence or enforcement of:
 - (i) any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the financial position of the Group as a whole;
 - (ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Underwriter is or would be materially adverse to the success of the Open Offer;
 - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Underwriter is or would be materially adverse to the success of the Open Offer, or makes it impracticable or inadvisable or inexpedient to proceed therewith;
 - (iv) any suspension of dealings in the Shares for any period longer than five consecutive Business Days after the date of the Underwriting Agreement (other than as a result of the Open Offer); or
 - (v) any moratorium, suspension or material restriction on trading in Shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Latest Time for Termination; or
- (b) any breach of any of the warranties, representations and undertakings as set out in the Underwriting Agreement in any material respect by the Company comes to the knowledge of the Underwriter;
- (c) any event occurs or any matter arises on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of such warranties, representations and undertakings in any material respect in such a manner as would in the absolute opinion of the Underwriter materially and adversely affect the financial position or business of the Group as a whole;
- (d) there is any such adverse change in the general affairs, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the absolute opinion of the Underwriter is materially adverse to the success of the Open Offer, or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (e) there is any change in the composition of the Board which in the absolute opinion of the Underwriter may affect the management and general affairs of the Company,

then and in any such case, the Underwriter may terminate the Underwriting Agreement without liability to the Company by giving notice in writing to the Company, served prior to the Latest Time for Termination.

In the event that the Underwriter terminates the Underwriting Agreement, all obligations of each of the parties to the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Underwriting Agreement except for, among others, any antecedent breach of any obligation under the Underwriting Agreement.

DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following expressions shall have the following meanings:

“Acceptance Date”	13 August 2015 (or such other date as the Company and the Underwriter may agree in writing) as the latest date for acceptance of, and payment for, the Offer Shares
“Announcements”	the announcements of the Company dated 24 April 2015, 18 May 2015, 8 June 2015, 17 July 2015 and 20 July 2015 relating to, among other things, Share Consolidation, the Change in Board Lot Size and the Open Offer
“Application Form(s)”	the application form(s) to accompany this Prospectus for use by the Qualifying Shareholders to apply for all or part of their assured entitlements under the Open Offer
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the change in board lot size of the Shares and/or the Consolidated Shares for trading on the Stock Exchange from 1,000 Shares to 10,000 Consolidated Shares
“Circular”	circular of the Company dated 24 June 2015 in relation to, among other things, the Open Offer
“Company”	RCG Holdings Limited, a company incorporated in Bermuda with limited liability, the Consolidated Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consolidated Share(s)”	Share(s) of HK\$0.04 each in the issued share capital of the Company upon completion of the Share Consolidation which become effective on 20 July 2015

DEFINITIONS

“controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	any Shareholders other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Parties”	any person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons
“Last Trading Day”	16 April 2015, being the last full trading day prior to the trading halt of the Shares on 17 April 2015
“Latest Practicable Date”	28 July 2015, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 13 August 2015 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Offer Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on Tuesday, 18 August 2015, being the third Business Day following the Latest Time for Acceptance (or such other time or date as the Underwriter and the Company may agree in writing) as the day for settlement of the Open Offer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) to whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary or expedient not to offer the Open Offer on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Offer Share(s)”	1,253,108,120 Offer Shares to be issued and allotted under the Open Offer
“Open Offer”	the proposed issue of five (5) Offer Shares for every one (1) Consolidated Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Posting Date”	30 July 2015 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders on the Posting Date containing details of the Open Offer in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus and the Application Forms
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) is/are registered on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	29 July 2015, as the date by reference to which entitlements to the Open Offer were determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Union Registrars Limited at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“RM”	Ringgit Malaysia, the lawful currency in Malaysia

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“SGM”	the special general meeting of the Company convened at 9:00 a.m. on 17 July 2015 approving the Share Consolidation and the Open Offer
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective on 20 July 2015
“Share Consolidation”	the consolidation of every four (4) Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.04 each which was effective on 20 July 2015
“Share Options”	share options issued under the Share Option Scheme to subscribe for Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 16 October 2008
“Shareholder(s)”	the holder(s) of Shares or Consolidated Shares, as the case may be
“Shortfall Underwritten Shares”	the Underwritten Shares not validly accepted by the Qualifying Shareholders on or before the Latest Time for Acceptance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.25 per Offer Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers
“Underwriter”	Astrum Capital Management Limited, a licensed corporation to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 24 April 2015 (as supplemented on 19 June 2015) entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer

DEFINITIONS

“Underwritten Shares” not less than 1,253,108,120 Offer Shares and not more than 1,254,333,120 Offer Shares being underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“%” per cent.

RCG

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: 802)

Executive Directors:

Li Jinglong
Zhang Ligong
Wang Zhongling

Independent Non-executive Directors:

Liu Wen
Kwan King Wah
Tse Chin Pang

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Principal place of business
in Hong Kong:*

Room 626–629
Corporation Park
11 On Lai Street
Siu Lek Yuen, Sha Tin
New Territories
Hong Kong

*Principal place of business outside
Hong Kong:*

Lot 1, Jalan Teknologi 3/5
Taman Sains Selangor 1
Kota Damansara,
Petaling Jaya Selangor,
Malaysia

30 July 2015

To the Shareholders

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF
FIVE OFFER SHARES FOR EVERY ONE
CONSOLIDATED SHARE
HELD ON THE RECORD DATE AT HK\$0.25 PER OFFER SHARE**

INTRODUCTION

Reference is made to the Company's announcements dated 24 April 2015, 18 May 2015, 8 June 2015, 17 July 2015 and 20 July 2015 and circular dated 24 June 2015 in relation to, among other things, the Open Offer.

* For purpose of identification only

LETTER FROM THE BOARD

At the SGM held on 17 July 2015, the necessary resolution approving, among other things, the Open Offer, was duly passed by the Independent Shareholders by way of poll.

The purpose of this Prospectus is to provide you with further information of the Open Offer including information on dealings in and application for the Offer Shares, and certain financial and other information of the Group.

THE OPEN OFFER

Basis of the Open Offer: Five (5) Offer Shares for every one (1) Consolidated Share held on the Record Date

Subscription Price: HK\$0.25 per Offer Share

Number of Consolidated Shares in issue as at the Record Date: 250,621,624 Consolidated Shares

Number of Offer Shares: 1,253,108,120 Offer Shares

The aggregate nominal value of the Offer Shares will be approximately HK\$50,124,324.80

Number of Consolidated Shares in issue immediately upon completion of the Open Offer: 1,503,729,744 Consolidated Shares

As at the Latest Practicable Date, there are outstanding Share Options to subscribe for an aggregate of 245,000 Consolidated Shares.

Save as disclosed, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Consolidated Shares as at the Latest Practicable Date.

The Open Offer is fully underwritten by the Underwriter which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

The Offer Shares

As there are 250,621,624 Consolidated Shares in issue as at the Record Date, 1,253,108,120 Offer Shares will be issued and allotted representing approximately 500% of the issued share capital of the Company as at the Latest Practicable Date and approximately 83.33% of the issued share capital of the Company as enlarged by the Offer Shares.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$0.25 per Offer Share will be payable in full upon application by a Qualifying Shareholder. The Subscription Price represents:

- (a) a discount of approximately 78.4% to the closing price of HK\$1.160 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (b) a discount of approximately 78.5% to the average closing price of approximately HK\$1.164 per Consolidated Share for the last 5 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (c) a discount of approximately 77.6% to the average closing price of approximately HK\$1.118 per Consolidated Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (d) a discount of approximately 37.8% to the theoretical ex-entitlement price of approximately HK\$0.402 per Consolidated Share based on the closing price of HK\$1.160 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (e) a discount of approximately 7.4% to the closing price of approximately HK\$0.270 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price of the Shares under the prevailing market conditions and the financial position of the Group. As all Qualifying Shareholders are entitled to subscribe for the Offer Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Directors consider that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group. The Directors consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Offer Share after deducting the related expenses of the Open Offer will be approximately HK\$0.244.

LETTER FROM THE BOARD

Conditions of the Open Offer

The Open Offer is conditional upon the fulfillment of the following conditions:

- (a) the passing of the following resolutions by way of poll at the SGM:
 - (i) an ordinary resolution to approve the Share Consolidation by the Shareholders; and
 - (ii) an ordinary resolution to approve the Open Offer by the Independent Shareholders;
- (b) the Share Consolidation having become effective;
- (c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date and otherwise in compliance with the Listing Rules and the section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (d) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Consolidated Shares and the Offer Shares, either unconditionally or subject to such conditions which the Underwriter in its opinion accepts and satisfies (if any);
- (f) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (g) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof;
- (h) none of the warranties, representations and undertakings of the Company as set out in the Underwriting Agreement being breached, untrue, inaccurate or misleading in any material respect; and
- (i) (if necessary) compliance with any other requirements under the applicable laws and regulations of Hong Kong and Bermuda.

LETTER FROM THE BOARD

If the conditions precedent set out in paragraph (a) to (i) are not satisfied on or before the Latest Time for Termination, the Underwriting Agreement shall terminate and no party to the Underwriting Agreement will have any claim against any other party for costs, damages, compensation or otherwise save for, among others, any rights or obligations which may accrue under the Underwriting Agreement prior to such termination.

Up to the Latest Practicable Date, conditions (a) and (b) of the above have been fulfilled.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Consolidated Shares then in issue in all respects. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the Offer Shares. Dealings in the Offer Shares, which are registered in the register of members of the Company in Hong Kong, will be subject to payment of stamp duty and other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Open Offer will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Non-Qualifying Shareholders.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

LETTER FROM THE BOARD

As at the Record Date, there are 570 Overseas Shareholders comprised of shareholders in nine countries or regions including the United Kingdom, Isle of Man, Malaysia, Ireland, Portugal, New Zealand, Sweden, Australia and Germany, with an aggregate shareholding of 2,015,118 Consolidated Shares, representing approximately 0.8% of the issued share capital of the Company. Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Board has made enquires to its legal advisers of the aforesaid nine overseas jurisdictions on the legal restrictions and requirements of the relevant regulatory body in the nine aforesaid jurisdictions with respect to the offer of the Offer Shares to such Overseas Shareholders. Based on the legal advice from the overseas legal advisers, the Board determined that it is inexpedient for the Open Offer to be offered to 561 Non-Qualifying Shareholders (holding 1,997,132 Consolidated Shares, representing about 0.8% of the issued share capital of the Company as below:

	<i>Number of Shareholders</i>	<i>Number of Consolidated Shares</i>
Overseas Shareholders as at the Record Date		
(i) Qualifying Shareholders		
— With registered addresses located in the Isle of Man, Portugal, Sweden and Australia where the legal advisers advised that there was no restriction to extend the Open Offer to the Overseas Shareholders	9	17,986
(ii) Non-Qualifying Shareholders		
— With registered addresses located in the United Kingdom, Ireland, Malaysia, New Zealand and Germany where the legal advisers advised that there was restriction to extend the Open Offer to such Overseas Shareholders	<u>561</u>	<u>1,997,132</u>
Total	<u><u>570</u></u>	<u><u>2,015,118</u></u>

The Company will send Prospectus to the Non-Qualifying Shareholders for their information only but will not send the Application Forms to them.

LETTER FROM THE BOARD

No application for excess Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

If application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs including preparing and arranging the excess application, reviewing the relevant documents, liaising with professional parties and printing of application forms, etc. It is estimated that an additional cost of approximately HK\$200,000 to administer the excess application procedures will be incurred, which is not cost effective from the viewpoint of the Company. The Group recorded net loss for year 2013 and 2014. Considering that each Qualifying Shareholder will be given an equal opportunity to participate in the Company's potential future development by subscribing for his/her/its entitlements under the Open Offer, the Directors consider that the Company will not be justified in making additional effort and incurring additional costs to administer the excess application procedures. The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscription for the Offer Shares which have not been taken up by the Qualifying Shareholders and the Offer Shares which the Non-Qualifying Shareholders would otherwise have been entitled to under the Open Offer.

Fractions of Offer Shares

On the basis of provisional allotment of five (5) Offer Shares for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

Share certificates for the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for and paid for the Offer Shares on or before Tuesday, 25 August 2015 by ordinary post at their own risk. If the Open Offer is terminated, refund cheques are expected to be posted on or before Tuesday, 25 August 2015 by ordinary post to the applicants at their own risk.

LETTER FROM THE BOARD

Application for listing of the Offer Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Offer Shares to be admitted into CCASS.

Dealings in the Offer Shares which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, or any other applicable fees and charges in Hong Kong.

Taxation

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

Reasons for the Open Offer and the use of proceeds

The Company is an investment holding company and the Group is principally engaged in the developing, sourcing and selling biometric and radio frequency identification (the “**RFID**”) products and solutions services in the Asia Pacific region. The Group’s business is divided generally into four categories, namely (i) “Trading of Security of RFID and Biometrics Products”; (ii) “Solutions, Projects and Services”; (iii) “Internet and Mobile Applications & Related Accessories”; and (iv) “Commodities Trading”.

It is the corporate strategy of the Group to strengthen its existing businesses while concurrently identifying and capitalizing new opportunities to achieve financial growth for the Group and to maximize Shareholders’ value.

On 12 February 2015, a memorandum of understanding (the “**MOU**”) was entered into between a subsidiary of the Company as subscriber and Azoooca Incorporation (the “**Azoooca**”) as issuer in relation to the possible subscription of part of the equity interest of Azoooca (the “**Possible Subscription**”). Azoooca is principally engaged in mobile interactive game system using technologies including RFID and Bluetooth. Azoooca has launched a

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patented interactive play system called Izooca (the “**Izooca**”) that combines real world play with the mobility of tablet computers. Izooca allows users to attach toy figures which then come alive in the interactive virtual world of the Azooca’s mobile game called Cubetopia, where the users can explore, play games and interact with their friends.

Pursuant to the MOU, if formal agreement is not entered by the parties after six months from the date of MOU, the MOU shall be deemed to have expired unless the parties otherwise agree in writing. Therefore the Company targets to formulate a formal agreement in relation to the Possible Subscription before its expiration.

During the negotiation process after signing of the MOU, the subscription amount and payment schedule has aroused intense discussion and dragged on the whole negotiation. Furthermore, considering the limited liquid position of the Group, the financial ability of the Group to support the Possible Subscription has been put in doubt by Azooca even though neither the final subscription amount has been finally agreed. As at the Latest Practicable Date, the Company is still in the process of performing the due diligence (in which the Company is awaiting Azooca to provide certain financial information and financial projections as requested by the Company) and negotiating with Azooca on the structure, terms, payment schedule, and subscription amount of the Possible Subscription. Furthermore, Azooca considers that the financial forecasts and projections are commercially sensitive information and it would like to disclose such information to the Company after the Company has sufficient funding to support the Possible Subscription in order for the formal subscription agreement to be entered into. The Board believes that, with a strong cash position with immediately available funds will support the Possible Subscription and facilitate the negotiation process of the Group. The MOU will remain in effect for six months, up to 11 August 2015 (the “**Long Stop Date**”) (or such longer period as the Company and Azooca may mutually agree to in writing). At the end of July 2015, the Company will have a meeting with Azooca to negotiate in entering into the formal subscription agreement on or before the Long Stop Date. In the event that additional time is required, the Company will discuss with Azooca to extend the Long Stop Date to a later date.. If there is any updated information in relation to the Possible Subscription, the Company will comply with the applicable requirements under the Listing Rules accordingly and make further announcement(s) in this regard as and when appropriate.

In view of growing internet penetration and the explosion of smartphone market, mobile devices are being used in various aspects in daily lives, such as at work and at rest for leisure and entertainment. In this connection, the Board considers that there will be a surge in demand of various mobile applications and the Possible Subscription represents a good investment opportunity for the Group to tap into the growing mobile gaming industry.

Furthermore, given the participation of Azooca in mobile gaming industry involving application of RFID technologies, the Possible Subscription may create synergies effect with the Group’s existing RFID and internet and mobile applications businesses, the Board therefore considers that the Possible Subscription represents an opportunity which has strategic importance for the Group to expand and diversify its existing business portfolio.

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The Board is of the view that the Open Offer will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments when suitable opportunities arise. Furthermore, the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the growth and development of the Group. Accordingly, the Directors are of the view that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Nevertheless, if all the Qualifying Shareholders decide not to take up the provisional allotments of the Offer Shares and the Underwriter takes up all the Offer Shares as the Underwriter, the percentage of shareholding of the existing public Shareholders (excluding the Sub-Underwriter A) will be reduced from approximately 87.8% to 14.6%, representing a dilution effect on the shareholding interests of approximately 83.4% as a result of the Open Offer.

In assessing the fairness and reasonableness of the Open Offer, the Directors are of the view that:

- (i) the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price of the Shares under the prevailing market conditions and the financial performance of the Group which has been loss making for the past two years;
- (ii) in view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from fluctuating market sentiment, capital flow, trend of interest rate, volatility in money supply in different major economies and different economic decisions made by different countries, the Directors consider it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Open Offer if the Subscription Price was not set at a relatively deep discount to the historical trading prices of the Shares;
- (iii) under the Open Offer, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders participate in the Open Offer, they will be subscribing the Offer Shares at a lower price as compared to the historical and prevailing market price of the Shares;
- (iv) the relatively deep discount of the Subscription Price has reflected absence of excess application arrangement to Shareholders with an objective to lower the further investment cost of Shareholders to encourage them to take up their entitlements;

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- (v) during the negotiation of the Underwriting Agreement, it has been indicated to the Company that a subscription price with a relatively deep discount to the closing price is necessary to induce the Underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Open Offer;
- (vi) inherent dilutive nature of open offer in general if the Qualifying Shareholders did not take up their entitlements under the Open Offer in full. However, the Qualifying Shareholders have the first right to decide whether to accept their entitlements of the Offer Shares; and
- (vii) although the Open Offer has an inherent dilutive nature, it is subject to Shareholders' approval, which means that the Shareholders have a right to disapprove the Open Offer and the Underwriter has also undertaken to the Company that none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a substantial Shareholder as a result of the Open Offer.

In view of the foregoing, the Directors consider that the Open Offer structure is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing and rights issue. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. Although rights issue can provide a way out to those Shareholders who do not wish to take up the entitlements by selling nil-paid rights, rights issue will involve extra administrative work and cost for the trading arrangements in relation to the nil-paid rights. If the Company is to carry out a rights issue instead of the Open Offer, additional administrative work would be involved by the Company for arranging the trading of nil-paid rights and liaising with other parties such as the Registrar of the Company, the Underwriter, financial printer and other professional advisers. It is estimated that the additional costs and expenses of around HK\$300,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights. Given the current loss-making position of the Group, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. In addition, in view of the relatively inactive historical trading volume of the Shares, there is uncertainty of existence of a market to trade in the nil-paid rights. The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. Having considered and balanced against the extra administrative work and additional cost which will be involved for the trading arrangement of nil-paid rights, and given that all Qualifying Shareholders can have

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an equal opportunity to maintain their interests in the Company, the Directors are of the view that raising funds by way of the Open Offer is a better option and the Open Offer is in the interest of the Company and the Shareholders as a whole. In view of the above, the Board considered that raising funds by way of the Open Offer is more cost effective and efficient and beneficial to the Company and its Shareholders as a whole than a rights issue.

The gross proceeds from the Open Offer will be approximately HK\$313.3 million. The net proceeds from the Open Offer after deducting the estimated expenses are estimated to be approximately HK\$306.0 million. The Company intends to apply net proceeds from the Open Offer as to (i) approximately 90% of net proceeds for financing the Possible Subscription and funding requirements for business development of Azoooca upon completion of the Possible Subscription and other possible investment opportunities which may arise from time to time; and (ii) approximately 10% of the net proceeds as general working capital for existing businesses of the Group. Among the net proceeds of the Open Offer to be applied for general working capital, (i) approximately 40% for operating expenses of the Group (such as utilities expenses, legal and professional fee, rental expenses and staff costs, etc.); and (ii) approximately 60% for financing future business development opportunities as may be identified. As disclosed in the 2014 Annual Report, the total other operating and administration expenses for the year ended 31 December 2014 was approximately HK\$134.7 million with the arithmetical monthly average of operational expenditure of approximately HK\$11.2 million. The Company considers that it will be a merit for the Group to have additional working capital for its business operation and development. After considering the net proceeds of the Open Offer to be applied for the general working capital of the Group, the Directors believe that the Group should have sufficient fund to finance its existing operation. Therefore, as at the Latest Practicable Date, the Company has no immediate intention or contemplated plan to conduct any equity fund raising activities for the general working capital of the Group in the next 12 months.

If the Possible Subscription does not proceed, the net proceeds which is originally intended to be used for financing the Possible Subscription and business development of Azoooca will then be used for other suitable investment opportunities as and when identified by the Group. Apart from the Possible Subscription, the Group is currently in preliminary discussions with other acquisition targets (the “**Potential Acquisition Targets**”). The Group intends to acquire the controlling stake in the Potential Acquisition Targets even if the Possible Subscription proceeds, the Board will consider the ways of financing the Potential Acquisition Targets with reference to the prevailing market conditions and the financial position of the Group. The Potential Acquisition Targets are mainly engaged in mobile and tablets games applications and complementary software for mobile and tablet applications. As at the Latest Practicable Date, no definitive agreements have been signed yet.

In the event that no investment opportunities have been identified, the Company will allocate the 90% estimated net proceeds for developing the existing business segment of “Internet and Mobile Applications & Related Accessories” through either vertical or horizontal acquisitions, co-operative arrangements and joint ventures if and when there are any business opportunities, in order to enhance the Group’s client base and thus increase the Group’s revenue. As stated in the 2014 annual report for the year ended 31 December 2014 (the “**2014 Annual Report**”), the key contributor to the Group’s turnover for 2014 was

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the “Internet and Mobile Applications and Related Accessories” segment which contributed approximately 89.3% of total turnover. In view of the rapid growing internet penetration and the expansion of smartphone market, the Directors consider that there will be a rapid growth of mobile and gaming industry together with the surge in demand of various mobile applications. Therefore, the Directors believe that the “Internet and Mobile Applications and Related Accessories” segment will continue to be the key growth area of the Group and the investment in developing the “Internet and Mobile Applications & Related Accessories” segment with growth potential which will generate additional cash flow to the Group.

Underwriting Agreement

Date:	24 April 2015 (as supplemented on 19 June 2015)
Underwriter:	Astrum Capital Management Limited
Number of Underwritten Shares:	Not less than 1,253,108,120 Offer Shares and not more than 1,254,333,120 Offer Shares
Commission:	2.0% of the aggregate Subscription Price of the maximum amount of Offer Shares agreed to be underwritten by the Underwriter

The terms of the Underwriting Agreement are agreed after arm’s length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The Directors consider that the terms of the Underwriting Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

To the best of the Directors’ knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Pursuant to the Underwriting Agreement, the Company has undertaken not to issue any Shares or Consolidated Shares (save for Consolidated Shares to be issued under Share Consolidation or upon exercise of the outstanding Share Options) or issue any options or other securities which carry rights to acquire or convert into Shares or Consolidated Shares or repurchase its own Shares or Consolidated Shares from the date of the Underwriting Agreement until the Latest Time for Acceptance.

As at the Latest Practicable Date, the Board had not received any information or irrevocable undertaking from its substantial Shareholder of its intention to take up its assured entitlements under the Open Offer.

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The Underwriter has undertaken to the Company in the Underwriting Agreement that (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement; (ii) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for Underwritten Shares shall be third parties independent of and not connected with or acting in concert with the Company and its connected persons and their respective associates; (iii) none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a substantial shareholder of the Company holding 10% or more shareholding in the Company as a result of the subscription of the Underwritten Shares; and (iv) the Underwriter shall and shall cause the sub-underwriters to procure independent subscribers to take up such number of the Shortfall Underwritten Shares as necessary to ensure that the Company will comply with the public float requirement under the Listing Rules upon completion of the Open Offer.

As at the Latest Practicable Date, the Underwriter has no interest in any Share or other outstanding derivatives, warrants, options and conversion rights which are convertible or exchangeable into Shares.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the section headed “Conditions of the Open Offer” above.

Termination of the Underwriting Agreement

Information on the termination of the Underwriting Agreement has been set out in the section headed “Termination of the Underwriting Agreement” in this Prospectus.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company (for illustration purpose only) (i) as at the Latest Practicable Date; (ii) immediately after completion of the Open Offer:

	As at the		Immediately after completion of the Open Offer assuming			
	Latest Practicable Date		All the Offer Shares are		None of the Offer Shares are	
	<i>No. of</i>		subscribed for by the		subscribed for by the	
	<i>Consolidated</i>	<i>Approximate</i>	<i>Consolidated</i>	<i>Approximate</i>	<i>Consolidated</i>	<i>Approximate</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Crossover Global Limited (<i>Note 1</i>)	26,088,235	10.41%	156,529,410	10.41%	26,088,235	1.73%
Holders of outstanding Share Options	—	—	—	—	—	—
Underwriter and Sub-underwriters						
<i>(Notes 2 & 3):</i>						
Underwriter	—	—	—	—	74,008,120	4.92%
Sub-Agent (<i>Note 3</i>)	—	—	—	—	300,000,000	19.95%
Sub-Underwriter A (<i>Note 3</i>)	4,500,000	1.80%	27,000,000	1.80%	134,500,000	8.94%
Remaining Sub-Underwriters (<i>Note 3</i>)	—	—	—	—	749,100,000	49.82%
Public Shareholders	220,033,389	87.80%	1,320,200,334	87.80%	220,033,389	14.63%
	<u>250,621,624</u>	<u>100.00%</u>	<u>1,503,729,744</u>	<u>100.00%</u>	<u>1,503,729,744</u>	<u>100.00%</u>

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Percentage may not add up to 100 per cent due to rounding.

Notes:

1. The entire issued share capital of Crossover Global Limited (“**Crossover**”) is beneficially owned by three individuals, namely Mr. Chan Chun Fai, Mr. Qin Chuhua and Mr. Yang Zhijian at the percentage 45%, 29% and 26% respectively.
2. The Underwriter has undertaken to the Company in the Underwriting Agreement that (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement; (ii) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for Underwritten Shares shall be third parties independent of and not connected with or acting in concert with the Company and its connected persons and their respective associates; (iii) none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a substantial shareholder of the Company holding 10% or more shareholding in the Company as a result of the subscription of the Underwritten Shares; and (iv) the Underwriter shall and shall cause the sub-underwriters to procure independent subscribers to take up such number of the Shortfall Underwritten Shares as necessary to ensure that the Company will comply with the public float requirement under the Listing Rules upon completion of the Open Offer.
3. The Underwriter has entered into separate sub-underwriting agreements (collectively, the “**Sub-Underwriting Agreements**”) with fourteen sub-underwriters on 24 April 2015, 30 June 2015 and 27 July 2015, respectively (collectively, the “**Sub-Underwriters**”), which consist of individuals, companies and one sub-underwriting agent (the “**Sub-Agent**”), in respect of the sub-underwriting of an aggregate of 1,179,100,000 Underwritten Shares. Sub-Underwriters are Independent Third Parties. The Sub-Underwriters has confirmed to the Underwriter that they shall procure independent placees to take up such number of Offer Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after the Open Offer (the “**Public Float Arrangement**”). Pursuant to the respective Sub-Underwriting Agreements: (i) the Sub-Agent, whose principal activities include underwriting has agreed to sub-underwrite up to a maximum of 300,000,000 Underwritten Shares, representing approximately 19.95% of the total issued Consolidated Shares immediately after the Open Offer; (ii) a Sub-Underwriter, being an asset management company (the “**Sub-Underwriter A**”), which is interested in 4,500,000 Consolidated Shares as at the Latest Practicable Date, has agreed to sub-underwrite up to a maximum of 130,000,000 Underwritten Shares. Assuming the Sub-Underwriter A has taken up the maximum of 130,000,000 Underwritten Shares of its sub-underwriting commitment and taking up its entitlement to the Open Offer in full, when aggregated with its existing shareholding of the Company, it will result in 157,000,000 Consolidated Shares, representing approximately 10.44% of the total issued Consolidated Shares immediately after the Open Offer; and (iii) the sub-underwriting commitment of each of the remaining twelve Sub-Underwriters (including 3 companies whose principal activities are investment and 9 individuals) (the “**Remaining Sub-Underwriters**”) represents less than 5% of the total issued Consolidated Shares immediately after the Open Offer. As such, the Remaining Sub-Underwriters’ sub-underwriting commitments will be counted towards the public float. The sub-underwriting commitment of the Remaining Sub-Underwriters aggregated to a maximum of 749,100,000 Underwritten Shares, representing approximately 49.82% of the total issued Consolidated Shares immediately after the Open Offer.

Assuming none of the Offer Shares are subscribed by the Qualifying Shareholders, the aggregate shareholding of the Remaining Sub-Underwriters and the public Shareholders will be approximately 64.45% of the total issued Consolidated Shares immediately after the Open Offer. As such, the public float requirement of 25% will be maintained.

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FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
28 April 2014	Placing of new shares under general mandate at the placing price of HK\$0.27 per placing share	Approximately HK\$44.0 million	To meet the Company's financial obligations over the newly acquired business and any residual funding are for pursuing other new business opportunities and/or for general working capital	50% of the proceeds had remained unutilised as the amount had been earmarked for part payment on the acquisition of 74% issued share capital of Easy Ideas Limited premised on announcement made by the Company on 13 March 2014; while the remaining 50% had been utilised as general working capital

Procedures for acceptance of and payment for the Offer Shares

Qualifying Shareholders will find enclosed with this Prospectus, an Application Form which entitles the relevant Qualifying Shareholder(s) to accept the subscription of the number of Offer Shares shown therein. If a Qualifying Shareholder wishes to exercise his/her/its rights to accept the subscription of the Offer Shares specified in the Application Form, the Qualifying Shareholder must lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, by no later than 4:00 p.m. on Thursday, 13 August 2015. All remittances must be by cheques or banker's cashier orders in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to **"RCG Holdings Limited — Open Offer Account"** and crossed **"ACCOUNT PAYEE ONLY"**.

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, by 4:00 p.m. on Thursday, 13 August 2015, by the original allottee, the relevant assured allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and the relevant Offer Shares will be taken up by the Underwriter.

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The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment. All cheques and cashier's orders accompanying duly completed Application Form(s) will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a cashier's order, will constitute a warranty by the relevant Qualifying Shareholder that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any Application Form in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant assured allotment and all rights and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any monies received under the Open Offer. If the conditions of the Open Offer are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of the Offer Shares will be returned to the Qualifying Shareholders or, in case of joint holders, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter on or before Tuesday, 25 August 2015.

Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

ADJUSTMENTS IN RELATION TO THE OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, there are outstanding Share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for up to an aggregate of 245,000 Consolidated Shares. Pursuant to the terms of the outstanding Share Options, the Open Offer will cause adjustments to the exercise price of the outstanding Share Options and the number of Consolidated Shares to be allotted and issued upon exercise of the outstanding Share Options. The Company will instruct its auditor or an approved financial adviser to review and certify such adjustments in accordance with Chapter 17 of the Listing Rules, the supplementary guidance issued by the Stock Exchange on 5 September 2005, and the terms of the outstanding Share Options upon the Open Offer become unconditional. The Company will make further announcement in respect of such adjustments on the date of the announcement for the results of the Open Offer (i.e. Monday, 24 August 2015). The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the adjusted number of Consolidated Shares to be allotted and issued upon exercise of the outstanding Share Options.

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WARNING OF THE RISKS OF DEALING IN SHARES AND CONSOLIDATED SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares and Consolidated Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares and Consolidated Shares have been dealt in on an ex-entitlement basis commencing from Tuesday, 21 July 2015 and that dealing in Shares and Consolidated Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in Shares and Consolidated Shares up to the date on which all conditions to which the Open Offer are subject to are fulfilled (which is expected to be at 4:00 p.m. on Tuesday, 18 August 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares and Consolidated Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
By Order of the Board
RCG Holdings Limited
Li Jinglong
Director

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the years ended 31 December 2012, 31 December 2013 and 31 December 2014 are disclosed on pages 35–116 of the 2012 annual report published on 26 April 2013, pages 36–116 of the 2013 annual report published on 29 April 2014 and pages 36–115 of the 2014 Annual Report published on 29 April 2015 respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.rcg.tv). Please refer to the hyperlinks as stated below:

2012 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0426/LTN201304261552.pdf>

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0429/LTN201404291194.pdf>

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0429/LTN20150429413.pdf>

2. STATEMENTS OF INDEBTEDNESS

Borrowings

At the close of business on 30 June 2015, the Group did not have borrowings.

Finance lease

At the close of business on 30 June 2015, the Group has finance lease of approximately HK\$9,000 (approximately RM5,000), being secured by the motor vehicle with carrying amount of approximately HK\$13,000 (approximately RM6,000).

Commitments

The Group had no material capital expenditure contracted for but not provided at the close of business on 30 June 2015.

Guarantees and contingent liabilities

At the close of business on 30 June 2015, the Group had no outstanding guarantees and contingent liabilities. Except as those disclosed above, there was no other debt securities of the Group issued and outstanding, and authorised or otherwise created but unissued, and term loans, including guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) and unsecured at the close of business on 30 June 2015.

Except as those disclosed above, there was no other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, including guaranteed, unguaranteed, secured and unsecured borrowings and debt at the close of business on 30 June 2015.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this Prospectus in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is international developer and solutions provider in the biometric, RFID and security industries and delivers high-performing, convenient security systems for enterprises and consumers. The Group's business is divided generally into four categories: (i) "Trading of Security and Biometrics Products"; (ii) "Solutions, Projects and Services"; (iii) "Internet and Mobile Applications & Related Accessories"; and (iv) "Commodities Trading".

For the financial year of 2014, the Group recorded turnover of approximately HK\$31.8 million, representing a decrease of approximately 93.2% compared to the same period in 2013. The decrease in turnover was attributable to strategic delay in projects implementations and the winding down in commodities trading, whilst continuing diversification into Near-Field Communication (the "NFC") market. Gross margin improved in 2014 which amounted to approximately HK\$0.4 million as compared to a gross loss of approximately HK\$227.5 million in the same period in 2013 due to better performance of its business units. The Group reported a net loss of approximately HK\$130.2 million for the year ended 31 December 2014.

The Group continues to believe that the "Internet and Mobile Applications and Related Accessories" segment as a key growth area, in-line with the rapid growth of the mobile and gaming industry and in particular in online gaming, utilities applications for IOS and Androids and mass advertising.

The Group's Trading of Security and Biometric Products segment consists of biometrics and RFID products for consumer applications. Whilst its Solutions, Projects and Services segment revolves around the delivery of developed software and equipment to enterprises.

The Group's Commodity Trading activities revolve around the trading of general commodities not limited to generally accepted common commodities like metal, ores, silks and so on. Trading is conducted on both open markets local and overseas; and also through private transactions. The Group will wind down the business of commodities trading and allocate its resources to other business segments.

The key contributor to the Group's turnover for the year ended 31 December 2014 was the Internet and Mobile Applications and Related Accessories segment which contributed approximately 89.2% of total turnover. Following that, revenue from the Trading of Security and Biometric Products segment in the financial year ended 31 December 2014 was approximately HK\$3.4 million. This segment experienced an approximate 97.8% decrease compared to HK\$152.6 million in the same period in 2013 due to, the strategic delay in projects implementations and the winding down in commodities trading, whilst continuing diversification into NFC market.

The Solutions, Projects and Services business segment has no revenue contribution in 2014 as compared to approximately HK\$0.5 million in the financial year ended 31 December 2013. The non-contribution was attributable to the cautious steps taken to strategically delayed projects implementation with expectation of delay in collections due to the uncertain market conditions in areas of its operations.

The focus of the Group will be placed heavily on Internet and Mobile Applications and Related Accessories segment. This is inline with the rapid growth of the mobile and gaming industry, emphasising the Online Gaming and Utilities apps. The Company will focus to develop cross platform apps (Android, IOS, Windows and Blackberry) targeting young adult segments in particular Online Gaming. Later during the years, development of Role-Playing Game ("RPG") will be given emphasis with the increasing internet penetration globally.

For illustrative purposes only, set out below is the unaudited pro forma adjusted consolidated net tangible assets of the Group, as at 31 December 2014, after completion of the Open Offer, as if the Open Offer had taken place on as at 31 December 2014. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that it is inherently subject to adjustments and, because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Open Offer.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE GROUP**

The Unaudited Pro Forma Financial Information of the Group attributable to equity shareholders of the Company is prepared by the Directors in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to illustrate the effect of the proposed Open Offer of 1,253,108,120 Offer Shares on the basis of five Offer Share for every one Consolidation Share (Share Consolidation on the basis that every four shares of the Company consolidated into one Consolidated Share which was effective on 20 July 2015) held on the Record Date at HK\$0.25 per Offer Share on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 December 2014.

The Unaudited Pro Forma Financial Information of the Group is prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Open Offer as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the audited consolidated net tangible assets attributable to equity shareholders of the Company as at 31 December 2014 and adjusted to reflect the effect of the Open Offer:

Audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2014 <i>HK\$'000</i> <i>(Note 1)</i>	Intangible assets and goodwill of the Group as at 31 December 2014 <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014 <i>HK\$'000</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014 upon completion of Open Offer <i>HK\$'000</i>
Based on 1,253,108,120 Offer Shares at subscription price of HK\$0.25 per offer share to be issued				
206,532	(127,295)	79,237	306,011	385,248

Unaudited pro forma adjusted consolidated net tangible assets of the Group per share as at 31 December 2014 after Share Consolidation *(Note 4)*

HK\$0.32 per share

Unaudited pro forma adjusted consolidated net tangible assets of the Group per share as at 31 December 2014 upon completion of the Open Offer based on 1,253,108,120 Offer Shares to be issued *(Note 5)*

HK\$0.26 per share

Notes:

- (1) The audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2014 of HK\$206,532,000 is extract from the published annual report of the Company for the year ended 31 December 2014.
- (2) The intangible assets and goodwill of the Group as at 31 December 2014 of approximately HK\$87,628,000 and HK\$39,667,000 respectively are extract from the published annual report of the Company for the year ended 31 December 2014.
- (3) The estimate net proceeds from the Open Offer of approximately HK\$306,011,000 are based on 1,253,108,120 Offer Share to be issued at HK\$0.25 per Offer Share after deduction of estimate related expenses of approximately HK\$7,266,000.
- (4) The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group per share as at 31 December 2014 after Share Consolidation is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014 of approximately HK\$79,237,000 divided by 250,621,624 Consolidated Share in issue as at the date of the announcement of the Company dated 24 April 2015 (the “**Announcement Date**”).
- (5) The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group per share as at 31 December 2014 upon completion of Open Offer is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to Owners of the Company as at 31 December 2014 upon completion of the Open Offer based on 1,253,108,120 Offer

Share to be issue of approximately HK\$385,248,000 divided by 1,503,729,744 shares which comprise 250,621,624 Consolidated Share as at Announcement Date and 1,253,108,120 Offer Share to be issued under the Open Offer as if the Open Offer has been completed on 31 December 2014.

- (6) No adjustment other than those adjusted above has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2014.

**B. ACCOUNTANTS' ASSURANCE REPORT ON UNAUDITED PRO FORMA
FINANCIAL INFORMATION OF THE GROUP**

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in relation to the Group's unaudited pro forma financial information.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

30 July 2015

The Board of Directors
RCG Holdings Limited

Dear Sirs,

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

We have completed our assurance engagement to report on the unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of RCG Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the pro forma net assets statement as at 31 December 2014 and related notes as set out in section A of Appendix II of the Prospectus dated 30 July 2015 (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in section A of Appendix II of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed open offer of 1,253,108,120 offer shares on the basis of five offer shares for every one consolidated share (“**Consolidation Share**”) (share consolidation on the basis that every four issued and unissued shares of the Company consolidated into one Consolidated Share was effective on 20 July 2015) held on the record date at HK\$0.25 per offer share (the “**Open Offer**”) on the Group's net tangible assets as at 31 December 2014 as if the Open Offer had taken place at 31 December 2014. As part of this process, information about the Group's net tangible assets has been extracted by the directors from the Group's annual report for the year ended 31 December 2014, on which an audited annual report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the respective dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKASE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>2,250,000,000</u>	Consolidated Shares of HK\$0.04 each	<u>90,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
250,621,624	Consolidated Shares in issue as at the Latest Practicable Date	10,024,864.96
<u>1,253,108,120</u>	Offer Shares to be issued	<u>50,124,324.80</u>
<u>1,503,729,744</u>	Total	<u>60,149,189.76</u>

Save for the Share Options, no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

All the Offer Shares when allotted, issued and fully paid, will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Consolidated Shares in issue as at the date of allotment and issue of the Offer Shares.

The Consolidated Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Consolidated Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

On 16 October 2008, the Company adopted the Share Option Scheme pursuant to which the Directors may grant Share Options to eligible persons including employees and directors of the Group. As at the Latest Practicable Date, there were a total of 245,000 Share Options outstanding and unexercised, which entitle their respective holders to subscribe for a total of 245,000 Consolidated Shares (representing approximately 0.10% of the issued share capital of the Company as at the Latest Practicable Date).

As at the Latest Practicable Date, there were no arrangement under which future dividends are waived or agreed to be waived.

Save as disclosed above, there are no outstanding options, warrants or securities convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be disclosed and notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, the following persons or companies (other than the Directors and chief executives) had interest or short positions in the Consolidated Shares or underlying Consolidated Shares, which would fall to be disclosed to the Company and the Stock Exchange under the Provisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who was expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any members of the Group as follows:

Long position in the Consolidated Shares

Name	Capacity/Nature of interest	Number of Consolidated Shares interested	Approximate percentage of shareholding (Note 7)
Crossover Global Limited (Note 1)	Beneficial Owner	156,529,410	10.41%
Chan Chun Fai (Note 1)	Interest of controlled corporation	156,529,410	10.41%
Qin Chuhua (Note 1)	Interest of controlled corporation	156,529,410	10.41%
Yang Zhijian (Note 1)	Interest of controlled corporation	156,529,410	10.41%
The Offshore Group Holdings Limited (Note 2)	Beneficial owner	80,273,334	5.34%
Chan Chun Chuen (Note 2)	Interest of controlled corporation	80,273,334	5.34%
Tam Miu Ching (Note 2)	Spousal interest	80,273,334	5.34%
Astrum Capital Management Limited (Note 3)	Other	1,253,108,120	83.33%
Major Harvest Investments Limited (Note 4)	Interest held by controlled corporation	1,253,108,120	83.33%
Autumn Ocean Limited (Note 4)	Interest held by controlled corporation	1,253,108,120	83.33%
Pan Chik (Note 4)	Interest held by controlled corporation	1,253,108,120	83.33%
Liu Ming Lai Lorna (Note 4)	Interest held by spouse	1,253,108,120	83.33%
Win Fung Securities Limited (Note 5)	Other	300,000,000	19.95%
Cheng Hei Yu (Note 5)	Interest held by controlled corporation	300,000,000	19.95%
Avant Capital Management (Hong Kong) Limited (Note 6)	Investment manager	157,000,000	10.44%

Notes:

1. The entire issued share capital of Crossover Global Limited (“**Crossover**”) is beneficially owned by three individuals, namely Mr. Chan Chun Fai, Mr. Qin Chuhua and Mr. Yang Zhijian at the percentage 45%, 29% and 26% respectively. As at the Latest Practicable Date, Crossover holds 26,088,235 Consolidated Shares and shall be entitled to 130,441,175 Offer Shares under the Open Offer.
2. The entire issued share capital of The Offshore Group Holdings Limited (“**Offshore**”) is beneficially owned by an individual, Mr. Chan Chun Chuen. Ms. Tam Miu Ching is the wife of Mr. Chan Chun Chuen. As at the Latest Practicable Date, Offshore holds 13,378,889 Consolidated Shares and shall be entitled to 66,894,445 Offer Shares under the Open Offer. Therefore, Mr. Chan Chun Chuen and Ms. Tam Miu Ching are deemed to be interested in the 80,273,334 Consolidated Shares held by Offshore under the SFO.
3. Astrum Capital Management Limited entered into the Underwriting Agreement with the Company, pursuant to which Astrum Capital Management Limited agreed to underwrite not less than 1,253,108,120 Underwritten Shares and not more than 1,254,333,120 Underwritten Shares.
4. Astrum Capital Management Limited is wholly owned by Major Harvest Investments Limited, which in turn is 80% owned by Autumn Ocean Limited. Autumn Ocean Limited is wholly owned by Mr. Pan Chik. Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan Chik.
5. Win Fung Securities Limited has agreed to sub-underwrite up to a maximum of 300,000,000 Underwritten Shares. Cheng Hei Yu owns 99% of Win Fung Securities Limited.
6. Avant Capital Management (Hong Kong) Limited is interested in 4,500,000 Consolidated Shares as at the Latest Practicable Date, and has agreed to sub-underwrite up to a maximum of 130,000,000 Underwritten Shares. If Avant Capital Management (Hong Kong) Limited has taken up the maximum of 130,000,000 Underwritten Shares of its sub-underwriting commitment and taking up its entitlement to the Open Offer in full, when aggregated with its existing shareholding of the Company, it will be interested in 157,000,000 Consolidated Shares, representing approximately 10.44% of the total issued Consolidated Shares immediately after the Open Offer.
7. It represents the approximately percentage of total issued Consolidated Shares immediately after the Open Offer on the assumption that no outstanding Options are exercised before the completion of the Open Offer.

Short Positions in the Consolidated Shares

Name of shareholder	Capacity	Number of Consolidated Shares interested	Percentage of the shareholding (approximately) (Note 2)
Astrum Capital Management Limited (Note 1)	Other	1,179,100,000	78.41%
Major Harvest Investments Limited	Interest held by controlled corporation	1,179,100,000	78.41%
Autumn Ocean Limited	Interest held by controlled corporation	1,179,100,000	78.41%
Pan Chik	Interest held by controlled corporation	1,179,100,000	78.41%
Liu Ming Lai Lorna	Interest held by spouse	1,179,100,000	78.41%

Notes:

1. As at the Latest Practicable Date, Astrum Capital Management Limited has sub-underwritten/placed 1,179,100,000 Underwritten Shares to various sub-underwriter/subscribers.
2. It represents the approximately percentage of total issued Consolidated Shares immediately after the Open Offer on the assumption that no outstanding Options are exercised before the completion of the Open Offer.

Save as disclosed above, so far as is known to the Directors, and chief executive of the Company, as at the Latest Practicable Date, no other person (other than the Directors and chief executives of the Company), had an interest or short position in the Consolidated Shares or underlying Consolidated Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or who was expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any members of the Group.

4. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- a) none of the Directors had any interest, either direct or indirect, in any assets which have, since 31 December 2014 (being the date to which the latest published audited accounts of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

5. LITIGATION

By way of an Originating Summon filed on 28 November 2013 (HCMP 3210/2013), a minority shareholder of the Company, Veron International Limited (“**Veron**”), sought leave from the High Court of Hong Kong to bring a statutory derivative action in the names of the Company and RCG China Holdings Limited (“**RCG China**”), a wholly-owned subsidiary of the Company, against certain former directors of the Company and RCG China who were directors at the time of the acquisition of shares in Vast Base Technology Limited and Strong Aim Limited, both were the former subsidiaries of the Company, for investment purposes between December 2007 and April 2010.

Pursuant to a judgment handed down by the Honourable Mr. Justice Ng on 20 July 2015 (the “**Judgment**”), Veron was refused leave to take proceedings in the name of the Company against any of the former directors of the Company. However, Veron was granted leave to take proceedings in the name of RCG China against certain former directors of RCG China.

As the Company and RCG China do not consider that it is in the best interest of the Company or RCG China for Veron to pursue a statutory derivative action against former directors of RCG China, the Company is reviewing the Judgment and seeking advice from its lawyers regarding the merits of an appeal against that aspect of the Judgment. The Company will closely monitor the development of this matter and make further announcement(s) if and when there is any significant development in respect of this matter.

Save as disclosed above, as at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors’ to be pending or threatened against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors of the Company had entered or proposed to entered into any service contracts with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of any compensation (other than statutory compensation).

7. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware of any business or interest of the Directors, controlling Shareholders, substantial Shareholders and each of their respective close associates (as defined in the Listing Rules) that competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

8. MATERIAL CONTRACTS

All material contracts (not being contracts entered into in the ordinary course of business) which were entered into by members of the Group within two years immediately preceding the issue of this Prospectus are as follows:

- (a) the sale and purchase agreements dated 10 September 2013 between RCG China Limited (“**RCG China**”), an indirectly wholly-owned subsidiary of the Company, and Mr. Wang Zhenzhong (“**Mr. Wang**”), pursuant to which RCG China agreed to sell and Mr. Wang agreed to purchase two office units located at No. 8 Haidian North Second Street, Zhong Guan Cun SOHO Zhong Guan Cun, Haidian District, Beijing, PRC for an aggregate consideration of RMB15,508,025;
- (b) the placing agreement dated 10 September 2013 entered into between the Company and Tanrich Securities Company Limited as placing agent in relation to the placing of up to a maximum of 119,515,299 new shares, on a best effort basis, at HK\$0.25 per placing share for a placing commission of 3% on the gross proceeds raised from such placing;
- (c) the agreement dated 27 December 2013 between Sharp Asia International Limited (“**Sharp Asia**”) and Ms. Zheng Wanying (“**ZWY**”), pursuant to which Sharp Asia agreed to dispose of and ZWY agreed to acquire 3% equity interest in Xian Hui Investments Limited, a company incorporated in the British Virgin Islands with limited liabilities for a consideration of HK\$12,000,000;
- (d) the sale and purchase agreement dated 13 March 2014 between Bio Tag International Limited, a wholly-owned subsidiary of the Company (“**BTIL**”) and Wealthy Zone Limited, a company incorporated in the British Virgin Islands with limited liabilities (“**WZL**”), pursuant to which BTIL has conditionally agreed to acquire and WZL has conditionally agreed to sell the 74% of the issued share capital in Easy Ideas Limited, a company incorporated in the British Virgin Islands with limited liabilities for a consideration of HK\$69,560,000;
- (e) the sale and purchase agreement dated 15 April 2014 between RCG Land Sdn Bhd (“**RCG Land**”), an indirect wholly-owned subsidiary of the Company and Pertubuhan Peladang Kebangsaan (National Farmers Organisation) (“**NAFAS**”), pursuant to which RCG Land agreed to sell and NAFAS agreed to purchase a property at a total consideration of RM59.8 million (approximately HK\$142.72 million);
- (f) the placing agreement dated 28 April 2014 entered into between the Company and Tanrich Securities Company Limited as placing agent in relation to the placing of maximum of 167,081,299 new shares at HK\$0.27 per placing share for a placing commission of 2.5% on the gross proceeds raised from such placing; and
- (g) the Underwriting Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this Prospectus:

Name	Qualification
HLB Hodgson Impey Cheng Limited (“ HLB ”)	Certified Public Accountants

As at the Latest Practicable Date, HLB did not have any beneficial interest in the share capital of any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or have any interest, either directly or indirectly, in any assets which have been, since 31 December 2014, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

HLB has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and/or its letter dated 30 July 2015 and/or references to its name and/or its advice in the form and context in which they respectively appear.

10. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, independent financial adviser fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$7.3 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal place of business in Hong Kong	Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong
Principal place of business outside Hong Kong	Lot 1, Jalan Teknologi 3/5, Taman Sains Selangor 1 Kota Damansara, Petaling Jaya, Selangor Malaysia

Company secretary	Mr. Lo Wah Wai. He holds a Bachelor's degree in Business Administration from the Chinese University of Hong Kong and a Master's degree in Science from the New Jersey Institute of Technology, the United States. He is a practicing member of the Hong Kong Institute of Certified Public Accountants and is a member of the American Institute of Certified Public Accountants.
Authorised representatives	Mr. Li Jinglong Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong Mr. Lo Wah Wai Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong
Branch share registrar and transfer office in Hong Kong	Union Registrars Limited A18/F, Asia Orient Tower Town Place, 33 Lockhart Road Wanchai Hong Kong
Principal share registrar in Bermuda	MUFG Fund Services (Bermuda) Limited 26 Burnaby Street Hamilton HM11 Bermuda

Principal bankers	HSBC HSBC Main Building 1 Queen's Road Central Hong Kong CIMB Bank Berhad 5/F Menara A&M Garden Business Centre Jalan Istana 41000 Klang Selangor Darul Ehsan Malaysia Nomura International (Hong Kong) Limited 30/F, Two International Finance Centre 8 Finance Street, Central Hong Kong
Auditors and reporting accountants	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Legal adviser to the Company in relation to the Open Offer	<i>As to Hong Kong law</i> Patrick Mak & Tse 16/F., Nan Fung Tower 173 Des Voeux Road Central Hong Kong
Underwriter	Astrum Capital Management Limited 11/F, 122 QRC 122–126 Queen's Road Central Central Hong Kong
Financial adviser to the Company in relation to the Open Offer	Akron Corporate Finance Limited 17AB Trust Tower 68 Johnston Road Wanchai Hong Kong

12. PARTICULARS OF THE DIRECTORS**(a) Name and address of the Directors***Executive Directors*

Name	Address
Mr. Li Jinglong	Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong
Mr. Zhang Ligong	Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong
Mr. Wang Zhongling	Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong

Independent Non-executive Directors

Name	Address
Mr. Liu Wen	Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong
Mr. Kwan King Wah	Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong
Mr. Tse Chin Pang	Room 626–629, Corporation Park 11 On Lai Street Siu Lek Yuen, Sha Tin New Territories Hong Kong

(b) Profile of the Directors*Executive Directors*

Mr. Li Jinglong (“Mr. Li”), aged 55, was appointed as an executive Director on 27 September 2011. He holds a diploma in Business Management from Beijing Society Han Shou University in China. Prior to joining the Group, Mr. Li has, since 2005, been the general manager of Shanghai Yu Heng Pharmaceuticals Technology Company Limited, a company which specialises in surgical dressing and medical consumable products, and where he oversaw the company’s long term development plans, daily operations and vendors and distributors management. He was the general manager of ZhongXing Industrial Development Company Limited from 1995 to 2005 where he was responsible for daily operations, trading and business developments of the company. Mr. Li is responsible for the Group’s business development in China.

Mr. Zhang Ligong (“Mr. Zhang”), aged 47, was appointed as an executive Director on 27 September 2011. He holds a diploma in Information Science and Engineering from Beijing Electrical & Information Engineering College in China. Prior to joining the Company, Mr. Zhang has been, since 2006, the deputy general manager of Beijing Zheshi Communications Technology Co. Limited, a company specialising in home and office security and surveillance systems, and where he spearheaded sales, marketing and business development as well as being responsible for the company’s operation and implementation of strategic direction. He was a technical engineer in Beijing Qinghe Textile Factory from 1986 to 2006. Mr. Zhang is responsible for the Group’s business development in China.

Mr. Wang Zhongling (“Mr. Wang”), aged 32, was appointed as an executive Director on 13 November 2012 and the acting chairman of the Board and chief executive officer of the Company on 2 December 2013. He stepped down as the acting chairman of the Board on 7 March 2014. He holds a Diploma in Computer Science from the Jiaying College in China. Prior to joining the Company, Mr. Wang was, since 2008, the deputy general manager of Shenzhen Giinwin Technology Co. Ltd., a company specializing in computer intelligence and software development, wireless communication, smart device development, system integration and technical consultancy, where he was responsible for its operation and management. Mr. Wang has had more than 11 years’ experience in managing smart system projects in the technology sector and has held a number of senior technology related positions. Mr. Wang is responsible for the Group’s technology investment and management.

Independent Non-executive Directors

Mr. Liu Wen (“Mr. Liu”), aged 47, was appointed as an independent non-executive Director and chairman of the Board. He graduated with a Bachelor of Law degree from Peking University in 1990 and began his career practicing law in Guangdong Province, PRC before relocating to Hong Kong in 1997.

Mr. Liu is registered as a foreign lawyer with the Law Society of Hong Kong and is Head of the China Division of Li, Wong, Lam & W. I. Cheung Solicitors. He is experienced in both Hong Kong and Mainland China matters, particularly in relation to foreign direct investments in China. Mr. Liu is also a Member of the 5th and 6th Meizhou Municipal Committee of the Chinese People's Political Consultative Conference, Guangdong Province and is a guest lecturer of the Chinese Manufacturers' Association of Hong Kong.

Mr. Liu presently holds directorships in two Hong Kong private companies, namely Hong Kong Mei Zhou Association Limited and Hong Kong Hakka Association Limited.

Mr. Kwan King Wah ("Mr. Kwan"), aged 51, was appointed as an independent non-executive Director on 27 August 2012. He was also appointed as the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Mr. Kwan, formerly known as Kwan Fu Tang and Kwan Chik Wah, is a fellow member of the Hong Kong Institute of Certified Public Accountants. He obtained a Diploma in Accountancy with credit awarded from Hong Kong Tuen Mun Technical Institute and had attended a Microsoft Certified Systems Engineer (MCSE) Course at UniTech Consultancy Limited. Mr. Kwan has had more than 22 years working experiences in providing his expertise in accounting and auditing services to various companies.

Mr. Kwan is the founder and the present sole proprietor to K.W. Kwan & Co., an audit firm which registered with Hong Kong Institute of Certified Public Accountants for practicing as Certified Public Accountants. Mr. Kwan presently holds directorship in one Hong Kong private company, namely Pronet Consulting Limited.

Mr. Tse Chin Pang ("Mr. Tse"), aged 34, was appointed as an independent non-executive Director on 1 July 2015. He was also appointed as the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Tse is currently a director of an investment company in the PRC. Mr. Tse graduated from Guangzhou Jinan University in 2006 with a Bachelor's Degree in Economics. He holds management positions in several investment companies since 2010 and has extensive experience in investment management and corporate management.

Mr. Tse was a director of Globe Capital Limited (previously name as Ford Eagle Group Limited) from 13 March 2013 to 4 June 2013, shares of which are listed on the ICAP Securities & Derivatives Exchange in London.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Room 626–629, Corporation Park, 11 On Lai Street, Siu Lek Yuen, Sha Tin, New Territories, Hong Kong from the date of this Prospectus up to and including the Latest Time for Acceptance:

- a) the memorandum of association and the bye-laws of the Company;
- b) the annual reports of the Company for the three years ended 31 December 2014, 2013 and 2012;
- c) the accountants’ report on the unaudited pro forma financial information of the Group set out in Appendix II to this Prospectus;
- d) the letter of consent referred to under the paragraph headed “Expert and Consent” in this Appendix;
- e) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix;
- f) the Circular; and
- g) this Prospectus.

16. MISCELLANEOUS

- a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- b) the English text of this Prospectus shall prevail over the respective Chinese text in the case of inconsistency.