

RCG

RCG Holdings Limited

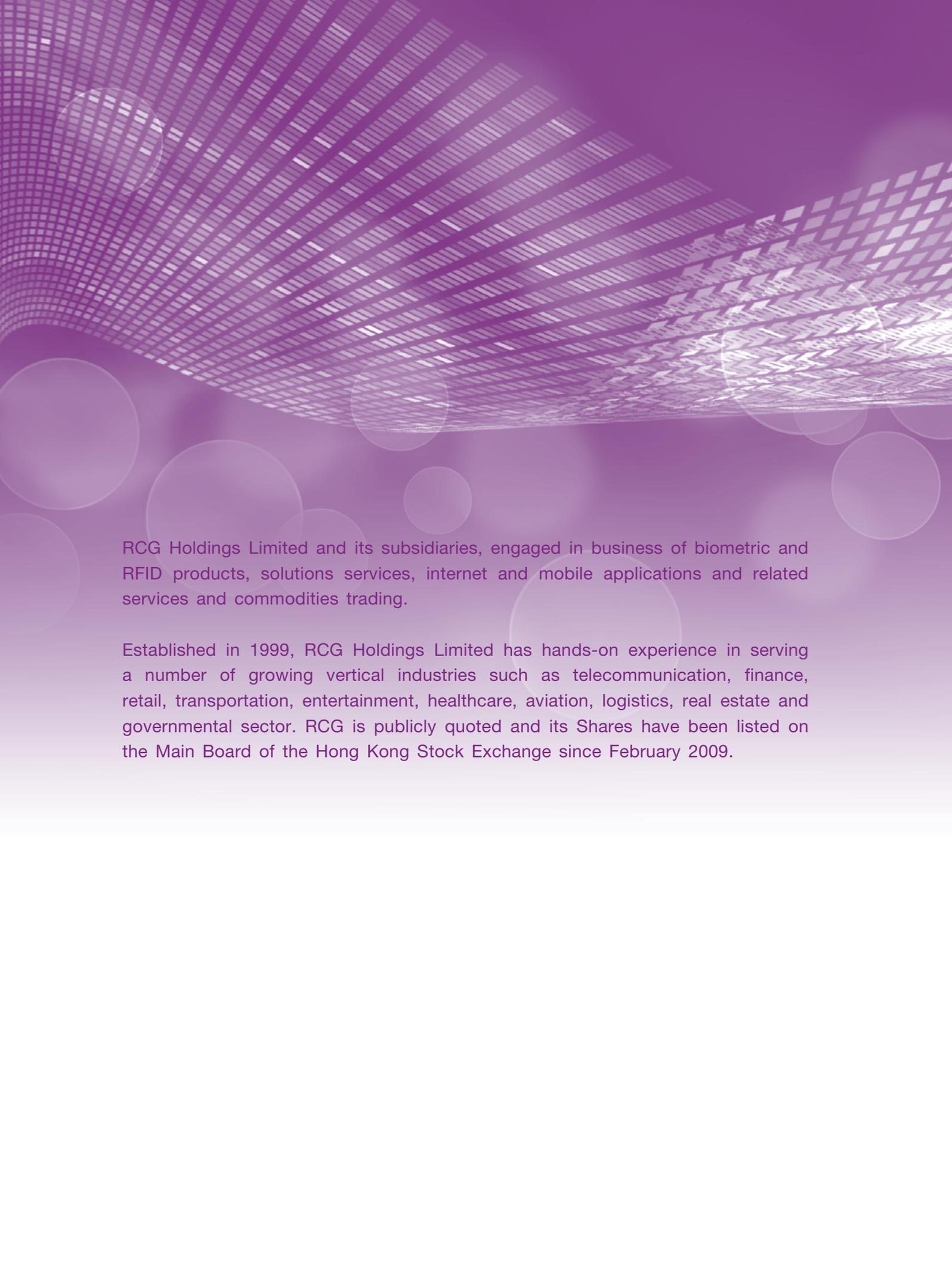
宏霸數碼集團(控股)有限公司*

(Incorporated in Bermuda with limited liability)

HKSE : 802

INTERIM REPORT 2015

* For identification only



RCG Holdings Limited and its subsidiaries, engaged in business of biometric and RFID products, solutions services, internet and mobile applications and related services and commodities trading.

Established in 1999, RCG Holdings Limited has hands-on experience in serving a number of growing vertical industries such as telecommunication, finance, retail, transportation, entertainment, healthcare, aviation, logistics, real estate and governmental sector. RCG is publicly quoted and its Shares have been listed on the Main Board of the Hong Kong Stock Exchange since February 2009.

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HIGHLIGHTS

RCG Holdings Limited (the “Company”) (HKSE: 802) and its subsidiaries (collectively “RCG” or the “Group”), engage in businesses of biometric and RFID products, solution services, internet and mobile applications and related accessories and commodities trading, today announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2015.

FINANCIAL HIGHLIGHTS

- Revenue increased by 60.8% to HK\$23.8 million (1H 2014: HK\$14.8 million)
- Gross profit increased by 700.0% to HK\$2.4 million (1H 2014: HK\$0.3 million)
- Gross profit margin was 9.9% (1H 2014: 2.0%)
- Operating profit of HK\$335.3 million (1H 2014: loss of HK\$22.3 million)
- Profit per share of HK\$0.28 per share (1H 2014: Loss per share of HK\$0.02 per share)

OPERATIONAL HIGHLIGHTS

Continued re-examination of the Group’s value propositions and focus on the alignment of the Group’s businesses to meet the challenges ahead.

- Realigning the core business by addressing core business sustainability, process reengineering and repositioning of the strength in its core competencies.
- Maximizing potential across all core businesses via cost approach while forging strategic alliances to complement the Group’s core competencies.
- Refocusing and reviewing the portfolio mix of businesses within the Group, with the objective of maximising the returns of each investment.

SINCE PERIOD END

On 1 July 2015, the Company announced the following changes:

- (a) Mr. Tse Chin Pang has been appointed as independent non-executive director of the Company and the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company with effect from 1 July 2015.
- (b) Mr. Zeng Min has resigned as independent non-executive director of the Company and ceased to be the chairman of the remuneration committee of the Company, a member of audit committee and nomination committee of the Company with effect from 30 June 2015.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present the Group's interim results for the six months ended 30 June 2015, which consists of reporting on the activities, results and strategies of RCG.

BUSINESS ENVIRONMENT

The outlook for East and South Asia deteriorated in the second half of 2015, despite the following stable forecast of world economist, tallied in the first half of 2015. This is the weakest economic performance in East and South Asia since 2001. Slower growth in China, partially reflecting authorities' willingness to restructure the country's economic model toward a more sustainable growth objective and rising domestic economic risks, where it impacted significantly on the region's economic performance, particularly in China's neighborhoods Hong Kong, Korea, Japan, Taiwan and ASEAN nation. Despite these trying economic challenges, the Company continued to work towards sustainability and improvements on its businesses.

FINANCIAL AND BUSINESS REVIEW

For the first half of 2015 RCG has recorded an improvement registering a healthier gross profit, while in general, recorded a net loss in its financials. The Group has reported total revenue of HK\$23.8 million representing an increase of 60.8% compared to the same period in 2014.

The Group's strategic direction for all businesses segments are as follows:

(i) Trading of Security and Biometric Products — Diversify into NFC Market

Trading of Security and Biometric Products is the core business of the Group since 1990's. The Group's trading of security and biometric products segment consists of biometrics and RFID products for consumer applications. As the Group recorded a significant decrease in revenue in this segment during 2013, the Group continuously considered different methods to boost its revenue, such as restructuring the business operations and explore new potential markets.

The Group intended to diversify into Near-Field Communication ("NFC") market. NFC is a specialized subset within the family of RFID technology and is designated to be a secure form of data exchange. The Board has recently reached strategic cooperation relationship with a NFC developer and intentionally develop new products and apply the NFC technology into the Group's Security and Biometric Products.

In addition, the Group's sales team of security and biometric products is previously focused on South Asia countries, such as Malaysia and Indonesia. Although it is still in the preliminary stage, if new product is developed, the Group will allocate its resource to the PRC and establish a sales team there in order to capture the high growth opportunities of RFID and NFC products in the PRC.

CHAIRMAN'S STATEMENT

(ii) Internet and Mobile Applications and Related Accessories – Developing new commercial application platform for mobile phone and horizontal expanding the information technology business

The Group commenced the internet and mobile applications and related accessories segment since 2011.

In view of growing internet penetration and the rapid expansion of smartphone market, the Board consider that there will be a growing popularity of mobile marketing together with the surge in demand of various mobile applications.

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.

Having years of experience in information technology market, the Group intends to further step into this rapid growing market. The Group already identify a Hong Kong based company ("B2C Company") which specialized in e-Commerce (B2C Business) and Trade & e-Trade (B2B).

Although the Group is still in the process of negotiating with the B2C Company on the structure and terms of the cooperation, the Group intends to partner with the B2C Company to develop and manage the B2B platform that provides a market place for manufacturers and dealers, and the B2C platform so as to reach and directly deal with end customers.

(iii) Commodities Trading – Reallocating resources to other business segment

The Group's commodity trading activities revolve around the trading of general commodities like metal, ores, silks and so on.

As commodities trading requires low value-added services, the Group considered it limits the Group's ability to charge a high premium on top of the purchase cost of the commodities and continuously caused a low profit margin in that segment.

In addition, the business of commodities trading required the Group reserved a relatively high financial resource for its daily operation. More cash resources are expected to be required if the Group further expand the business segment and the Group may then need to raise additional funds to finance the expansion.

After considering the contributions to the Group, the growth potential and its future prospect, the Group maintained a cautious stand on the segment.

THANK YOU

My sincere appreciation goes to our shareholders, business partners and customers for their continued support of RCG as well as to the Group's management team and staff for their tireless dedication and efforts in developing the long term prospects of the Group.

Liu Wen

Chairman

28 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2015, the Group recorded turnover of HK\$23.8 million, representing an increase of 60.8% compared to the same period in 2014. The increase in turnover was attributable to strategic delay in projects implementations and the winding down in commodities trading, whilst diversifying into NFC market.

Gross margin improved approximately 9.9% for the six months ended 30 June 2015, compared to 2.0% for the same period in 2014 due to a number of factors, in particular the successful implementation of cost control exercises. The Group reported a net profit of HK\$281.5 million for the six months ended 30 June 2015.

Performance of business segments

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 three categories: "Trading of Security of Biometric Products", "Internet and Mobile Applications and Related Accessories" and "Commodities Trading".

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.

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 redefine its business models in this segment and reallocate its resources to other business segments.

Business Segment	Six months ended 30 June				HK\$ y-o-y growth %
	2015 (unaudited) HK\$ m		2014 (unaudited) HK\$ m		
Trading of Security and Biometric Products	0.3	1.3	0.1	0.7	200.0
Internet and Mobile Applications and Related Accessories	12.7	53.4	14.7	99.3	-13.6
Commodities Trading	10.8	45.3	—	—	100.0
Total Revenue	23.8	100.0	14.8	100.0	60.8

The key contributor to the Group's turnover as at 30 June 2015 was the Internet and Mobile Applications and Related Accessories segment which contributed 53.4% of total turnover. Following that, revenue from the commodities trading segment in the six months ended 30 June 2015 was HK\$10.8 million. This segment experienced a 100.0% increase compared to the same period in 2014 due to, the slow process of diversification into NFC market while maintaining cautious in general trading and sales.

MANAGEMENT DISCUSSION AND ANALYSIS

Geographical performance

In the first half of 2015, the Group continued to focus its business in Hong Kong. The Group continued to work with partners and distributors around the region. The majority of the Group's revenues are generated from these regions.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2015, the Group reported total revenue of HK\$23.8 million representing an increase of 60.8% compared to HK\$14.8 million in the same period in 2014. The increase was mainly due to contributions from the Commodities Trading segment.

Cost of sales

Cost of sales increased 47.6% from HK\$14.5 million in the six months ended 30 June 2014 to HK\$21.4 million in the same period in 2015. In terms of percentage of sales, the cost of sales decreased from 98.0% in the six months ended 30 June 2014 to 89.9% in the six months ended 30 June 2015.

Gross profit/(loss) and gross profit margin

Gross profit in the first half of 2015 was HK\$2.4 million, as compared to gross profit of HK\$0.3 million in the same period of 2014 resulting from effective cost control measures implemented.

Other revenue and gains

Other revenue and gains increased from HK\$0.7 million during the first half of 2014 to HK\$0.9 million in the same period of 2015.

Administrative expenses

Administrative expenses increased by 21.9% from HK\$16.9 million in the first half of 2014 to HK\$20.6 million in the same period in 2015.

Selling and distribution costs

Selling and distribution costs increased by 312.5% from HK\$0.8 million in the six months ended 30 June 2014 to HK\$3.3 million in the same period in 2015 due to higher marketing cost incurred to create better market awareness of the company's products.

Finance costs

Finance costs decreased by 94.4% from HK\$1.8 million in the six months ended 30 June 2014 to HK\$0.1 million in the same period in 2015.

Profit before taxation

Profit before taxation increased to HK\$335.3 million for the six months ended 30 June 2015, compared to a loss before taxation of HK\$22.3 million in the same period in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense/credit

Income tax expense/credit changed from HK\$1.7 million credit in first half of 2014 to a HK\$53.8 million expense in same period in 2015.

Profit for the period

The Group's profit for the period was HK\$281.5 million compared to loss of HK\$20.6 million in the same period in 2014.

An adjustment had been made to the financial statements due to an inadvertent error made on the recognition of an investment on listed securities.

The impact of the adjustment on the condensed consolidated statement of profit or loss of the Group for the six months ended 30 June 2015 is an increase of change on fair value of financial assets at fair value through profit or loss from HK\$38,130,000 to HK\$390,445,000, which made loss before taxation of HK\$17,030,000 became profit before taxation of HK\$335,285,000 and loss for the period of HK\$12,046,000 became profit for the period of HK\$281,480,000.

Profit/loss attributable to owners of the Company

Profit/loss attributable to owners of the Company changed from a loss of HK\$16.6 million in the first half of 2014 to a profit of HK\$283.9 million in the same period of 2015.

Profit attributable to the non-controlling interests

The profit attributable to the non-controlling interests of HK\$2.4 million for six months ended 30 June 2015 (in the same period in 2014 the profit attributable to the minority interest was HK\$4.1 million).

REVIEW OF THE GROUP'S FINANCIAL POSITION AS AT 30 JUNE 2015

Liquidity and capital resources

The Group funds its operations with sales revenue from its operating activities. The Group also has cash inflows from interest income and collections. Key drivers in the Group's sources of cash are primarily the Group's sales, and their inflow depends on the Group's ability to collect payments. There have been no material changes in the Group's underlying drivers during the period under review.

The Group did not incur any capital expenditure during the six months ended 30 June 2015 (compared to HK\$Nil in the first half of 2014).

The Group has internal budgeting systems in place to ensure that if and when cash is committed to fund major expenditures there is sufficient cash flow to maintain the Group's daily operations and meet all of its contractual obligations.

As at 30 June 2015, the Group does not have any term loan facility.

Save as disclosed above, there were no other charges on assets as at 30 June 2015.

The Group had cash and cash equivalents of HK\$43.6 million as at 30 June 2015 compared to HK\$107.6 million as at 30 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

As at 30 June 2015, the Group's gearing ratio was nil, as compared to 0.130x as at 30 June 2014. The gearing ratio was calculated as the Group's total debt divided by its total capital. The Group has no debt as at 30 June 2015. Total capital is calculated as total shareholder equity of HK\$21.1 million plus debt.

Contingent Liabilities

As at 30 June 2015, the Group had no contingent liabilities. The Company has not been acted as a guarantor of its subsidiaries to secure any interest-bearing borrowings.

The carrying amount of the financial guarantee provision recognised in the Company's balance sheet was approximately HK\$Nil as at 30 June 2015.

Deposits, prepayments and other receivable

As at 30 June 2015, the Group's deposits, prepayments and other receivable was HK\$46.9 million, as compared to HK\$71.0 million as at 30 June 2014.

Foreign exchange risk management

Certain of the Group's bank balances are denominated in Pounds, Ringgit, United States Dollars, United Arab Emirates Dirham and Renminbi, each of which is a currency other than the functional currency of the relevant group entities, which exposes it to foreign currency risk. The Group has not used any financial instruments to hedge against this currency risk. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

HUMAN RESOURCES

As at 30 June 2015, in addition to the directors of the Company (the "Directors"), there were approximately 41 employees (31 December 2014: 41) of the Group stationed in the Group's offices in Hong Kong, Beijing and Kuala Lumpur. Total staff costs for the six months ended 30 June 2015 were HK\$1.8 million, compared with HK\$2.9 million in first half 2014. The saving was attributable to the Group's continuous efforts to reduce its overheads and re-allocate the project resources by increasing collaboration with third party partners, hence reducing the dependency on internal manpower needs.

The Group offers training and development courses for its employees to enhance the staff's working capabilities. Remuneration packages are linked to individual performance, the Group's business performance, and taking into consideration industry practices and market conditions, reviewed on an annual basis. Directors' remuneration is determined with reference to his duties and responsibilities with the Company, the Company's standards for emoluments and market conditions. Share options are also granted to eligible employees based on individual's performance as well as the Group's performance.

MANAGEMENT OUTLOOK

The Group had continued the efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position. The Group will continue to work towards, attaining a stable platform for sustainability and basis for continuous growth.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Turnover	3	23,772	14,791
Cost of sales		(21,412)	(14,493)
Gross profit		2,360	298
Other revenue and gains	4	863	736
Change on fair value of financial assets at fair value through profit or loss		390,445	(3,965)
Selling and distribution costs		(3,343)	(755)
Administrative expenses		(20,649)	(16,893)
Other operating expenses		(34,369)	—
Profit/(loss) from operations		335,307	(20,579)
Finance costs		(22)	(1,769)
Profit/(loss) before taxation	5	335,285	(22,348)
Taxation	6	(53,805)	1,736
Profit/(loss) for the period		281,480	(20,612)
Attributable to:			
Owners of the Company		283,880	(16,554)
Non-controlling interests		(2,400)	(4,058)
		281,480	(20,612)
Profit/(loss) per share attributable to the owners of the Company			
— Basic and diluted (HK cents)	7	28.32	(1.9)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Profit/(loss) for the period	281,480	(20,612)
Other comprehensive income/(loss) for the period:		
<i>Items that may be reclassified to profit or loss:</i>		
Available-for-sale financial assets:		
Change in fair value	55	(305)
Exchange differences on translating foreign operations:		
Exchange differences arising during the period	(3,018)	587
	(2,963)	282
Total comprehensive loss for the period	278,517	(20,330)
Attributable to:		
Owners of the Company	280,917	(16,272)
Non-controlling interests	(2,400)	(4,058)
	278,517	(20,330)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	902	1,241
Goodwill	10	26,066	39,667
Intangible assets	11	56,700	87,628
Available-for-sale financial assets	12	106	51
		83,774	128,587
Current assets			
Financial assets at fair value through profit and loss		411,268	3,050
Trade receivables	13	18,507	5,317
Deposits, prepayments and other receivables		46,904	70,690
Cash at bank and on hand		43,605	138,926
		520,284	217,983
Total assets		604,058	346,570
CAPITAL AND RESERVES			
Share capital	14	10,025	10,025
Reserves		477,424	196,507
Equity attributable to owners of the Company		487,449	206,532
Non-controlling interests		29,557	31,957
Total equity		517,006	238,489

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		58,878	5,192
		58,878	5,192
Current liabilities			
Trade payables	15	4,183	6,364
Accruals and other payables		23,431	36,388
Tax payable		550	716
Promissory note	16	—	59,412
Obligations under finance leases		10	9
		28,174	102,889
Total liabilities		87,052	108,081
Total equity and liabilities		604,058	346,570
Net current assets		492,110	115,094
Total assets less current liabilities		575,884	243,681

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to the owners of the Company										
	Share capital	Share premium	Available-for-sale securities revaluation reserve	Employee share-based compensation reserve	Capital reserve	Translation reserve	Legal reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2014	8,354	2,202,868	(38,906)	5,070	(872)	(18,349)	48	(1,912,291)	245,922	32,145	278,067
Total comprehensive (loss)/income for the period	–	–	(305)	–	–	587	–	(16,554)	(16,272)	(4,058)	(20,330)
Placing of shares	1,671	43,441	–	–	–	–	–	–	45,112	–	45,112
Share issuing expenses	–	(1,119)	–	–	–	–	–	–	(1,119)	–	(1,119)
Lapse of share options	–	–	–	(371)	–	–	–	371	–	–	–
As at 30 June 2014	10,025	2,245,190	(39,211)	4,699	(872)	(17,762)	48	(1,928,474)	273,643	28,087	301,730
As at 1 January 2015	10,025	2,245,190	–	4,699	(872)	(25,082)	48	(2,027,476)	206,532	31,957	238,489
Total comprehensive income/(loss) for the period	–	–	55	–	–	(3,018)	–	283,880	280,917	(2,400)	278,517
As at 30 June 2015	10,025	2,245,190	55	4,699	(872)	(28,100)	48	(1,743,596)	487,449	29,557	517,006

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(35,727)	2,307
Net cash generated from/(used in) investing activities	2,952	(4,623)
Net cash (used in)/generated from financing activities	(59,411)	37,428
Net (decrease)/increase in cash and cash equivalents	(92,186)	35,112
Cash and cash equivalents at the beginning of the period	138,764	74,171
Effect of foreign exchange rate changes	(2,973)	(1,712)
Cash and cash equivalents at 30 June	43,605	107,571
Analysis of the balances of cash and cash equivalents		
Cash at bank and on hand	43,605	107,743
Fixed deposits	—	(172)
Cash and cash equivalents at 30 June	43,605	107,571

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (the "IAS") 34 Interim Financial Reporting and disclosure requirements set out in Appendix 16 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

These unaudited condensed consolidated have been prepared under the historical cost convention, except for certain financial assets and financial liabilities, which are carried at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of International Financial Reporting Standards ("IFRSs") 2, leasing transactions that are within the scope of International Accounting standards ("IAS") 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements are presented in Hong Kong Dollars ("HK\$") which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000), except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION (continued)

(b) Judgments and estimates

In preparing these interim unaudited condensed consolidated financial statement, management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

2. APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies used in these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the consolidated financial statements as at and for the year ended 31 December 2014.

The Group had not early adopted the new and revised international Financial Reporting Standards (the "IFRSs") that have been issued but are not yet effective during the period.

The Group is in the process of assessing the impact of the new and revised IFRSs upon initial application but has not yet in a position to state whether these new and revised IFRSs would have a significant impact on its results of operations and financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

3. TURNOVER AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the key management. This key management reviews the Group's internal reporting in order to assess performance and allocate resources. Key management has determined the operating segments based on these reports.

The key management considers the business from both a business and geographic perspective. From a business perspective, key management assesses the performance of Trading of Security & Biometric Products, Solutions, Projects and Services, Internet & Mobile Application & Related Accessories and Commodities Trading operating segments.

- *Trading of security & Biometric Products segment* consists of biometrics and RFID products for consumer applications. Examples include the m-series fingerprint doorlocks and FX-Secure-Key. Also, it carries biometric and RFID products and components for commercial use, such as i-series and s-series fingerprint authentication devices, together with EL-1000 and XL-1000 controllers forming access control, r-series RFID readers and controllers and K-series multi-modal security devices combining facial recognition, fingerprint authentication, password and RFID. The Group predominantly sells to distributors, system integrators and security system providers.
- *Internet & Mobile Application & Related Accessories segment* are mobile and gaming industry and in particular in Online gaming, Utilities Applications for IOS, Translations business and Mass Advertising.
- *Commodity Trading segment* are trading of commodity good.

The accounting policies of the reportable segments are the same as the Group's accounting policies. The key management assesses the performance of the business segments based on a measure of gross loss. Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade payables, accruals and other payables except of current and deferred tax liabilities, other corporate liabilities attributable to the individual segments and other borrowings managed directly by the segments.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

3. TURNOVER AND SEGMENT INFORMATION (continued)

The following table presents the Group's turnover, segment results and other information for operating segments for the six months ended 30 June 2015 and 30 June 2014 and segment assets and segment liabilities as at 30 June 2015 and 31 December 2014:

	Trading of Security & Biometric products		Internet & Mobile's Application & Related Accessories		Commodities Trading		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover										
— external sales	300	73	12,711	14,718	10,760	—	—	—	23,771	14,791
Segment results	300	(61)	1,997	359	63	—	—	—	2,360	298
Other operating income							863	736	863	736
Depreciation	(109)	(241)	(139)	(37)	—	—	(46)	(620)	(294)	(898)
Amortisation of prepaid lease payments	—	—	—	—	—	—	—	(48)	—	(48)
Amortisation of intangible assets	—	—	(10,309)	(9,800)	—	—	—	—	(10,309)	(9,800)
Change on fair value of financial assets at fair value through profit or loss	—	—	—	—	—	—	390,445	(3,965)	390,445	(3,965)
Unallocated expenses							(47,758)	(6,902)	(47,758)	(6,902)
Finance costs							(22)	(1,769)	(22)	(1,769)
Profit/(loss) before taxation							343,482	(12,568)	335,285	(22,348)
Taxation							(53,805)	1,736	(53,805)	1,736
Profit/(loss) for the period							289,677	(10,832)	281,480	(20,612)
Segment assets	1,000	752	32,811	131,861	10,760	—	559,487	213,957	604,058	346,570
Segment liabilities	2,229	6,272	1,920	58	—	—	82,903	101,751	87,052	108,081
Other segment information:										
Depreciation	(109)	(241)	(139)	(37)	—	—	(46)	(620)	(294)	(898)
Amortisation of prepaid lease payments	—	—	—	—	—	—	—	(48)	—	(48)
Amortisation of intangible assets	—	—	(10,309)	(19,600)	—	—	—	—	(10,309)	(19,600)
Impairment loss on other receivables	—	—	—	—	—	—	—	(964)	—	(964)
Impairment loss on trade receivables	—	(5)	—	—	—	(623)	(150)	—	(150)	(678)
Impairment loss on goodwill	—	—	(13,601)	(26,166)	—	—	—	—	(13,601)	(26,166)
Impairment loss on intangible assets	—	—	(20,618)	(18,072)	—	—	—	—	(20,618)	(18,072)

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

3. TURNOVER AND SEGMENT INFORMATION (continued)**Revenue from major products and services**

The Group's turnover from its major products and services were as follow:

	Turnover For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Trading of Security & Biometric Products		
Consumer products	300	73
Internet & Mobile's Application & Related Accessories	12,712	14,718
Commodities Trading	10,760	—
	23,772	14,791

Geographical information

The Group operates in two principal geographical areas — Hong Kong and Other Asian Countries. The following tables provide an analysis of the Group's turnover, by geographical areas, irrespective of the origin of the goods and services:

	Turnover For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Hong Kong	23,772	14,791
Other Asian Countries	—	—
	23,772	14,791

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

4. OTHER REVENUE AND GAINS

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Other revenue		
Bank interest income	96	2
Rental income	—	300
Sundry income	225	127
	321	429
Other gains		
Gain on disposal of property, plant and equipment	—	17
Reversal of impairment loss of trade receivable	—	124
Waiver of debts from other payables	63	—
Refund of over provided interest payment	479	—
Foreign exchange gain	—	166
	542	307
	863	736

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Finance costs		
Bank charges	21	41
Interests on interest-bearing borrowings and bank overdrafts wholly repayable within five years	—	1,728
Interest on obligations under finance leases	1	—
	22	1,769
Other items		
Cost of inventories sold	10,715	11,963
Depreciation	294	898
Amortisation of prepaid lease payments	—	48
Amortisation of intangible assets	10,310	9,800
Written off of accounts receivables	150	—
Impairment of Goodwill*	13,601	—
Impairment of intangible assets*	20,618	—

* Items included in other operating expenses

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

6. TAXATION

	For the six months ended	
	2015	2014
	HK\$'000	HK\$'000
Current tax expenses in respect of the current year — HK	73	—
Current tax expenses in respect of the current year — Malaysia	46	—
Current tax expenses in respect of the current year — PRC	—	(119)
Deferred tax liabilities	53,686	(1,617)
	53,805	(1,736)

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the period.

No provision for Hong Kong Profits Tax and Malaysian Income Tax has been made for 2014 as the Company and its subsidiaries had no assessable profits arising in Hong Kong and Malaysia.

Malaysian Income Tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the period. The corporate tax rate for companies with paid-up capital of Malaysian Ringgit 2.5 million and below at the beginning of the basis period for the years of assessment are as follows: The first Malaysian Ringgit 500,000 chargeable income is charged at the rate of 20% (2014: 20%) for the period and the amount of chargeable income exceeding Malaysian Ringgit 500,000 is charged at the rate of 25% (2014: 25%) for the period.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the period (2014: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax charges represent tax effects of amortization and impairment of intangible assets for the period ended 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

7. EARNING PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Profit/(loss)

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Profit/(loss) for the purpose of basic and diluted loss per share		
Profit/(loss) for the period attributable to owners of the Company	283,880	(16,554)

Number of shares

	For the six months ended 30 June	
	2015	2014
Weight average number of ordinary shares for the purpose of basic loss per share		
1,002,486,496	881,561,192	
Effect of dilutive potential ordinary shares		
Share option scheme	—	—
Weight average number of ordinary shares for the purpose of dilutive loss per share		
1,002,486,496	881,561,192	

For the period ended 30 June 2015 and 2014 diluted loss per share was not presented because the exercise of share option consider would have anti-dilutive effect.

8. INTERIM DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend in respect of the period ended 30 June 2015 (2014: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group did not acquired any property, plant and equipment (for the year ended 31 December 2014: approximately HK\$16,000). No items of property, plant and equipment was disposed during the six months ended 30 June 2015 (for year ended 31 December 2014: approximately HK\$7,281,000), resulting in no gain on disposal of property, plant and equipment (for year ended 31 December 2014: a gain on disposal of property, plant and equipment of approximately HK\$17,000).

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

10. GOODWILL

	Six months ended 30 June 2015 HK\$'000	Year ended 31 December 2014 HK\$'000
Cost		
As at the beginning of the period/year	204,504	186,340
Additional amounts recognised from business combinations occurred during the year	—	26,066
Exchange alignment	(7,600)	(7,902)
As at the end of the period/year	196,904	204,504
Accumulated impairment losses		
As at the beginning of the period/year	164,837	146,623
Impairment loss recognized during the period/year	13,601	26,116
Exchange alignment	(7,600)	(7,902)
As at the end of the period/year	170,838	164,837
Carrying amount		
As at the end of the period/year	26,066	39,667

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

10. GOODWILL (continued)

The carrying amount of goodwill allocated to cash-generating units (“CGUs”) that are significant individually or in aggregate is as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Home business accessories	—	13,601
Provision of advertising on mobile platforms	26,066	26,066
	26,066	39,667

The Group tests goodwill for impairment at each reporting period, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value-in-use calculations for the period ended 30 June 2015 and for the year ended 31 December 2014. The key assumptions for the value-in-use calculations are those regarding the discount rates and growth rates. The directors of the Company estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGUs. The growth rates are based on past performance and its expectations for the development of the market.

For the period ended 30 June 2015, the directors of the company had assessed the recoverable amount of the CGUs that impairment losses of approximately HK\$13,601,000 (for the year ended 31 December 2014: HK\$26,116,000) were recognised as the recoverable amount of the CGUs. The recoverable amounts of the CGUs are determined based on value-in-use calculations.

11. INTANGIBLE ASSETS

The director of the Company had assessed the recoverable amount of intangible assets for the period ended 30 June 2015 and year ended 31 December 2014. Approximately HK\$20,618,000 (for the year ended 31 December 2014: HK\$18,072,000) impairment loss on intangible assets was recognised for the period ended 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Equity securities at fair value Listed outside Hong Kong	106	51

For listed equity securities, the fair value as determined based on the quoted market bid prices available on the relevant stock exchange.

13. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
0–30 days	6,606	2,172
31–60 days	1,544	2,141
61–90 days	4,823	155
91–180 days	4,601	401
Over 180 days	930,800	930,315
	948,374	935,184
Impairment loss on trade receivables	(929,867)	(929,867)
	18,507	5,317

The Group has no significant concentrations of credit risk, with exposure spreads over a large number of customers.

The trade receivables are generally on 30–180 days credit terms. The directors of the Company consider that the carrying amounts of trade receivables approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

14. SHARE CAPITAL

	Number of shares		Par value	
	As at 30 June 2015	As at 31 December 2014	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	9,000,000,000	9,000,000,000	90,000	90,000
	Six months ended 30 June 2015	Year ended 31 December 2014	Six months ended 30 June 2015	Year ended 31 December 2014
Issued and fully paid:				
As at beginning of the period/year	1,002,486,496	835,406,496	10,025	8,354
Placing of shares (Note i)	—	167,080,000	—	1,671
As at end of the period/year	1,002,486,496	1,002,486,496	10,025	10,025

The following movements in the Company's authorized and issued share capital took place during the period from 1 January 2013 to 31 December 2014:

Note:

- (i) On 12 May 2014, the Company allotted and issued an aggregate of 167,080,000 shares by way of placing to independent investors at a price of HK\$0.25 per share.

15. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
0–30 days	893	—
31–60 days	1,031	1
61–90 days	—	—
Over 90 days	2,259	6,363
	4,183	6,364

Trade payables are generally settled on 0–60 days terms. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The directors of the Company consider that the carrying amounts of trade payables approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

16. PROMISSORY NOTE

On 30 September 2014, the Company's subsidiary, Biotag International Limited issued promissory notes (the "Promissory Notes") in principal amount of HK\$60,000,000 due on 31 December 2014 and 31 March 2015. The Promissory Notes was issued for acquiring the 74% shareholding interests in Easy Ideas Limited and bear interest at 3% per annum, payable annually in arrears. The effective interest rate is 5.23%. The Promissory Notes was settled during the six months ended 30 June 2015.

17. FINANCIAL INSTRUMENTS

(a) Fair values of financial assets and liabilities measured at amortised costs

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in condensed consolidated financial statements approximately their fair values.

(b) Financial instruments carried at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities.

	As at 30 June 2015 Level 1 HK\$'000	As at 31 December 2014 Level 1 HK\$'000
Financial assets at fair value through profit or loss:		
Listed equity securities at Hong Kong	411,268	3,050
Available-for-sales financial assets:		
Listed equity securities outside Hong Kong	106	51
	411,374	3,101

There were no transfers between Level 1 and 2 and 3 for the period ended 30 June 2015 and for the year ended 31 December 2014.

All of the financial instruments carried at fair value are value using quoted bid prices in an active market.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

18. COMMITMENTS

The Group had no capital commitment as at 30 June 2015 and 31 December 2014.

19. SHARE-BASED PAYMENTS

A post listing share option scheme (the "Post Listing Scheme") was adopted by the Company on 16 October 2008.

Share options are granted to the directors and employees of the Group to subscribe for shares in RCG Holdings Limited.

	Post Listing Scheme			
	2015		2014	
	Weighted average exercise price per share	Number of options	Weighted average exercise price per share	Number of options
As at 1 January	HK\$8.21	980,000	HK\$8.21	1,060,000
Lapsed	—	—	HK\$8.21	(80,000)
As at 30 June	HK\$8.21	980,000	HK\$8.21	980,000
Lapsed			—	—
As at 31 December			HK\$8.21	980,000

The options have contractual option terms of 10 years. There are HK\$980,000 outstanding options (for the year ended 31 December 2014: 980,000 options) which no options are exercised for the six months ended 30 June 2015 (for the year ended 31 December 2014: Nil). Weighted average remaining contractual life of options outstanding as at 30 June 2015 is 4.3 years (as at 31 December 2014: 5.30 years).

20. CONTINGENT LIABILITIES

As at 30 June 2015 and 2014, the Group had no significant contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

21. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following significant related party transactions:

- (a) The remuneration of directors and other members of key personnel during the period was as follows:

	For the six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
Salaries and bonus	634	588
Retirement scheme contribution	—	—
	634	588

22. SUBSEQUENT EVENTS

On 24 August 2015, the Company announced an issue of shares at a price of HK\$0.25 per share on the basis of five share for every one shares then held by the qualifying shareholders on the record date and payable in full on the acceptance (the "Open Offer"). The Open Offer was completed and a total of 578,540,371 new shares were issued on 25 August 2015, resulting in gross proceeds of approximately HK\$144,635,000 to the Company. The proceeds from 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2015.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, 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 Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) as 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 of Hong Kong Limited (the "HKSE") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of publication, the following persons or companies (other than the Directors and chief executives) had interest or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position in the ordinary shares of the Company

Name of shareholders	Capacity/ Nature of interest	Number of shares	Number of underlying shares	Total number of shares and underlying shares	Approximate percentage of issued share capital (Note 4)
The Offshore Group Holdings Limited (Note 1)	Beneficial owner	80,273,334	—	80,273,334	5.34%
Chan Chun Chuen (Note 1)	Interest of controlled corporation	80,273,334	—	80,273,334	5.34%
Tam Miu Ching (Note 1)	Spousal interest	80,273,334	—	80,273,334	5.34%
Win Fung Securities Limited (Note 2)	Other	300,000,000	—	300,000,000	19.95%
Cheng Hei Yu (Note 2)	Interest held by controlled corporation	300,000,000	—	300,000,000	19.95%

Notes:

- 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 date of publication, Offshore holds 13,378,889 Consolidated shares and 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 shares held by Offshore under the SFO.
- 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.
- It represents the approximately percentage of total issued shares as at date of publication.

Save as disclosed above, no person (other than the Directors and chief executives, whose interests are set out in the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures") had registered an interest or short position in the shares or underlying shares of the Company as at the date of publication that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME AND POST LISTING SHARE OPTION SCHEME

A share option scheme (the “Pre-listing Scheme”) was adopted by the Company on 28 June 2004 and was amended on 7 June 2006. The Pre-listing Scheme had been terminated on 10 February 2009. A post listing share option scheme (the “Post Listing Scheme”) was adopted by the Company on 16 October 2008. Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2013, the Post Listing Scheme was terminated and a new share option scheme (the “New Share Option Scheme”) was adopted. Summary of principal terms of the Pre-listing Scheme, Post Listing Scheme and New Share Option Scheme were outlined in the Company’s annual report for the year ended 31 December 2014 under the section “Directors’ Report”.

Share Option Scheme

Movements of the share options granted under the Post Listing Scheme during the period ended 30 June 2015 are as follows:

	Outstanding at 1 January 2015	Granted during the six months ended 30 June 2015	Exercised during the six months ended 30 June 2015	Lapsed during the six months ended 30 June 2015	Cancelled during the six months ended 30 June 2015	Outstanding at 30 June 2015 (Note 1)	Date of grant	Vesting period	Exercisable period	Exercise price (Note 1)
Other employees										
In aggregate	940,000	–	–	–	–	940,000	29.04.2010	–	29.04.2010–28.03.2017	HK\$8.21
	40,000	–	–	–	–	40,000	29.04.2010	1 year	29.04.2011–28.04.2020	HK\$8.21
Total	980,000	–	–	–	–	980,000				

Note:

- (1) Pursuant to the terms of the Post Listing Scheme adopted on 16 October 2008, the exercise price of the share options granted under the Post Listing Scheme and the number of shares to be allotted and issued upon exercise in full of the subscription rights attaching to the outstanding share options have been adjusted to HK\$25.44 and 316,295 respectively, with effect from 25 August 2015, as a result of the share consolidation and open offer of ordinary shares of the Company.

Other than as disclosed above, no other share option was granted, cancelled, lapsed or exercised pursuant to the Pre-listing Scheme, Post Listing Scheme and New Share Option Scheme of the Company during the period ended 30 June 2015.

CORPORATE GOVERNANCE CODE

In connection with the listing of the Company on the HKSE in February 2009, the Company adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the HKSE (the “Hong Kong Listing Rules”) as its additional code on corporate governance practices on 2 February 2009. The Company has complied with the CG Code throughout the six months ended 30 June 2015.

DIRECTORS' DEALING IN THE COMPANY'S SECURITIES

The Company has adopted the Model Code set out in Appendix 10 of the Hong Kong Listing Rules as its code of conduct for securities transactions by Directors and the relevant employees of the Group.

The Directors have confirmed, following a specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

As at the date of publication, the audit committee of the Company (the "Audit Committee") comprised of three members, namely Mr. Kwan King Wah as chairman with Mr. Liu Wen and Mr. Tse Chin Pang, both independent non-executive Directors as members. The arrangement of the Audit Committee was compliant with the Rule 3.21 of the Hong Kong Listing Rules.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Company's unaudited financial statements for the six months ended 30 June 2015.

PUBLICATION OF INTERIM REPORT

The interim report will be published on the Company's website (www.rcg.tv), the Company's webpage on www.rcg.todayir.com and the HKSE's website (www.hkex.com.hk).

By Order of the Board of
RCG Holdings Limited
Li Jinglong
Executive Director

Hong Kong, 28 August 2015

As at the date of this report, the Board comprises the following Directors:

Executive Directors:

Li Jinglong

Zhang Ligong

Wang Zhongling

Independent Non-executive Directors:

Liu Wen

Kwan King Wah

Tse Chin Pang