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RCG Holdings Limited

宏霸數碼集團（控股）有限公司*

(a company incorporated in Bermuda with limited liability)

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

TRADING UPDATE AND PROFIT WARNING

This announcement provides an update on the trading position of the Company.

The Board wishes to inform shareholders and potential investors of the Company that, based on the information currently available to the Board, it is expected that the Group will record a net loss for the year ended 31 December 2012.

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

RCG Holdings Limited (AIM: RCG, HKSE: 802) (the “Company” and together with its subsidiaries, the “Group”), an international provider of biometric and RFID products and solution services with a primary focus in the Asia Pacific and the Middle East markets, announces the following trading update.

During 2012, the Group continued to focus on the Solutions, Projects and Services business segment, while in the process of shifting away from the lower margin distributorship model, and continued to divest less profitable and non-core businesses as part of the Company’s reorganization effort. As a result of the above and paving ways for new areas of revenue models to grow, revenues for the year ended 31 December 2012 are estimated to have decreased significantly compared to the year ended 31 December 2011.

The Group continued to experience margin pressure with continuing lower selling prices arising from increased competition, coupled with rising cost of sales. This has resulted in a higher negative gross margin than was experienced in the first half of 2012. The Board is currently reviewing the level of impairment provisions against the carrying value of trade receivables and stocks. This review, combined with the lower revenues and margins referred to above, is expected to result in a net loss position for the full year ended 31 December 2012 of the same order of magnitude as the previous year.

* For purpose of identification only

The information contained in this announcement is based on a preliminary assessment by the Board of the financial information currently available, which has not yet been reviewed by the Company's auditors or the audit committee of the Company. The Company expects to announce its audited results for the year ended 31 December 2012 around the end of March 2013.

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

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

Hong Kong, 11 March 2013

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

Executive Directors:

Li Jinglong
Zhang Ligong
Wang Zhongling

Non-executive Director:

Tan Sri Dato' Nik Hashim Bin Nik Ab. Rahman

Independent Non-executive Directors:

Pieter Lambert Diaz Wattimena
Kwan King Wah
Zeng Min