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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)

CLARIFICATION ANNOUNCEMENT IN RELATION TO THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

This announcement is made by RCG Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company published on 28 August 2015 (the “**Interim Results Announcement**”) in relation to the unaudited interim results announcement for the six months ended 30 June 2015. Unless otherwise stated, definitions and terms used herein shall bear the same meanings as defined in the Interim Results Announcement.

The board of directors of the Company wishes to clarify that after the publication of the Interim Results Announcement, adjustments have been made to the financial statements due to an inadvertent error made on the recognition of an investment on listed securities.

ADJUSTMENT ON THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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.

* *For purpose of identification only*

Set out below is a reconciliation of the condensed consolidated statement of profit or loss of the Group for the financial period ended 30 June 2015 before and after the adjustment:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2015

	2015 <i>HK\$'000</i> (Unaudited) Before adjustment	Adjustments <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Unaudited) Adjusted
Turnover	23,772	—	23,772
Cost of sales	<u>(21,412)</u>	<u>—</u>	<u>(21,412)</u>
Gross profit	2,360	—	2,360
Other revenue and gains	863	—	863
Change on fair value of financial assets at fair value through profit or loss	38,130	352,315	390,445
Selling and distribution costs	(3,343)	—	(3,343)
Administrative expenses	(20,649)	—	(20,649)
Other operating expenses	<u>(34,369)</u>	<u>—</u>	<u>(34,369)</u>
(Loss)/profit from operations	(17,008)	352,315	335,307
Finance costs	<u>(22)</u>	<u>—</u>	<u>(22)</u>
(Loss)/profit before taxation	(17,030)	352,315	335,285
Taxation	<u>4,984</u>	<u>(58,789)</u>	<u>53,805</u>
(Loss)/profit for the period	<u><u>(12,046)</u></u>	<u><u>293,526</u></u>	<u><u>281,480</u></u>
Attributable to:			
Owners of the Company	(9,646)	293,526	283,880
Non-controlling of interests	<u>(2,400)</u>	<u>—</u>	<u>(2,400)</u>
	<u><u>(12,046)</u></u>	<u><u>293,526</u></u>	<u><u>281,480</u></u>
(Loss)/earning per share attributable to the owners of the Company			
Basic and diluted (<i>HK cents</i>)	<u><u>(0.96)</u></u>	<u><u>29.28</u></u>	<u><u>28.32</u></u>

ADJUSTMENT ON THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The major impact of the adjustment on the condensed consolidated statement of financial position of the Group as at 30 June 2015 is an increase in financial assets at fair value through profit and loss from HK\$47,268,000 to HK\$411,268,000, an increase in deferred tax liabilities from HK\$89,000 to HK\$58,878,000 and an increase in reserves from HK\$171,698,000 to HK\$477,424,000.

Set out below is a reconciliation of the condensed consolidated statement of financial position of the Group as at 30 June 2015 before and after the adjustment:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited) Before adjustment	Adjustments <i>HK\$'000</i>	As at 30 June 2015 <i>HK\$'000</i> (Unaudited) Adjusted
ASSETS			
Non-current assets			
Property, plant and equipment	902	—	902
Goodwill	26,066	—	26,066
Intangible assets	56,700	—	56,700
Available-for-sale financial assets	<u>106</u>	<u>—</u>	<u>106</u>
	<u>83,774</u>	<u>—</u>	<u>83,774</u>
Current assets			
Financial assets at fair value through profit and loss	47,268	364,000	411,268
Trade receivables	18,507	—	18,507
Deposits, prepayments and other receivable	46,389	515	46,904
Cash at bank and on hand	<u>43,605</u>	<u>—</u>	<u>43,605</u>
	<u>155,769</u>	<u>—</u>	<u>520,284</u>
Total assets	<u><u>239,543</u></u>	<u><u>364,515</u></u>	<u><u>604,058</u></u>
CAPITAL AND RESERVES			
Share capital	10,025	—	10,025
Reserves	<u>171,698</u>	<u>305,726</u>	<u>477,424</u>
Equity attributable to owners of the Company	181,723	305,726	487,449
Non-controlling interests	<u>29,557</u>	<u>—</u>	<u>29,557</u>
Total equity	<u><u>211,280</u></u>	<u><u>305,726</u></u>	<u><u>517,006</u></u>

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited) Before adjustment	Adjustments <i>HK\$'000</i>	As at 30 June 2015 <i>HK\$'000</i> (Unaudited) Adjusted
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	<u>89</u>	<u>58,789</u>	<u>58,878</u>
	<u>89</u>	<u>58,789</u>	<u>58,878</u>
Current liabilities			
Trade payables	4,183	—	4,183
Accruals and other payables	23,431	—	23,431
Tax payables	550	—	550
Obligations under finance lease	<u>10</u>	<u>—</u>	<u>10</u>
	<u>28,174</u>	<u>—</u>	<u>28,174</u>
Total liabilities	<u>28,263</u>	<u>58,789</u>	<u>87,052</u>
Total equity and liabilities	<u>239,543</u>	<u>364,515</u>	<u>604,058</u>
Net current assets	<u>127,595</u>	<u>364,515</u>	<u>492,110</u>
Total assets less current liabilities	<u>211,369</u>	<u>364,515</u>	<u>575,884</u>

The adjustment also results in consequential amendments to the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes to the financial statements.

Shareholders of the Company are advised that an interim report will be published on the website of the Company and on the website of the Stock Exchange at www.hkexnews.hk. and dispatched to Shareholders as soon as practicable.

Save as disclosed in this announcement, there are no other changes to the condensed consolidated statement of financial position and condensed consolidated statement of profit or loss.

We sincerely apologise for any confusion and the inconvenience caused.

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

By Order of the Board of
RCG HOLDINGS LIMITED
Li Jinglong
Executive Director

Hong Kong, 14 September 2015

As at the date of this announcement, 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