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This announcement is an advertisement and not a prospectus or an admission document and does not constitute a recommendation regarding any securities. Any investment decision must be made solely on the basis of the admission document dated 28 November 2014 in connection with the admission of the ordinary share capital of PCG Entertainment plc.

This communication is directed only at (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("Order") (investment professionals) or (ii) persons falling within Article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations etc) (all such persons referred to above being "Relevant Persons"). Any investment activity to which this communication relates will only be available to and will only be engaged with Relevant Persons.

4 December 2014

PCG Entertainment plc

("PCGE", the "Company" or the "Group")

Admission and First Day of Dealings on AIM

Further Issue of Equity

PCGE is pleased to announce the commencement of dealings in its ordinary shares at 8.00 am today on the AIM Market of the London Stock Exchange. PCGE is a Gibraltar incorporated holding company which, through its subsidiaries, holds four licences relating to the operation of online games based in the PRC (the "Licences"). Initially, the Group intends to seek PRC governmental and local authority approval to utilise the Licences in partnership with Hainan Huan'ao Culture Media Co., Ltd. ("HPC") and Hainan Huan'ao Sports Industry Co., Ltd. ("HLC") to hold online poker games and tournaments and create national lottery products including lottery games. The Group also intends to exploit the Licences to expand the Group's business into premium rate telephony, virtual currencies and the distribution of games and other media through the internet and other channels.

Admission highlights:

- The Group has raised £3.41 million (before expenses) through a placing of 24,333,334 new Ordinary Shares at 6 pence per share and a subscription of 32,500,000 new Ordinary Shares at 6 pence per share;

- The total number of Ordinary Shares in issue at Admission is 1,030,691,444, giving the Group a market capitalisation of approximately £61.8 million at the Issue Price;
- The net proceeds of the Placing and subscription will be used to develop the Licences, including seeking relevant regulatory approvals and fund the working capital requirements of the Company; and
- Sanlam Securities is the Nominated Adviser and Beaufort Securities are the sole Broker to the Company.

Overview

The Directors have between them many years of business experience in the areas of acquisitions, accounting and corporate and financial management as well as experience of media, gaming and marketing gained in Europe, the Middle East and the Asia Pacific region. Accordingly, the Directors believes that the Company is well placed to leverage the Licences and this experience to achieve its goal of becoming one of the top online gaming companies in the PRC.

The Group's PRC subsidiary, Sihai Geju, holds the Licences relating to the internet operation of online games and, via cooperation agreements which will become effective once the Options (referred to below) is exercised, has arrangements in place to roll out its business strategy in partnership with HPC and HLC. The Group has an option to acquire 10 per cent. of each of HLC and HPC (the "Option") and will have despatched notice to exercise the Option on 4 December 2014 immediately prior to Admission. HPC operates poker tournaments in Hainan Province, PRC, under its China Poker Games brand ("CPG") and HLC is licensed by the Hainan Sports Lottery Management Centre to be a sales agent for sports lottery products through its retail outlet in Haikou (capital city of Hainan Province) and runs virtual sports lottery games.

Following the exercise of the Option and subsequent completion of the acquisition of 10 per cent. of each of HLC and HPC, the Group will be entitled to receive its pro rata proportion of dividends payable by HPC and HLC and, subject to the obtaining of all licences and permits required by the applicable law for the operation of online poker games, any gross revenue generated from the online poker game business shall be allocated between Sihai Geju and HPC in the proportion of 10:90 (i.e. 10% allocated to Sihai Geju and 90% allocated to HPC).

Key Strengths

The Board believes that the Group has a number of key strengths, including the following:

- the Group's ability to leverage its relationship with HPC and HLC, who, in turn, have strong positions in their market and relations with local government and regulatory bodies;

- the high barriers to entry to other firms trying to enter the market in respect of “real world” poker tournaments in Hainan;
- the strength and experience of the management team operating in this sector;
- the strong and continuing economic growth of the PRC specifically, and the Asia-Pacific region generally; and
- the CPG brand becoming recognised amongst the Chinese poker playing community as representing legal, regulated, safe, onshore poker.

Issue of Equity

Pursuant to the exercise of the Option, application has been made to AIM for the admission of 31,456,433 ordinary shares of 0.1p each in the Company (“Ordinary Shares”), which are expected to be admitted to trading on AIM on 9 December 2014 (“Consideration Shares”) and will represent approximately 2.96 per cent. of the Further Enlarged Capital. Following admission of the Consideration Shares to trading on AIM, the Company will have a total issued share capital of 1,062,147,877 Ordinary Shares.

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Save where the context otherwise requires, defined terms used in this announcement have the same meaning as set out in the Company’s admission document dated 28 November 2014.

Sanlam Securities (UK) Limited and Beaufort Securities Limited, who are authorised and regulated in the United Kingdom by the Financial Conduct Authority, are acting exclusively for the Company and no-one else in connection with this announcement, the Placing and Admission. Sanlam Securities (UK) Limited and Beaufort Securities Limited will not regard any other person as their clients in

relation to the matters described in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Placing and Admission, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Licences

Through Sihai Geju, PCGE holds the following licences:

1. VAT Business Permit (ISP)

This permit is required in order to enable the Company to conduct value-added telecommunications business such as games and information services via the public mobile telecommunications networks (e.g. China Mobile, China Unicom and China Telecom). Between them these networks have approximately 1.25 billion subscribers.

2. Permit

This is required in order for the Company to engage in certain information service activities on the internet including the publishing of websites.

3. Network

This enables the Company to operate certain prescribed 'cultural' activities for profit on the internet, subject to additional approval from or filing with the PRC authorities in respect of the specific online games that are intended to be operated. In the PRC 'cultural' activities include games such as poker, as well as other entertainment activities. It is also required in order to issue and manage 'virtual currencies', a fundamental mechanism for monetising on-line activities.

4. Short Message

This enables the Company to obtain premium-rate SMS codes from the mobile network operators in order to monetise games and other activities on the internet and via the telecommunications networks.

HLC

HLC was incorporated on 20 July 2011 and is authorised to have one store located in Haikou, the capital of Hainan, through which it is authorised to sell sports lottery in accordance with the sports lottery sales agent agreements entered into on 1 January 2014 with HSLMC and in which the public can play 'virtual' sports games.

HPC

HPC was incorporated on 23 May 2012 and is the sponsor of the 'China Hainan Texas Hold'em Poker Games' tournament which is hosted by the Department of Culture Radio Television Publication and Sports of Hainan Province. HPC owns the China Poker Games (CPG) brand and CPG's 2014 Second

Qingping China Poker Championship was the largest international poker championship in China. The Directors believe that HPC is one of only a limited number of companies in China licensed to hold “real world” poker tournaments (another poker tournament is run by WPT which is an international brand). The first of these tournaments took place in Sanya, Hainan Province in September 2013 and the second took place during August 2014. The 2013 poker tournament attracted more than 500 participants and the prize money exceeded RMB 10 million. The Directors believe that the Chinese authorities will support HPC’s endeavours as they are inside the Great Firewall, legal, subject to regulatory control and taxable.

Strategy in relation to the Licences

The Directors believe that there is considerable opportunity to leverage on the brands and businesses created by HPC and HLC such that a mutually beneficial working relationship could be created, allowing PCGE to operate the online distribution elements of the HPC and HLC businesses (subject to the relevant approvals being obtained from the PRC authorities). Accordingly, the Group has entered into the Cooperation Agreements whereby, subject to the exercise of the option rights under the Framework Agreement, it will work with the management of HPC and HLC to add value to their businesses through marketing, product enhancement and diversification into the online market. This can be achieved by utilising the Licences and obtaining relevant approvals from the PRC authorities.

The Cooperation Agreements set out the intention for PCGE and HPC/HLC to collaborate in a number of areas:

- Increasing the number of real world poker tournaments.
- Developing the China Poker Games brand internationally.
- Obtaining Chinese and international sponsors for the online and real world tournaments.
- Marketing the online and real world games nationally and internationally.
- Developing HLC’s sports lottery resale business by:
 - increasing the number and quality of retail outlets;
 - investigating more sophisticated and attractive virtual sports games;
 - marketing the services of HLC more effectively; and
 - moving sports lottery sales online/on mobile.
- Developing other online gaming initiatives.
- Developing additional real world events introduced to the PRC by Sihai Geju.

With reference to the above, the Directors believe that PCGE’s contribution will be as follows:

- Its standing as a quoted entity on AIM along with the business contacts and experience of the team, particularly the PRC-based team, should help HPC/HLC to expand its operations into other cities/provinces.
- PCGE’s international marketing experience, PR skills and contact with media outlets should help to build the CPG brand nationally and internationally.

- Subject to obtaining any further licences required, the Licences within Sihai Geju should enable PCGE to operate on-line poker tournaments.
- PCGE's international reach and marketing expertise should enable it to attract sponsorship and other commercial collaboration in the on and offline poker tournaments.
- The CPG tournaments currently attract mostly Chinese nationals. The online qualification mechanism and the Group's international marketing experience should enable the Group to extend CPG's reach and attract increasing numbers of players from outside the PRC.
- PCGE has considerable experience of international lottery products and spin-offs, as well as hybrid lottery/promotional products and marketing techniques. The Directors believe that these, along with the Licences in Sihai Geju which may enable online lottery sales, can add considerable value to HLC.
- The Board expects the PCGE portal, with its online-TV promotions, poker tournaments and, potentially, online lottery sales, to attract significant footfall and the Directors intend to develop other games initiatives to capitalise on this traffic.
- The management of HPC/HLC have a background in sports events and their management of Asia's second largest poker tournament is testimony to their expertise in event management. Starting with the Company's online-TV project the Board intends to develop the events side of the business.

The Directors intend that the key revenue stream going forward will be based on the Group's existing relationship with HPC, whereby the Group will run preliminary rounds of Texas Hold'em and other poker games online, the winners of which would be entered into HPC's annual poker tournaments in Hainan.

The revenue generated from the online poker games would be split 10:90 (i.e. 10 per cent. allocated to Sihai Geju and 90 per cent. allocated to HPC). The Directors intend that the games will be conducted with players paying a fixed fee to enter a match and being assigned a limited number of virtual credits with which to play. Players cannot purchase additional credits in order to raise the stakes, as they can in UK and other international markets. The winner of a game is then assigned a prize in a virtual currency, details of which are set out below.

The Directors also believe that the Group can use its existing good relationship with HLC to launch a series of sports lottery games, which would operate in a similar manner to existing sports lotteries.

In addition, the Directors intend to exploit the Group's Licences in media distribution, premium SMS and virtual currency to create access to online or internet operation of games and entertainment. It is the Directors' intention to use the Group's online media distribution licences to enable international media channels to become more conspicuous and available in the PRC.

The Company has identified a number of opportunities to exploit the Licences further in the PRC. These involve the distribution of games and other media as well as premium SMS activity, cross-channel promotions and the issuing of virtual currencies. Initiatives include:

- **Broadcast events** – the Company is in negotiations to bring a major broadcast event to the PRC with participants entering through a series of online ‘heats’.
- **Stock market games** – These involve players “buying in” to a virtual mirror image of the stock exchange to try and increase the value of their virtual investments. Players are charged for each virtual transaction they carry out, via either premium SMS or internet based messages. The Group would seek to obtain a sponsor (a regional bank/ investment firm), with whom they could collaborate to award prizes to the best players including job opportunities with the sponsor. These have been tried in other territories and with their low barriers to entry (low cost, access through internet, mobile and SMS) the Directors believe they may get significant traction, and may generate significant revenues in the PRC.
- **Chat channels** – These have been successful in Europe, the USA and the Middle East and the Directors believe they may play well in the PRC. The Group intends to roll out channels based on sport, music, culture and fashion, to which customers would send texts discussing and debating various topics. There would also exist the possibility to gain revenue streams from advertising.
- **Virtual currencies** – Sihai Geju’s Network Cultural Business Permit authorises Sihai Geju to issue and manage virtual currencies for use on the internet. These currencies can then be used for entering competitions and can be spent or earned through the purchase or sale of virtual goods in online social games.

The Directors intend that the PCGE website becomes a portal enabling access to:

- the online entry for the major broadcast event described above. The Directors intend to seek extensive promotion on national television;
- enter the online qualifying rounds for the real world poker tournaments operated by HPC (subject to obtaining relevant approvals from the PRC authorities);
- enter the stock market game, which again the Directors expect to be widely promoted on national television; and
- online sports lottery sales operated by HLC (subject to obtaining relevant approvals from the PRC authorities).

Cumulatively the Directors expect these activities to drive considerable footfall to the website and it is the Directors’ intention to capitalise on this traffic by introducing further revenue-generating online games and advertising.

The Chinese Poker Tournament Market

The Directors believe that there are between 700 and 1,000 poker clubs in the PRC, each with between 500 and 2,000 members. Macau generated US\$45.27 billion in revenues in 2013 from

gaming and gambling according to research by Statistica. Further, the China Centre for Lottery Studies at Peking University estimates that Chinese resident gamblers spend around US\$97 billion each year via offshore online gambling websites.

Many international brands offer online poker in China (Ladbrokes, 888.com, Betfair etc.) and many of them have Mandarin websites and accept RMB, but these sites are often blocked by the PRC government. In order to access them you need to 'jump the wall' using a VPN. The Directors believe that the appeal of a legal, state approved onshore poker site which will be linked to HPC and its "real world" poker tournaments is therefore considerable.

The product

To enter a typical tournament, a player pays a fixed buy-in at the start of play and is given a certain quantity of tournament poker chips. The winner is usually the person who wins every poker chip in the final game. Players lose their chips and are eliminated. The conclusion of the tournament takes place around the 'final table' when all but one are eliminated.

Events

The first poker tournament to take place in mainland China was the World Poker Tour event in December 2012 in Sanya, Hainan Province. China Poker Games, the brand of HPC, staged their first poker tournament in September of the following year, again in Sanya. Their second tournament took place between 22 August – 31 August 2014 in Sanya. Under the terms of the HPC Cooperation Agreement, which is subject to the option to acquire equity in HPC being exercised pursuant to the Framework Agreement, the Company intends to host preliminary qualifying rounds of future tournaments online (subject to obtaining the necessary regulatory approvals), the winners of which will be able to compete in the finals in Sanya.

The Chinese Lottery Market

The Directors believe that lottery sales in the PRC have grown significantly in recent years and the Directors believe that such growth will continue in the next two years.

Drivers of growth

a) *GDP/disposable income*

- GDP per capita in the PRC has risen from US\$2,403 in 2009 to US\$3,345 in 2013, an increase of 39.2 per cent. with a further 7.12 per cent. increase predicted in 2014.*
- Over the same period disposable income per capita has grown from RMB15,780 to RMB24,565, an increase of over 55 per cent. with further rises of 9.7 per cent. predicted in 2014.*

**National Bureau of Statistics China*

b) *Regulation*

- With an illegal gambling market estimated in 2010 to be in excess of RMB 1 trillion the Directors believe that the PRC government may seek to encourage more legal participation in gaming activities by new products and/or wider distribution channels.

c) *Growth in internet penetration*

- Since 2008 China has had more internet users than any other country. Globally more than one in five of all those with internet access are in China. The Directors believe that as sales of lottery products increasingly become available online this will drive significant growth.
- According to a report released by the China Internet Network Information Centre (CNNIC) in January 2014, the number of internet users in China reached 618 million by the end of 2013, representing a penetration rate of 45.8 per cent. This represents an increase of 53.58 million (9.5 per cent.) over the previous year.

(Source: <http://www1.cnnic.cn/>)

Reasons for Admission and use of the proceeds of the Issue

The Company is seeking Admission to AIM in order to take advantage of:

- that market's public profile thereby promoting the Group;
- a broader investor base;
- increased liquidity;
- access to institutional and other investors not only on Admission but in the secondary market; and
- the ability to issue equity as consideration for future acquisitions.

The gross proceeds of the Issue will be used as follows:

- £0.99 million to meet the costs of Admission; and
- £2.42 million to develop the Licences, including seeking relevant regulatory approvals and fund the working capital requirements of the Company.

Directors

Kung Min Lin, aged 48, Non-Executive Chairman

Mr Lin holds an MA in International Business and Management from Westminster University. Mr Lin has extensive experience in currency and index trading through a decade of involvement in a number of Taiwan based banking and foreign exchange operations. In 2000 Mr. Lin was appointed Director and Chief Operating Officer of Ozmosa Limited, a sports betting operator in the East and South East Asia regions. Mr Lin is the Chairman of the Power Capital Group, based in Taiwan, which holds various foreign exchange trading and asset management businesses across Asia. Mr Lin is Chairman of Power Capital Global Limited, a commodities trading business, and Chairman of MoneySwap PLC, both of which are traded on AIM.

Richard O'Dell Poulden, aged 62, Non-Executive Deputy Chairman

Following a law degree from Oxford University, Mr. Poulden qualified as a Barrister, after which he moved into merchant banking where he worked for Samuel Montagu & Co Limited. Following an MBA at the London Business School and an exchange program with Harvard Business School, he joined the international management consultancy firm, Arthur D Little, where he worked in their European strategy practice. He was also co-founder of its Financial Industries Group. He served in the UK Leadership Team of Electronic Data Systems where he worked on developing new financial structures for the sale of Electronic Data Systems services. He has founded or co-founded successful companies in healthcare, retail and natural resources and in all these sectors he has executed successful strategies for growth by acquisition. Mr Poulden is Chairman of AIM traded Wishbone Gold PLC and Chairman of Black Swan plc.

Nicholas (Nick) Jonathan Michael Charles Bryant, aged 53, Chief Executive Officer

Mr Bryant has spent more than 25 years in the media industry working for major advertising agencies (Young and Rubicam, an advertising agency now known as Y&R, Boase Massimi Pollit, an advertising agency renamed DDB London), broadcasters (BskyB (British Sky Broadcasting), Showtime Arabia Ltd (now known as OSN Networks), Middle East Broadcasting Centre FC LLC (“MBC”)) and managing sponsorship and digital media companies (Media Dimensions Limited, Txt TV FZ LLC).

In the 1980s, he established Media Dimensions Limited which became a media sponsorship agency in the UK and was active in devising and managing promotional games on television and in the national press. In the 1990s, he was a director of commercial operations of BskyB’s “Open...” service. Subsequently, he became a group director of MBC, where he was responsible for gaming, premium-rate services and mobile application development. He also started Txt TV FZ LLC which was a significant TV chat channel and premium-rate service provider in the Middle East. Most recently, he was managing director of Luup Limited, a mobile payments solution provider based in London, Oslo and Dubai. Mr Bryant has a BA from the University of Essex.

Clive Mark Hyman, aged 53, Chief Financial Officer

Mr Hyman, an Exhibitioner at Christ’s College, Cambridge, is also a Chartered Accountant with experience in quoted and unquoted companies. He was a partner with KPMG in their London office, where he was a founding partner of KPMG’s Transaction Services businesses. In addition, he was a founding partner of KPMG’s private equity group, developing relationships in the private equity community in New York and London for the firm. During his time at KPMG, he serviced many large clients in the corporate and private equity community. He also led and founded KPMG’s K-Ventures fund in 1999 and invested successfully in early stage propositions. He left the firm in 2005. He was group CFO of a healthcare business from July 2010 to August 2011 and in April 2012 became a non-executive and independent board member of Petrol Ofisi AS, a Turkish listed group, majority owned by OMV AG. He became a consultant to Black Swan plc in April 2013 and in addition has been the CFO of Wishbone Gold PLC since September 2013.

Professor Michael Raymond Mainelli, aged 55, Non-Executive Director

Professor Mainelli co-founded Z/Yen Group Limited (“Z/Yen”), a commercial think-tank, in 1994 to promote societal advance through better finance and technology. In his career he has worked in rocket science, finance and technology. Professor Mainelli has worked on the internet since 1976 with numerous early stage technologies, such as developing games for clients, e.g. Sony, as well as for Z/Yen. Professor Mainelli won a 1996 Foresight Challenge award for creating the Financial Laboratory, melding military gaming with trading to visualise financial risk, and a 2003 UK Smart Award for PropheZy, Z/Yen’s prediction software. Professor Mainelli has been a commentator on the fusion of betting, gaming and finance over the years, including work on weather bets and sports contingency risk.

After a post at Arthur Andersen, Professor Mainelli spent seven years as a partner and board member of the leading accountancy firm, BDO Binder Hamlyn, directing global consulting projects. While cofounding Z/Yen, Professor Mainelli served as a Director of Europe’s largest R&D organisation (the Defence Evaluation & Research Agency) leading to two privatisations.

Educated at Harvard, Trinity College Dublin and the London School of Economics, Professor Mainelli is a qualified accountant, securities professional, computer specialist and management consultant, he was 2004/2005 British Computer Society “Director of the Year”. In 2005, he was the Mercers’ School Memorial Professor of Commerce at Gresham College. Professor Mainelli is a non-executive director of the United Kingdom Accreditation Service (UK’s national body for standards and laboratories) and AIM traded Wishbone Gold plc and has held numerous advisory posts, including Hitachi UK and HM Treasury.

Alan David Gravett, aged 66, Non-Executive Director

Mr Gravett commenced employment with Barclays Bank Trust Company Limited, (then Barclays Bank Executor and Trustee Department), in 1965 achieving the Trustee Diploma of the Institute of Bankers in 1973. By 1986 he had become manager of their Gibraltar operation, dealing with the administration of companies and trusts, leaving in 1988 and remaining in Gibraltar to join a large local trust corporation. In 1993 he became an executive director of a smaller local trust corporation and remained there for 18 years leaving when the trust corporation was sold. He is now a freelance consultant based in Gibraltar but continues to be closely involved with company and trust structures for a wide range of international clients.

Forward Looking Statements

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They may appear in a number of places and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, amongst other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets. By

their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed

or implied by the forward-looking statements. Forward-looking statements may and often do differ materially from actual results. Any forward looking statements in this announcement are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity.