

0700 4 November 2016

PCG Entertainment Plc
("PCGE", the "Company" or the "Group")
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Trading Update

PCG Entertainment Plc (AIM: PCGE), the AIM quoted Asia-Pacific media and entertainment company, today announces it has signed a Memorandum of Understanding (MOU) with Shenzhen Tianrong Sports Culture Management Co. Ltd. ("Tianrong") for the creation of a major football academy in China.

Tianrong is a division of the Shenzhen Tianrong Investment Group, a company involved in sporting and cultural activities and the promotion of Chinese sports, tourism, culture and entertainment. PCGE and Tianrong will partner to create a new football academy in China. This is intended to involve a joint venture with a western football club.

The venture fits with the Chinese government's current policy on promoting sports. In 2015, the Chinese government committed to creating a RMB 5 trillion (approximately \$760 billion) sports industry over the next ten years, catering for a growing middle class and raising its international sporting profile¹.

In February 2015, President Xi Jinping introduced a fifty-point plan for the development of soccer as a sport. First, it officially separated the Chinese Football Association from the General Sports Administration, making it the only one of China's 72 sports organizations to be ostensibly independent from the government. The plan also aims to open 50,000 soccer schools by 2025. Chelsea and RCD Espanyol have been the first European clubs to launch dedicated football academies in China.²

Chinese institutions already have significant holdings in football teams Atletico Madrid, Inter Milan and RCD Espanyol and are now investing in UK clubs buying Aston Villa, West Bromwich Albion and Wolverhampton Wanderers in 2016 alone.

Nick Bryant, CEO of PCGE said: "This partnership between PCGE and Tianrong represents another significant step in China's commitment to developing world-class players by collaborating with internationally renowned partners. Tianrong have a track record of investing in major sports projects and we are very excited to be working with them to develop the academy in China."

Li Haojie, Chairman of the Shenzhen Tianrong Investment Group commented: "We are pleased to be partnering with PCGE to create this academy, an important part of our long-term commitment to the development of world-class sports infrastructure in China."

¹ <http://www.telegraph.co.uk/investing/business-of-sport/sport-in-china/>

² <https://www.ft.com/content/3a4b5e92-e5e4-11e5-bc31-138df2ae9ee6>

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