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PCG Entertainment Plc
("PCGE", the "Company" or the "Group")
PCG Entertainment Plc / Index: AIM / Epic: PCGE

Disposal of Center Point Development Corp

PCG Entertainment Plc (AIM: PCGE), the AIM quoted Asia-Pacific online media and entertainment company, today announces that it has agreed to the sale, conditional upon shareholder approval, of its wholly owned subsidiary, Center Point Development Corp ("CPDC").

The Company purchased CPDC in August 2015 for a consideration of 114,811,491 new ordinary shares of 0.1p each in the Company ("Ordinary Shares") plus \$410,000 paid for the initial option to purchase CPDC. As first announced on 31 May 2016, certain issues have arisen relating to a dispute between the vendors of CPDC and its major supplier. This dispute has proved impossible to bring to an amicable conclusion, and in turn this has prevented the development of CPDC in the way that the board of directors of PCGE (the "Board") intended. As previously announced on 30 September 2016, the revenue of CPDC had declined from the original position and the Company had at that point made a provision against disputed payments (being 57% of the accumulated profits at 30 June 2016). The revenue of CPDC has continued to decline due to supplier and customer disputes, primarily related to debts owed by the previous owners.

Following much negotiation, the Board has agreed to sell CPDC to a consortium of existing shareholders in the Company, including Kolarmy Technology Inc. ("Kolarmy") and the other vendors of CPDC at the time of the acquisition by PCGE (together, the "Purchasers").

The consideration for CPDC will be the proceeds of the sale of 399,815,438 Ordinary Shares owned by the Purchasers, to be sold by Beaufort Securities, the Company's broker ("Beaufort"), acting as agent, with the net proceeds (after transaction costs) to be paid to the Company by Beaufort. The Purchasers have agreed to take the required steps to allow Beaufort to undertake the disposal of the shares in the Company.

The net effect of this will be to transfer CPDC to Kolarmy, the other vendor shareholders of CPDC and their associates while both the Ordinary Shares originally issued to acquire CPDC, and other Ordinary Shares held by these parties will be sold for the benefit of the Company. In total these Ordinary Shares are approximately 30% of the currently issued Ordinary Share capital of the Company. The sale proceeds of these Ordinary Shares will enable the Company to raise funds with no further dilution to existing shareholders.

The sale of CPDC will constitute a fundamental change of business under Rule 15 of the AIM Rules for Companies (the "AIM Rules"), and is thus subject to the approval of shareholders at a general meeting. A notice of this general meeting, together with an explanatory circular (the "Circular") will be sent to shareholders shortly. The Company will make a further announcement, including all material information from the Circular, immediately prior to its posting to shareholders. Because the Company's other business streams continue the Company will not, following the sale of CPDC, be deemed to become an AIM Rule 15 Cash Shell under the AIM Rules.

Richard Poulton, Chairman, commented: "These negotiations have been long and complex, and have meant the Board has been unable to provide clarity to shareholders on the position with CPDC until now; we are pleased to be able to disclose this previously inside information. We look forward to building the other business streams within the Company."

For further information:

Nick Bryant, CEO

Tel: +44 20 7812 0645

Allenby Capital

Nick Naylor / Nick Harriss / James Thomas

Tel: +44 20 3328 5656

Beaufort Securities

Saif Janjua

Tel: +44 20 7382 8300

Damson Communications

Amelia Hubert

Tel: +44 20 7812 0645