

21 December 2017

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR").

**PCG ENTERTAINMENT PLC**

**("PCGE", THE "COMPANY" OR THE "GROUP")**

**PCG ENTERTAINMENT PLC / INDEX: AIM / EPIC: PCGE**

**Notice of Extraordinary General Meeting & Proposed Capital Reorganisation**

The Company today announces the posting of a notice of an Extraordinary General Meeting of the Company (the "EGM"), to be held at 10.00am on 15th January 2018 at Suite 16, Watergardens 5, Waterport Wharf, Gibraltar.

At the EGM, the Company will be seeking shareholder approval to carry out a capital reorganisation, through which it is proposed that every 5 existing ordinary shares of 0.1 pence each in the Company will be consolidated and then subdivided into 1 deferred share of 0.4p each (the "Deferred Shares") and 1 new ordinary share of 0.1 pence each (the "New Ordinary Shares") (together the "Capital Reorganisation").

Application will be made to the London Stock Exchange plc for the admission of the New Ordinary Shares to trading on AIM ("Admission") subject to the Company receiving shareholder approval of the Capital Reorganisation at the EGM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 16th January 2018. No admission to trading will be sought for the Deferred Shares, which are expected to have no material value.

A letter from the Chairman of the Company, which is set out in the circular accompanying the notice of the EGM that has been sent to Shareholders today, can be found below. A full copy of the notice of the EGM can be found at [www.pcge.com](http://www.pcge.com). Defined terms are as set out in the circular.

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**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

|   |                                |
|---|--------------------------------|
| Publication of circular   | 21 December 2017               |
| Latest time and date for return of Forms of Proxy/Forms of Direction  | 10 a.m. (CET), 13 January 2018 |
| General Meeting   | 10 a.m. (CET), 15 January 2018 |
| Record Time for the Capital Reorganisation and final date of trading for the Existing Ordinary Shares               | 6 p.m., 15 January 2018        |
| Admission effective and dealings in the New Ordinary Shares expected to commence on AIM and CREST accounts credited | 8 a.m., 16 January 2018        |
| Expected date for despatch of definitive certificates for New Ordinary Shares                                       | 14 days after Admission        |

**LETTER FROM THE CHAIRMAN OF PCGE ENTERTAINMENT PLC**

Dear Shareholders,

**Proposed Capital Reorganisation, amendments to the Memorandum and Articles of Association and Notice of General Meeting**

1. Introduction

It is proposed that at a forthcoming General Meeting, Shareholders will be asked to approve the Capital Reorganisation.

The Company currently has 3,524,940,507 Existing Ordinary Shares. The Directors consider that it is in the best interests of the Company's long term development as a public quoted company to have a more manageable number of issued ordinary shares and to have a higher share price.

The Capital Reorganisation, which comprises a consolidation and sub-division of shares, has been structured in such a way so that each of the New Ordinary Shares created pursuant to the Capital Reorganisation shall have a nominal value of 0.1 pence. This is achieved by a consolidation of every 5 Existing Ordinary Shares into one Consolidated Share followed by an immediate sub-division of each Consolidated Share into one New Ordinary Share of 0.1 pence and one Deferred Share of 0.4 pence.

All of the Existing Ordinary Shares are proposed to be consolidated, meaning that whilst the number of shares held will change, the proportion of issued ordinary shareholdings in the Company held by each Shareholder immediately before and immediately after the Consolidation will remain unchanged, save for fractional entitlements (which are described below). This should also mean that the value of existing shareholdings in the market also will not change although the price per share will do so.

The Capital Reorganisation is subject to Shareholders' approval at the General Meeting, notice of which is set out at the end of this Document.

The purpose of this Document is to provide Shareholders with details of the Capital Reorganisation and to explain why the Directors are recommending Shareholders vote in favour of this at the General Meeting.

Following the Capital Reorganisation, assuming the issued share capital of the Company will comprise 704,988,102 New Ordinary Shares and 704,988,102 Deferred Shares, the total issued share capital of the Company will be £3,524,940.51. Pursuant to the share capital authorities granted to the Directors in December 2016, the Directors will have the ability, following the Capital Reorganisation, to allot further shares with an aggregate nominal value of £2,475,059.49.

## 2. Purpose of the Capital Reorganisation

The Company's issued ordinary share capital currently consists of 3,524,940,507 Existing Ordinary Shares. As a result of the number of shares in issue, which is significantly higher than many companies whose shares are traded on AIM, the Board believes that the low share price affects investor perception of the Company and share price volatility. Further, as a Gibraltar incorporated public company the Company is unable to issue shares for less than the nominal value of its ordinary shares. As the Company's share price has been trading below nominal value, the directors are also mindful that, without the Capital Reorganisation, the Company may not be able to raise funds as opportunities present themselves.

Accordingly, the objective of the Capital Reorganisation is to reduce the number of Existing Ordinary Shares to a level which is more in line with other comparable AIM-traded companies with the intention of also creating a higher share price per ordinary share in the capital of the Company. The Directors believe that the Capital Reorganisation should improve the liquidity and marketability of the ordinary shares.

## 3. Proposed Capital Reorganisation

The proposed Capital Reorganisation will comprise three elements:

- i. Amendment of memorandum and articles of association (the "New Articles").
- ii. Consolidation - Every 5 Existing Ordinary Shares will be consolidated into one Consolidated Share.
- iii. There will then be a Sub-Division, immediately following the Consolidation, such that each Consolidated Share will then be sub-divided into one New Ordinary Share of 0.1 pence and one Deferred Share of 0.4 pence.

The Capital Reorganisation requires the passing of the shareholder resolutions in relation to the amendment of the memorandum and articles of association of the Company and the Capital Reorganisation, being resolutions numbered 1 and 2, at the General Meeting, which is to be held at Suite 16, Watergardens 5, Waterport Wharf, Gibraltar on 15th January 2018 at 10.00 a.m. (CET). If the Resolutions are passed, the Capital Reorganisation will become effective immediately following close of business on that date, subject only to Admission the following business day.

## 4. Memorandum and Articles of Association

Due to the proposed Capital Reorganisation the Company needs to amend its memorandum and articles of association to establish the Deferred Shares, and set out the rights and obligations attaching thereto. Resolution 1 to be considered at the General Meeting proposes that the memorandum and articles of association of the Company be amended.

The New Ordinary Shares arising upon implementation of the Capital Reorganisation will have the same rights as the Existing Ordinary Shares including voting, dividend, return of capital and other rights.

The Deferred Shares will not entitle the holder thereof to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution. On a return of capital on a winding up or dissolution of the Company, the holders of the Deferred Shares shall be entitled to participate in the distribution of the assets of the Company *pari passu* with the holders of the New Ordinary Shares, but only in respect of any excess of those assets above £1,000,000,000. The holders of the Deferred Shares shall not be entitled to any

further right of participation in the assets of the Company. The Deferred Shares effectively have no value. Share certificates will not be issued in respect of the Deferred Shares and they will not be admitted to trading on AIM.

It is proposed that the Company amend its Articles as set out in Resolution 1. The New Articles will reflect the rights attaching to the New Ordinary Shares and the Deferred Shares. The practical effect of the Capital Reorganisation, if implemented, will be that each Shareholder will receive the same number of New Ordinary Shares as they hold in Existing Ordinary Shares, without any diminution in rights. The Capital Reorganisation should not affect the market value of a Shareholder's aggregate holding of shares in the capital of the Company.

Application will be made for the New Ordinary to be admitted to trading on AIM and it is currently expected that admission to trading in the New Ordinary Shares will become effective and dealings commence at 8.00 a.m. on 16th January 2018.

No other changes to the current Articles are included in the New Articles.

## 5. Consolidation

At the General Meeting, the Directors are inviting Shareholders to approve the Resolutions which will authorise the Consolidation pursuant to which every 5 Existing Ordinary Shares will be consolidated into one Consolidated Share.

In anticipation of the Resolutions being passed by the Shareholders, the Company will, immediately prior to the General Meeting, issue such number of additional Ordinary Shares as will result in the total number of Ordinary Shares in issue being exactly divisible by 5. Assuming no other Ordinary Shares are issued between the date of this Document and immediately before the General Meeting, this will result in 3 additional Ordinary Shares being issued and will create 704,988,102 Consolidated Shares (subject to any revision to the Company's issued share capital between the date of this Document and the Record Time).

As all of the Existing Ordinary Shares are proposed to be consolidated, the proportion of issued ordinary shareholdings in the Company held by each Shareholder immediately before and immediately after the Consolidation will, save for fractional entitlements, remain unchanged.

In the event that the number of Existing Ordinary Shares attributed to a Shareholder is not exactly divisible by 5, the Consolidation will generate an entitlement to a fraction of a Consolidated Share. On the Sub-Division, such fractional entitlements will be carried over to the relevant New Ordinary Shares but not the Deferred Shares, and the New Ordinary Shares which comprise fractional entitlements will then be sold or passed to charity (see further explanation at paragraph 7 below, Fractional Entitlements to Consolidated Shares, below).

Accordingly, following the implementation of the Capital Reorganisation, any Shareholder who as a result of the Consolidation, has a fractional entitlement to any New Ordinary Shares, will not have a proportionate shareholding of New Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares.

Furthermore, any Shareholders holding fewer than 5 Existing Ordinary Shares as at the Record Time will cease to be a shareholder of the Company. The minimum threshold to receive Consolidated Shares will be 5 Existing Ordinary Shares.

## 6. Sub-Division

Immediately following the Consolidation, each Consolidated Share will be sub-divided into one New Ordinary Share and one Deferred Share. The Sub-Division has been structured in such a way so that each of the New Ordinary Shares will have a nominal value of 0.1 pence each. Where there are fractional entitlements to a Consolidated Share, the Board considers it fair that, upon Sub-Division, the same fractional entitlements to a Consolidated Share will apply to each New Ordinary Share but not a Deferred Share. The rights attached to the Deferred Shares are described in this Document. The Record Time for the Sub-Division will be the same as for the Consolidation, which is 6.00 p.m. on 15th January 2018.

## 7. Fractional Entitlements to Consolidated Shares

The Consolidation will give rise to fractional entitlements to a Consolidated Share where any holding is not precisely divisible by 5. On Sub-Division of any such Consolidated Share which occurs immediately thereafter, the same fractional entitlement will apply to each New Ordinary Share but not a Deferred Share then arising. As regards the New Ordinary Shares, no certificates regarding fractional entitlements will be issued. Instead any New Ordinary Shares in respect of which there are fractional entitlements will be aggregated and sold or passed to charity. The Board is of the view that, as a result of the disproportionate costs, it would not be in the best interests of the Company to distribute any proceeds of sale which instead would be retained for the benefit of the Company.

For the avoidance of doubt, the Company is only responsible for dealing with fractions arising on registered holdings. For Shareholders whose shares are held in the nominee accounts of UK stockbrokers, the effect of the Capital Reorganisation on their individual shareholdings will be administered by the stockbroker or nominee in whose account the relevant shares are held. The effect is expected to be the same as for shareholdings registered in beneficial names, however, it is the stockbroker's or nominee's responsibility to deal with fractions arising within their customer accounts, and not that of the Company.

#### 8. Resulting issued share capital

The issued share capital of the Company immediately following the Capital Reorganisation (assuming it is approved by the Shareholders) is expected to comprise 704,988,102 New Ordinary Shares and 704,988,102 Deferred Shares.

#### 9. Admission of the New Ordinary Shares

As stated above, application will or has been made for the New Ordinary Shares to be admitted to trading on AIM in place of the Existing Ordinary Shares. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 16th January 2018.

The Company has applied for a new ISIN and SEDOL which will become effective following the Capital Reorganisation. The new ISIN and SEDOL will be notified to the market via an RIS provider in due course.

Shareholders who hold Existing Ordinary Shares in uncertificated form via depositary interests will have such shares disabled in their CREST accounts on the Record Time, and their CREST accounts will be credited with the New Ordinary Shares following Admission.

Following the Capital Reorganisation, existing share certificates will cease to be valid and new share certificates are expected to be despatched to those Shareholders who hold their Existing Ordinary Shares in certificated form on or around 14 days after Admission. No share certificates will be issued in respect of Consolidated Shares or Deferred Shares.

#### 10. Effects on options, warrants and other instruments

The entitlements to Ordinary Shares of holders of securities or instruments convertible into Ordinary Shares (such as share options and warrants) will be adjusted to reflect the Capital Reorganisation. Certain adjustments will also be needed in respect of the Equity Sharing Agreement dated 18 August 2017 entered into between the Company and D-Beta One EQ, Ltd. to reflect the impact of the Capital Reorganisation

#### 11. Share capital authorities

Following the Capital Reorganisation, assuming the issued share capital of the Company will comprise 704,988,102 New Ordinary Shares and 704,988,102 Deferred Shares, the total issued share capital of the Company will be £3,524,940.51. Pursuant to the share capital authorities granted to the Directors in December 2016, the Directors will have the ability, following the Capital Reorganisation, to allot further shares with an aggregate nominal value of £2,475,059.49.

#### 12. General Meeting

You will find set out at the end of this Document a notice convening the General Meeting to be held at Suite 16, Watergardens 5, Waterport Wharf, Gibraltar on 15th January 2018 at 10.00 a.m. (CET) for the purpose of considering and, if thought fit, passing the Resolutions.

### 13. Taxation in relation to the Capital Reorganisation

If any shareholder is uncertain about his own tax position, he should seek independent financial advice.

### 14. Action to be taken

Holders of Existing Ordinary Shares will find enclosed with this Document a Form of Proxy and Form of Direction for use by them at the General Meeting. Whether or not you are able to attend the General Meeting, you are requested to complete the enclosed Form of Proxy or Form of Direction and return it to the Company's Registrars, Link Asset Services Limited, at 34 Beckenham Road, Beckenham, Kent BR3 4ZF or to the Company at the Company's Registered Office at G1 Haven Court, 5 Library Ramp, Gibraltar as soon as possible and, in any event, so as to arrive by 10.00 am (CET) on 13th January 2018. The completion and return of a Form of Proxy or Form of Direction will not prevent you from attending the General Meeting and voting in person if you subsequently wish to do so. However, please note that Shareholders who hold Existing Ordinary Shares in uncertificated form via depositary interests and who wish to attend the General Meeting should request a Letter of Representation by contacting Link Market Services Trustees Limited, the Depositary at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF or email [custodymgmt@linkgroup.co.uk](mailto:custodymgmt@linkgroup.co.uk) by no later than 48 hours before the General Meeting or 72 business hours before the time appointed for holding any adjourned meeting. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your broker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

### 15. Recommendation

The Directors consider that the Capital Reorganisation and the other Resolutions are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole and will promote the success of the Company. The Directors therefore recommend you to vote in favour of each of the Resolutions as they intend to do in respect of their own shareholdings in the Company.

Yours faithfully,

Richard Poulden  
*Chairman*