

17 April 2018



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

### **Company update**

In advance of the UK Investor Show 2018, which is being held at the Queen Elizabeth II Centre, London on 21 April 2018, the Board of PCGE are providing an update on the Company's business.

#### **Retention of operating structure**

Since the divestment of CPDC, completed in February 2017, the Group has retained both its China operating structure and the Khanawake gambling license. The Board has always been conscious of the fact that, whilst the China operating structure includes a local media license, the most valuable part of the structure is the ability to operate multiple businesses in China across a range of industries. This is a structure which would be much harder to replicate in today's regulatory environment than it was when originally set up.

#### **Inability to move the Group forward due to legal dispute**

While PCGE still had the possibility of a protracted legal dispute with the former CEO it proved impossible to conclude any transaction to regenerate PCGE, although initially the Board did try to do this. A potential environmental deal was terminated when the funders examined the Employment Tribunal claim made by the former CEO and concluded that it could run for a further two years.

As previously announced, the Board did not consider that there was any merit in the former CEO's claims, however it recognised that a settlement was in the best interests of shareholders. The Board thus pursued a strategy of conserving the Company's cash until it reached a settlement.

#### **Progress since agreement was reached with the former CEO**

On 24 January 2018 the Company announced that it had agreed a settlement with its former CEO and over the following months the Company has moved forward on a number of fronts:

1. Opportunities to utilise the Company's media and gambling licenses
  - a. The Company is in discussions with a third party to utilise the media license for the broadcast of certain sporting events over the Internet in China.
  - b. The Board notes that Hainan province announced on 14 April 2018 that betting on horse racing would now be legal in that province and is exploring opportunities which might result from this development.
  
2. Opportunities in environmental technologies
  - a. The Company is in discussions with Dubai based Cavitation Solutions Ltd to distribute their cavitation technology in China and elsewhere in Asia. Any agreement will be subject, inter alia, to the outcome of various test results over the next few months.
  - b. Cavitation Solutions Ltd' technology can separate different types of fluids. Application areas include:
    - i. food wastes;
    - ii. oil and water; and
    - iii. partial de-salination of salt water

- c. Discussions with ChainZy Plc (“ChainZy”), a platform which uses Distributed Smart Ledger Technology (sometimes known as blockchain). These discussions are around the possibility of ChainZy using PCGE’s infrastructure in Asia to distribute its technology in the region and may involve PCGE making a pre-IPO investment in ChainZy Plc. Shareholders should note that Michael Mainelli, a Director of PCGE, is a shareholder and director of ChainZy.

All of these possible transactions would utilise the Company’s Chinese operating structure. The Board are currently considering the appropriate way for the Company to pursue these opportunities in light of the Company’s current financial position and the regulatory environment.

Richard Poulden, Chairman of PCGE, commented: “In addition to the above initiatives we remain determined to maintain and increase the liquidity of PCGE shares for our shareholders. The NEX dual listing is part of this initiative but we are examining other areas which we may implement in future”.

Enquiries:

PCG Entertainment PLC  
Richard Poulden, Chairman Tel: +44 207 812 0645

Allenby Capital Limited  
(Broker, Corporate Adviser and Nominated Adviser)  
Nick Naylor/Nick Harriss Tel: +44 20 3328 5656

Damson Communications  
(Public Relations)  
Abigail Stuart-Menteth/Amelia Hubert Tel: +44 20 7812 0645