



# CIRCULAR FOR BROKERS

The Philippine Stock Exchange, Inc.

<input checked="" type="checkbox"/>	Disclosures	<input type="checkbox"/>	Stockholders' Meeting	Others:	<input type="checkbox"/>	Lifting of
<input type="checkbox"/>	Dividend Notice	<input type="checkbox"/>	SEC / Gov't Issuance		<input type="checkbox"/>	Trading
<input type="checkbox"/>	Stock Rights Notice	<input type="checkbox"/>	Transfer Agent's Notice		<input type="checkbox"/>	Suspension

Date : **February 18, 2008**  
 Company : **SOLID GROUP, INC.**

This is in reference to Circular for Brokers No. 1283-2008 dated February 15, 2008, in connection with the 100% acquisition of Phil-Nanning Consortium, Inc. by Precos, Inc., a wholly-owned subsidiary of Solid Group, Inc. ("SGI" or the "Company").

SGI, in reply to the Exchange's request for additional information on the matter, submitted the attached disclosure dated February 18, 2008.

**Please be advised that the trading suspension implemented on the Company's shares shall be lifted at 9:00 a.m. tomorrow, February 19, 2008.**

For your information and guidance.

*(Original Signed)*  
**ATTY. PETE M. MALABANAN**  
*Head, Disclosure Department*

Noted by:

*(Original Signed)*  
**ROY JOSEPH M. RAFOLS**  
*COO/Head, Issuer Regulation Division*

Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408



## SOLID GROUP INC.

February 18, 2008

PHILIPPINE STOCK EXCHANGE  
4<sup>th</sup> Floor, PSE Center  
Exchange Road, Ortigas Center  
Pasig City

Attention: ATTY. PETE M. MALABANAN  
Head, Disclosure Department

Subject: Acquisition of Phil-Nanning Consortium, Inc. by Precos, Inc.

Gentlemen:

We write in connection with your letter dated February 15, 2008 requiring us to provide additional information relative to the acquisition of Phil-Nanning Consortium Inc.(PNCI) by Precos, Inc., a subsidiary of Solid Group Inc.(SGI).

Precos, Inc.'s total acquisition cost of PNCI is P1,275,000 which is less than 10% of the book value of SGI of P6,477 million as of December 31, 2006 based on the latest audited financial statements. Although the PNCI acquisition is way below the 10% threshold provided under Section 5 of the Revised Disclosure Rules on Disclosure of Substantial Acquisition, we provide the following additional information:

- Identity of the Sellers and the nature of any material relationship between Precos, its directors, officers or any of its affiliates

The Sellers of PNCI shares to Precos, Inc. are the following:

1. Jesus Cham - Filipino businessman. He is a brother of the wife of David S. Lim, President and CEO of Solid Group Inc. and also President of Precos, Inc.. David S. Lim is the son of Joseph Lim and Elena S. Lim.
2. William Lee - Filipino. He is General Manager of Solid Electronics Corporation, a subsidiary of Solid Group Inc.. He is a nephew of Elena S. Lim, Chairman Emeritus of SGI.
3. Cita Joaquin - Filipino. She is a niece of Joseph Lim, husband of Elena S. Lim and the sister of Lita Joaquin, Treasurer of SGI.
4. Nelson Joaquin - Filipino. Senior Manager of Omni Logistics Corporation, a subsidiary of SGI. He is a nephew of Joseph Lim, husband of Elena S. Lim. He is the brother of Lita Joaquin, Treasurer of SGI.

## Terms and conditions of the transaction

### 1. Valuation method

The acquisition of PNCI by Precos, Inc. involves the purchase of subscribed shares from the following shareholders of PNCI:

<u>Stockholder/Subscriber</u>	<u>No. of Shares</u>	<u>Subscribed Capital</u>	<u>Paid-up Capital</u>
Jesus Cham	4,250	425,000	106,250
William Lee	4,250	425,000	106,250
Cita Joaquin	2,125	212,500	53,125
Nelson Joaquin	2,125	212,500	53,125
Total	12,750	1,275,000	318,750

The total acquisition price of P1.275 Million is equivalent to the par value of the PNCI shares purchased under the transaction.

PNCI has no issued and outstanding shares.

### 2. Terms of payment / Settlement period

Under the terms of the purchase agreement for the PNCI shares, Precos, Inc. shall pay the Sellers the amount of P318,750.00 upon closing of the purchase transaction and assume Sellers' liability for the unpaid portion of their respective subscriptions in PNCI shares in the aggregate amount of P956,250.00.

The payment of the unpaid subscriptions will be dependent on the call for payment of share subscriptions by PNCI.

- Sources of funds

Precos, Inc. shall pay for the acquisition of PNCI shares from advances to be made by its parent company.

- Timetable / schedule for the effectivity of the transaction

Based on the purchase contract for the PNCI shares, the effectivity of the acquisition of PNCI by Precos, Inc. is upon closing of the contract.

- Effects on Precos and PNCI on the following (before and after the transaction)

## 1. Ownership structure

### a) Precos, Inc.

Principal Shareholders	BEFORE			AFTER		
	Amount in Pesos	No. of Shares	%	Amount in Pesos	No. of Shares	%
Solid Corp.	106,424,200	1,520,060 "A"	98.14%	106,424,200	1,520,060 "A"	98.14%
Solid Corp.	2,020,080	1,010,040 "B"	1.86%	2,020,080	1,010,040 "B"	1.86%
Total	108,444,280	2,530,100	100.00%	108,444,280	2,530,100	100.00%

### b) Phil-Nanning Consortium, Inc.

Principal shareholders	BEFORE			AFTER		
	Amount in Pesos	No. of Shares	%	Amount in Pesos	No. of Shares	%
Jesus Cham	425,000	4,250	33.33%	0	0	
William Lee	425,000	4,250	33.33%	0	0	
Cita Joaquin	212,500	2,125	16.67%	0	0	
Nelson Joaquin	212,500	2,125	16.67%	0	0	
Precos, Inc.	-	-	0.00%	1,275,000	12,750	100.00%
Total	1,275,000	12,750	100.00%	1,275,000	12,750	100.00%

## 2. Capital structure

### a) Precos, Inc.

	Before	After
Authorised capital stock (shares)		
"A" common shares	1,800,000	1,800,000
"B" common shares	1,200,000	1,200,000
Subscribed capital stock (shares)		
"A" common shares	1,520,060	1,520,060
"B" common shares	0	0
Issued and outstanding shares		
"A" common shares	0	0
"B" common shares	1,010,040	1,010,040
Listed shares	None	None
Par value		
"A" common shares	70.00	70.00
"B" common shares	2.00	2.00

b) Phil-Nanning Consortium, Inc.

	<u>Before</u>	<u>After</u>
Authorised capital stock (shares)	50,000	50,000
Issued and outstanding shares	0	0
Listed shares	None	None
Par value	100.00	100.00

• Other Information

1. Precos, Inc.

Precos, Inc. was registered with the Securities and Exchange Commission on October 31, 1989 to engage in real estate and related businesses. In 2004, Solid Corporation (a subsidiary of SGI) increased its ownership in the company to 100% (from 60%) by acquiring the entire shareholdings of Sony International (Singapore) Ltd. The Company owns a 13.2 hectare property in Calamba, Laguna which is for development into a residential project.

The Board of Directors and officers of Precos, Inc. are the following:

Board of directors:

Susan L. Tan ( Chairman of the Board)  
Joseph Lim  
Elena S. Lim  
David S. Lim  
Vincent S. Lim

Corporate Officers:

David S. Lim - President  
Vincent S. Lim - Treasurer  
Josephine Santiago - Corporate Secretary

2. Phil-Nanning Consortium, Inc.

PNCI was registered with the Securities and Exchange Commission on December 21, 2005 to engage in the business of real estate development. It has not started commercial operations since its registration. However, the company obtained approval by the Nanning City government (PROC) to participate in the real estate development of the China-ASEAN Business District particularly for the area that was allocated for the Philippines.

Board of Directors (prior to acquisition):

Joseph Lim (Chairman of the Board)  
Susan L. Tan  
Frank Lao  
Yi H. Chen  
Philip Yu  
Richard Yu

Corporate Officers (prior to acquisition):

Frank Lao - President  
Philip Yu - Treasurer  
Atty. Pablo A. de Borja - Corporate Secretary

The original shareholders of the company were AA Commercial, Inc., Oriental Synergy Mining Corp., Philip Yu and Richard Yu. However, they sold their interests in the company to the persons who eventually became the Sellers of PNCI to Precos, Inc.

With the acquisition by Precos, Inc. of PNCI, the nominees of Precos, Inc. were elected to the Board and new corporate officers were appointed, as follows:

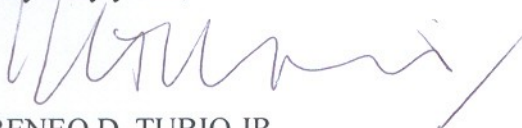
Board of Directors (present):

Joseph Lim (Chairman of the Board)  
Susan L. Tan (Vice Chairman)  
David S. Lim  
Jason S. Lim  
Vincent S. Lim  
Elena S. Lim

Corporate Officers (present):

David S. Lim - President  
Lita Joaquin - Treasurer  
Atty. Soledad C. de Castro - Corporate Secretary

Very truly yours,



IRENEO D. TUBIO JR.  
Corporate Information Officer