



## SOLID GROUP INC.

May 18, 2012

**Philippine Stock Exchange Inc.**  
3rd Floor, PSE Plaza, Ayala Triangle  
Ayala Avenue, Makati City

Attention: Ms. Janet Encarnacion  
Head, Disclosure Department

Re: Agreement between Solid Broadband Corporation ("SBC")  
and Skycable Corporation ("SKY")

Gentlemen:

We refer to your letter dated May 17, 2012, requesting Solid Group, Inc. (the "Company" or "SGI") to provide additional information on the above subject, before the close of business today, May 18, 2012. In compliance with your request, we advise as follows:

- (1) Rationale for the disposition, including the reasons therefore and the benefits which are expected to be accrued to the Company as a result of the transaction.

*The internet and broadband business of SBC entail huge and continuing investments in order to keep abreast with the latest technology and remain competitive with bigger and stronger players. The management of the Company has decided that instead of continuing to fund such huge capital investments, it would rather focus on other evolving businesses such as those in the fields of wireless digital devices and technologies and other prospective projects.*

- (2) Brief description of the assets disposed

*The assets disposed include SBC's wired and satellite assets such as headend equipment, electronic and communication equipment, computer systems, broadband assets and data communication and hubs, and SBC's and broadband internet subscriber base, and other related contracts.*

(3) The terms and conditions of the transaction:

(3.1) The nature and amount of consideration received.

*SBC received the amount of One Billion Pesos (Php1,000,000,000.00) as consideration for the transaction.*

(3.2) The principle followed in determining the amount of consideration.

*The consideration for the assets was based primarily on the book value of the assets, as of December 31, 2011. The amount was mutually agreed upon by the parties after a due diligence investigation of said assets as conducted by the buyer.*

(3.3) The terms of payment thereof

*The consideration was fully paid on May 11, 2012.*

(3.4) Conditions precedent to the closing of the transaction, if any, and

*The closing of the transaction occurred on May 11, 2012 upon the signing of the Asset Purchase Agreement. The closing was subject to standard conditions precedent such as obtaining the required corporate approvals, consents, and the submission of certain corporate documents.*

(3.5) Any other salient terms of the agreement.

*The Company granted the buyer the option to purchase its shares in SBC, which option must be exercised not later than December 31, 2013.*

(4) The identity of the buyer to whom the assets were sold.

*The assets were sold to Skycable Corporation ("SKY").*

(5) The nature of any material relationship between the buyer, SBC and the Company or any of its affiliates, director or officer, or any associate of such director or officer.

*SKY is not related to SBC and the Company and the latter's affiliates, directors, officers or associates.*

- (6) The effect(s) on the business, financial condition and operations of the Company.

*With the foregoing sale, the Company will be able to focus its resources on other evolving businesses such as those in the fields of wireless digital devices and technologies and other prospective projects.*

- (7) Any other information necessary to enable an investor to make an informed investment decision.

*None.*

We trust that the foregoing is sufficient.

Very truly yours,



MELLINA T. CORPUZ  
Vice President and Chief Accounting Officer