



**Transpacific Broadband Group**  
INTERNATIONAL, INC.

CORPORATE OFFICE: 9/F SUMMIT ONE TOWER  
530 SHAW BOULEVARD, MANDALUYONG CITY,  
PHILIPPINES, 1550  
TEL. (632) 718-3720, 718-3721, FAX (632) 533-4052  
EMAIL: tbgi@tbgi.net.ph

SATELLITE CENTER: BLDG. 1751 CHICO ST.  
CLARK SPECIAL ECONOMIC ZONE  
ANGELES CITY, PAMPANGA, PHILIPPINES  
TEL.: (6345) 599-3042, FAX (6345) 599-3041

June 14, 2019

**MR. NORBERTO T. MORENO JR.**

Disclosure Department  
**PHILIPPINE STOCK EXCHANGE**  
Bonifacio Global City, Taguig

Dear Mr. Moreno,

We reply to the Request for Additional Information of the Exchange regarding the disclosure filed by Transpacific Broadband Group Int'l. Inc. ("TBGI" or the "Corporation") on June 13, 2019, regarding the Corporation's Memorandum of Understanding with a China State-owned Enterprise (ZPI-SOE) in common tower.

In relation thereto, we reply to the query of the Exchange as follows:

1. Description and nature of the transaction including the timetable for implementation, and related regulatory requirements;

The 1<sup>st</sup> stage of the project requires the Corporation to determine the probable sites for establishment of tower facilities. Second stage of the project includes the Site Acquisition (SAQ) of the above-mentioned tower sites. To date, the Corporation has already pre-determined 3,000 potential sites for the establishment of tower facilities; moreover, the corporation submitted the geographical coordinates for the above potential sites. The timetable of the entire project is being finalized by the China SOE. Currently, there are no regulatory requirements for the pre-survey activities under the MOU.

2. Rationale for the transaction including the benefits which are expected to be accrued to the Corporation as a result of the transaction

The project aims to secure the most tower sites for the entry of the new player. The Corporation has a distinct advantage due to its existing satellite network sites and relationship with two major institutions. Benefits to be accrued for the Corporation include: (1) The SAQ project gives maximum benefit in revenues to the Corporation with the pre-determined 3,000 sites, (2) The project gives maximum potential for the Corporation in terms of operating as a Virtual Network Operator (VNO) to expand its client network base, thereby, further improving revenues in the future with minimal capital expenditure. Estimated SAQ budget for each site is estimated at \$7,000 to \$8,000.

3. Terms and conditions of the transaction include the following:
  - a. Total amount of investment and/or interest by the parties involved;  
The Corporation's main investment includes the expansion of its current coordination group to achieve a nationwide coverage, cost of such expansion is directly proportional of the contract amount. The Corporation with its partner educational institution has a nationwide reach of 500 Information Technology Specialist that would facilitate SAQ activities required by the project.

- b. Provisions on profit-sharing, arrangements on management and operations;  
The SAQ project is contract-based mainly focused on pre-survey activities, survey activities, permitting, contract closing, engineering, and completion. There is no profit-sharing arrangement other than the sub-contracted work items.
  - c. Conditions precedent to closing of transaction, if any  
For the SAQ, closing of the transaction is contingent on the government's award to the new telco player.
4. Source/s of funds;  
Funds will be generated from contracts and internally sourced funds.
  5. Identity and/or corporate background of the China State-owned Enterprise;

The China ZPI-SOE is a global leader in telecommunications and information technology. Founded in 1985 and listed on both the Hong Kong and Shenzhen Stock Exchanges, the company has been committed to providing integrated end-to-end innovations to deliver excellence and value to consumers, carriers, businesses and public sector customers from over 160 countries around the world to enable increased connectivity and productivity. The SOE invest more than 10% of annual revenue in R&D. The company has established state-of-the-art global R&D centres in China and other countries and has filed applications for more than 73,000 patents, with over 35,000 granted. It has been ranked among the world's Top-5 for patent applications under the Patent Cooperation Treaty (PCT) each year, according to the World Intellectual Property Organization.

6. Effect(s) on the business, financial condition and operations of the Corporation. Please provide the basis for the expected improvement on TBGI's top-line numbers by Php 1 billion in the next five (5) years.

The estimated revenue for the SAQ project is derived from the initial 3,000 sites and proposed expansion of another 2,000 sites, with an expected contract award of \$7,000 to \$8,000 per site over a 5-year period.

No. of Sites	No. of Sites	Est. Revenue per site	Est. Annual Revenue	Cumulative Revenue
1 <sup>st</sup> Year	1,000	\$ 7,000	\$7,000,000	\$7,000,000
2 <sup>nd</sup> Year	1,000	\$ 7,000	\$7,000,000	\$14,000,000
3 <sup>rd</sup> Year	1,000	\$ 7,000	\$7,000,000	\$21,000,000
4 <sup>th</sup> Year	1,000	\$ 7,000	\$7,000,000	\$ 28,000,000
5 <sup>th</sup> Year	1,000	\$ 7,000	\$7,000,000	\$35,000,000

*Note: Site Acquisition project by contractor, TBGI, is non-recurring*

Thank you and best regards.

Very truly yours,



**Paul B. Saria**  
Corporate Information Officer