

CONDITIONS PRECEDENT TO CLOSING TRANSACTIONS

“PAYMENT SCHEDULE

1.3.1 LRWC shall pay PHAC the total amount of **THREE HUNDRED TWENTY MILLION PESOS (Php 320,000,000.00)** (1st Payment) subject to the fulfillment of the following conditions:

- a. Due execution and delivery of this Agreement and of the Deed of Absolute Sale of Shares (DOASS) transferring a portion of the Subject Shares representing approximately Fifty-Seven Percent (57%) equity, or ONE MILLION TWO HUNDRED FIFTY THOUSAND (1,250,000) shares from PHAC to LRWC. The duly issued and endorsed stock certificates covering 1,250,000 shares shall be delivered within two (2) working days from execution of this Agreement.
- b. Full compliance of the 45 operating PEGS with the criteria provided in Section 2.1.2 of this Agreement. The list and schedule of the PEGS is attached as **Annex “G”**.
- c. Due execution and delivery of the Deed of Absolute Sale (DOAS) between TGXI and DSI whereby DSI assigns, transfer and conveys its rights and all title and interest over all assets and leasehold improvements covering PEGS, and for all assets for DSI’s head office/principal office, which were not included from the Deed of Absolute Sale dated 01 July 2014, **Annex “F”**.

All taxes to be imposed as a result of the sale of these assets from DSI to TGXI, including but not limited to, value added tax (VAT), shall be for the account of DSI.

- d. Due execution and delivery of the following documents:
 - i. Duly notarized Secretary’s Certificates:
 - authorizing PHAC to enter into this Agreement and to assign, transfer and convey its rights over the Subject Shares in favor of LRWC;
 - authorizing DSI and TGXI to execute and express its conformity to this Agreement; and
 - authorizing DSI and TGXI to enter into an agreement for the Bulk Sale transfer of the 45 PEGS, as well as all of DSI’s assets, leasehold improvements and peripherals to TGXI.
 - ii. Duly notarized Deed of Assignment/Declaration of Trust whereby each of the individual nominee shareholders returns and assigns back their one (1) qualifying share in TGXI to PHAC;

- iii. Duly issued and endorsed stock certificates covering the One (1) qualifying share of each of the individual nominee shareholders;
- iv. Original Articles of Incorporation and By-Laws of TGXI;
- v. Corporate Seal of TGXI;
- vi. Resignation letters of all incumbent officers and members of the board of directors of TGXI;
- vii. Duly-executed irrevocable proxies of the PHAC appointing LRWC as its proxy from the date of the execution of this Agreement until LRWC becomes the registered owner of the Subject Shares;
- viii. Proof that TGXI has acquired the PEGS and/or proof that DSI has transferred/sold its rights to PEGS to TGXI;
- ix. Balance Sheet of TGXI certified true and correct by TGXI's President and Chief Finance Officer;
- x. Certification on TGXI's shareholders and amounts subscribed and paid up by each shareholder executed by TGXI's incumbent Corporate Secretary;
- xi. Duly-filed Documentary Stamp Tax (DST) Return (BIR Form 2000) showing payment of the applicable DST on the original issuance of 1,250,000 shares of TGXI and the Bulk Sale Transaction between DSI and TGXI;
- xii. Duly filed DST Return (BIR Form 2000) showing payment of the applicable DST on the additional 930,000 shares of TGXI within five (5) working days from the execution of this Agreement;
- xiii. Duly-Filed SEC Form 10-1 (Notice of Exempt Transaction) for the additional original issuance of 930,000 shares in TGXI shall be delivered within five (5) working days from the execution of this Agreement;
- xiv. Original BIR Certificate of Registration (BIR Form 2303) of TGXI shall be delivered within ten (10) working days from the execution of this Agreement;
- xv. All duly-registered and filled-up books of accounts, journals and ledgers of TGXI shall be delivered within ten (10) working days from the execution of this Agreement;

- xvi. All booklets of used and unused Official Receipts of TGXI, certified true and correct by TGXI's President and Chief Finance Officer, if any, shall be delivered within ten (10) working days from the execution of this Agreement;
- xvii. All duly signed minutes of the meetings of TGXI's board of directors and/or shareholders shall be delivered within ten (10) working days from the execution of this Agreement;
- xviii. Stock and Transfer Book of TGXI duly filled up and certified as correct and true by TGXI's incumbent Corporate Secretary shall be delivered within ten (10) working days from the execution of this Agreement; and
- xix. Written conformity of the lessors of the sites where the 45 PEGS are located and the principal office TGXI of the assignment of lease shall be delivered within fourteen (14) working days from the execution of this Agreement.

1.3.2 The additional amount of **ONE HUNDRED MILLION PESOS (Php 100,000,000.00)** (2nd Payment) shall be paid not earlier than 15 August 2014 and subject to the fulfillment of the following conditions:

- a. Delivery by PHAC and DSI of the PAGCOR Certificate to Operate (CTO), PAGCOR Authority to Operate (ATO), local government permits and business permits, as provided in Section 2.1.3 corresponding to at least twenty-three (23) PEGS included in **Annex "G"**, including all other licenses, permits or authorizations required by any branch, instrumentality or subsidiary of the government or by any government-owned or controlled corporation, in the name of TGXI;
- b. Delivery of the proof of payment of the applicable VAT for the Bulk Sale transaction from DSI to TGXI; and
- c. Submission of any pending deliverables for the 1st payment.

1.3.3 The additional amount of **ONE HUNDRED MILLION PESOS (Php 100,000,000.00)** (3rd Payment) shall be paid not earlier than 15 September 2014 and upon delivery of the Certificate of Authorization (CAR) for the transfer of the 1,250,000 shares under Sec. 1.3.1(a).

1.3.4 The final payment of **ONE HUNDRED MILLION PESOS (Php 100,000,000.00)** (Final Payment) shall be paid on or before 15 October 2014 (Closing Date), subject to the fulfillment of the following conditions:

- a. Delivery by PHAC and DSI of the PAGCOR CTO, PAGCOR ATO, local government permits and business permits in the name of TGXI corresponding to the remaining PEGs included in **Annex "G"** which is not yet delivered under Sec. 1.3.2(a), including all other licenses, permits or authorizations required by any branch,

instrumentality or subsidiary of the government or by any government-owned or controlled corporation in the name of TGXI.

- b. The execution of a DOASS transferring the remaining portion of the Subject Shares representing approximately Forty-Three Percent (43%) equity, or NINE HUNDRED THIRTY THOUSAND (930,000) shares from PHAC to LRWC.

Within two (2) working days from the execution of the DOASS, PHAC shall deliver to LRWC the original duly issued and endorsed stock certificates covering 930,000 of the Subject Shares.

- c. The final payment shall be subject to the deduction of the amount of THIRTEEN MILLION SEVEN HUNDRED SEVENTY-SEVEN THOUSAND SEVEN HUNDRED SEVENTY-SEVEN PESOS (Php 13,777,777.00) for each PEG which not delivered in accordance with Sections 2.1.2 and 2.1.3.
- d. In the event that the Final Payment is insufficient to cover the amount of deductions under the preceding paragraph, PHAC shall pay the balance of the amount of deductions to LRWC which corresponds with the number of PEGS whose PAGCOR CTO, PAGCOR ATO, local government permits and business permits are not yet in the name of TGXI, within thirty (30) calendar days from the execution of the DOASS in Sec. 1.3.4(b). Otherwise, any unpaid amounts shall be subject to of twelve percent (12%) per annum.

1.3.5 On or before 20 December 2014:

- a. PHAC shall deliver the CAR for the transfer of the remaining 930,000 shares to LRWC; and
- b. For every additional PEGS included in **Annex "G"** which is delivered in compliance with the criteria under Sections 2.1.2 and 2.1.3, LRWC shall pay PHAC an amount equivalent to Php 13,777,777.00 per PEGS; provided, however, that LRWC shall no longer be obligated to purchase any additional PEGS after 20 December 2014.

1.3.6 For all payments contemplated in this Agreement, it is hereby agreed that delay in payment for more than five (5) calendar days of the amounts due as payments in this Agreement shall constitute an event of default and shall earn a penalty of twelve percent (12%) per annum. Provided, however, that the party in default is given thirty (30) working days from the date of default to remedy or cure the non-payment before the said penalty is imposed."