

30 March 2007

Pacific Internet Limited

Attention : Ms Deborah Foo (VP, Group Legal)
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Ashmore Group Investment Funds

c/o Ashmore Investment Management Limited
20 Bedfordbury London, WC2N 4BL, United Kingdom
Attention: Mr Craig Webster
Fax: (44) 207 557 4141

Clearwater Undersea Cable Investments, L.P.

c/o Clearwater Capital Partners Hong Kong Ltd
Suite 2205A, No 9 Queen's Road Central
Attention: Mr William L. Shia
Fax: (852) 3713 4890

Connect Holdings Limited & Connect International Limited

Fax : (44) 207 557 4141
Attention : Mr Tim Davies, Director

Spinnaker Group Investment Funds

c/o Spinnaker Capital Limited
53/54 Grosvenor Street, W1K 3HU, United Kingdom
Attention: Mr Bob McCarthy
Fax: (44) 20 7903 2999

Dear Sirs,

IDA'S DECISION ON THE CONSOLIDATION INVOLVING PACIFIC INTERNET LIMITED AND CONNECT HOLDINGS LIMITED¹

- 1 We refer to the following:
- (a) past correspondences in relation to the proposed Consolidation involving Pacific Internet Limited² ("**PacNet**") and Connect Holdings Limited ("**CHL**");
 - (b) the Long Form Consolidation Application to IDA jointly submitted by: (i) PacNet; (ii) CHL; (iii) Connect International Limited ("**CIL**"); (iv) Ashmore Group Investment Funds ; (v) Spinnaker Group Investment Funds ; and

¹ Unless otherwise defined, all capitalised terms used in this document shall have the same meaning ascribed to them in the Telecom Competition Code 2005.

² Pacific Internet Limited includes Pacific Internet Corporation Pte Ltd in the context of this document.

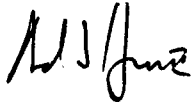
(vi) Clearwater Undersea Cable Investments L.P. (“**Clearwater**”). (Note: The parties listed in (i) to (v) are collectively referred to herein as the “**Applicants**”); and

(c) IDA’s public consultation paper issued on 27 February 2007 on the Applicants’ Consolidation Application, and the responses received from the industry at the close of the consultation on 12 March 2007;

- 2 IDA notes that PacNet provides four distinct categories of telecommunication services in Singapore, namely: retail Internet access (including leased line Internet access) services; Managed Data Services (“**MDS**”); international IP transit services; and terrestrial International Private Leased Circuit (“**Terrestrial IPLC**”) services. CHL is an investment holding company and does not provide any telecommunication service in Singapore. Asia Netcom Singapore Pte Ltd (“**ANC**”), however, is a wholly-owned Subsidiary of CHL. C2C Singapore Pte Ltd (“**C2C**”) is a “sibling” of CHL, arising from common ownership of C2C and CHL. Both ANC and C2C are Facilities-based Licensees in Singapore. ANC and C2C provide three distinct categories of telecommunication services in Singapore, namely: sale of submarine cable capacity, backhaul and Terrestrial IPLC services. ANC also provides MDS, leased line Internet access service and international IP transit service. Accordingly, in reviewing the proposed Consolidation, IDA has considered the telecommunication services provided by both ANC and C2C in Singapore, to assess the likely impact of the proposed Consolidation on competition in the Singapore telecommunication markets.
- 3 IDA notes that the proposed Consolidation has both horizontal and non-horizontal aspects. IDA has carefully considered whether the horizontal effects arising from the proposed Consolidation are likely to substantially lessen competition in any Singapore telecommunication market or harm public interest. Based on its review, IDA believes that the proposed Consolidation will not result in a substantial lessening of competition in the relevant markets that ANC, C2C and PacNet currently participate in. IDA has also given consideration to the industry’s feedback regarding whether ANC’s and C2C’s control of upstream submarine cable capacity might have a substantial impact on competition in the downstream markets that ANC, C2C and PacNet compete in. IDA believes that the availability of alternative submarine cable systems in Singapore, as well as the condition previously imposed by IDA when approving ANC’s ownership change in 2006, which requires ANC and C2C to allow similarly-situated operators in Singapore to acquire and access capacity on their respective cables on a non-discriminatory basis, would address the industry’s concern.
- 4 Based on its review, IDA has concluded that it is unlikely that the proposed Consolidation will substantially lessen competition in any of the markets that PacNet, ANC and C2C compete in. IDA hereby approves the proposed Consolidation involving the Applicants. For the avoidance of doubt, IDA’s condition imposed on CHL and ANC during its review of ANC’s ownership change (as indicated in IDA’s approval letter dated 8 August 2006) will continue to apply and to be in force.

- 5 IDA would like to remind the Applicants that its approval of the Consolidation is based on the information provided by the Applicants in the Long Form Consolidation Application and the documents mentioned in paragraph 1. IDA would appreciate it if the Applicants could (post-Consolidation) update IDA on any material changes to the information submitted including, *inter alia*, changes to business plans, organisational structure, restructuring activities and the impact of these changes on its customers and the telecommunication markets in Singapore, and plans pertaining to any possible consolidation of any of the Applicants' controlled licensed entities, or any merging of their assets and/or businesses. Please note that, notwithstanding IDA's approval herein, Clearwater and any or the Applicants' affiliates who intends to acquire an Indirect Ownership Interest of 12% or more in PacNet, are required to seek IDA's approval in accordance with the Act and the Code.
- 6 The details of IDA's assessment of and the grounds of its decision on the proposed Consolidation are set out in the Explanatory Memorandum enclosed for your information. The Explanatory Memorandum can also be found on the IDA website (www.ida.gov.sg) under "Policies and Regulation - Consultation Papers and Decisions".
- 7 If you require further clarification, please do not hesitate to contact the undersigned by fax at 6211-2116.

Yours sincerely,



Andrew Haire
Assistant Director-General (Telecoms)

KW/CM

cc: Freshfields Drew & Napier Pte Ltd
Attention: Mr Loh Wei Hao (email: weihao.loh@drewnapier.com)