

19 November 2021

Director-General (Telecoms & Post)
Attention: Mr Ong Tong San

Info-Communications Media Development Authority of Singapore
10 Pasir Panjang Road
#03-01 Mapletree Business City
Singapore 117438

By Email: ILO@imda.gov.sg

Dear Mr Ong,

CONSOLIDATION APPLICATION: PROPOSED TRANSACTION BETWEEN STARHUB ONLINE PTE. LTD. (“STARHUB”) AND MYREPUBLIC GROUP LIMITED (“MR GROUPECO”)

1. **[REDACTED]**
2. StarHub and MR GroupCo hereby submit our request for approval of the Proposed Transaction, with the following documents attached as supporting evidence:
 - (i) The Abbreviated Statement for the Proposed Transaction and responses to the Authority’s questions in its Informal Guidance are covered in this letter.
 - (ii) The Short Form Consolidation Application is attached as **Annex A**.
 - (iii) **[REDACTED]**
 - (iv) **[REDACTED]**
 - (v) The announcement of the Proposed Transaction is attached as **Annex D**.
3. Information that is confidential to the Applicants will be marked as: **[REDACTED]**. Such information is commercially sensitive, and should not be disclosed to third-parties without StarHub’s and MR GroupCo’s prior approval, as any unapproved disclosure will cause significant harm to both parties.

Abbreviated Statement for the Proposed Transaction:

Description of the Proposed Transaction:

4. StarHub intends to acquire 50.1% shareholding interest in a company newly incorporated in Singapore as a wholly-owned subsidiary of MR GroupCo (“**NewCo**”), which will hold the existing business and operations currently held by MyRepublic Limited (“**MR SG**”) related to the provision of broadband services in Singapore for residential and enterprise customers. MR GroupCo is the direct holding company of MR SG.
5. As part of the Proposed Transaction:
 - (i) Prior to the completion of the Proposed Transaction, MR GroupCo will incorporate NewCo^[REDACTED]¹;
 - (ii) The existing business and operations of MR SG’s broadband services in Singapore for residential and enterprise customers will be transferred to NewCo; and
 - (iii) StarHub will acquire 50.1% shareholding in NewCo.

The business and operations of MR SG’s mobile services in Singapore are not part of the Proposed Transaction.

6. As part of the Proposed Transaction, *inter alia*, the following agreements have been entered into:
 - (i) [REDACTED]
 - (ii) [REDACTED]
 - (iii) [REDACTED]
7. [REDACTED]
 - (a) [REDACTED]
 - (b) [REDACTED]
8. Further details of the Proposed Transaction can be found in the attached Annex D.

Information on Broadband Market in Singapore:

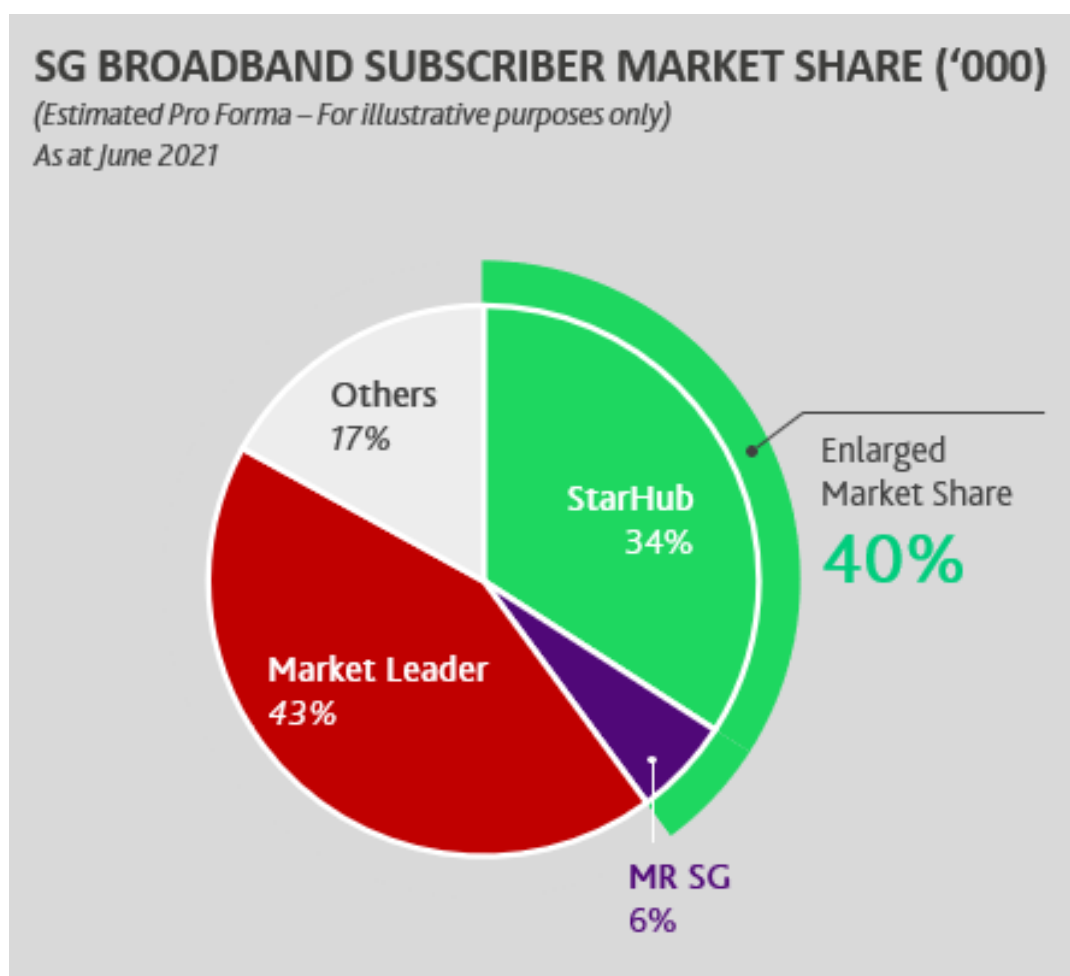
9. StarHub operates as a retail service provider (“**RSP**”) in the Singapore residential broadband market, while StarHub’s parent company (StarHub Ltd) operates as an RSP in

¹ [REDACTED]

the Singapore non-residential broadband market. Currently, the StarHub Group has approximately 509,000 broadband customers (as of 30 June 2021).

10. MR SG operates as an RSP in the Singapore broadband market. MR SG has approximately 89,000 broadband customers (as of 30 June 2021).

11. A chart showing the market share breakdown for the broadband market in Singapore is as follows:



12. As shown above, StarHub is currently the distant number two player in the broadband market. Notwithstanding the completion of the Proposed Transaction, StarHub's market share would still be smaller than the current market leader.

13. We submit that the broadband market is already hyper-competitive with: (1) many competing operators; and (2) very low barriers of entry into the market. The Authority has publicly stated that:

- The Nationwide Broadband Network (“NBN”) is “available to all providers on an open and non-discriminatory basis”, and that this “equal access to wholesale inputs has allowed new entrants to compete effectively in the retail fixed-line broadband Internet access market”.

- Today, “there are now eight players in the retail residential business broadband Internet access market”, and for the “retail business broadband Internet access market ... there are close to 20 retail players providing high-speed broadband Internet access services”.
- Due to the increased competition in the market, “[T]he Average household broadband speed has increased from less than 6.9Mbps in September 2010 ... to more than 190 Mbps in December 2019”. “In terms of prices, a non-NBN 100 Mbps product used to cost around S\$70 – S\$100 a month”, while today “residential End Users can purchase a 300 Mbps broadband Internet access service at just S\$26 a month” and “[a] 1 Gbps broadband Internet access service subscription can be obtained at as low as S\$34 per month”.²

14. It is therefore clear that the broadband market is effectively competitive, and that the Proposed Transaction will not change this. In addition, under the Authority’s Telecom Competition Code, retail broadband customers are already protected by a variety of consumer protection clauses, including the requirement that disadvantageous mid-contract changes cannot be imposed on in-contract customers.

Competitive Assessment of the Proposed Transaction:

15. We do not foresee any significant impact to competition in the broadband market following the completion of the Proposed Transaction. In the event that, following the Proposed Transaction, StarHub, StarHub Ltd or NewCo were to introduce a significant and non-transitory price increase, the following would occur:

- New and recontracting broadband customers would sign-up with a competing operator (and there are many options available in the market, as the Authority has noted);
- Existing broadband customers would be protected against price increases during their contract term, and would seek to change RSPs once their contracts expire;
- Competing operators would target StarHub, StarHub Ltd or NewCo customers as they came out of contract; and
- The customer base (and market share) of NewCo, StarHub and StarHub Ltd would shrink commensurately.

16. Hence, it will not be feasible for StarHub / NewCo to leverage on the Proposed Transaction to substantially reduce competition in the market.

² Reference the Authority’s Consultation Paper on “A Converged Competition Code for the Media and Telecommunication Markets”.

Benefits of the Proposed Transaction:

17. We believe that the Proposed Transaction will provide a range of benefits to customers and the telecoms industry in Singapore, including:

- [REDACTED]
- Providing StarHub and NewCo with the economies of scale needed to compete effectively (particularly against the market leader) in the broadband market.
- [REDACTED]
- [REDACTED]

18. [REDACTED]

Structure of NewCo following the Proposed Transaction:

19. Immediately following the Proposed Transaction:

- MR SG's key management will continue to manage NewCo's operations;
- MR GroupCo will continue to hold 49.9% in NewCo;
- [REDACTED]
- NewCo will continue to maintain the existing branding of MR SG; and
- We do not envisage that there will be any visible change to the broadband service provided to existing MR SG broadband customers.

Responses to the Authority's Questions:

20. The Authority has previously set out several areas it would need to see addressed in any request for approval. These areas, and the response of StarHub and MR GroupCo, are set out below:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Question: Any impact to the provision of services to MR SG's broadband customers.

We do not foresee any significant impact on the provision of services to MR SG's broadband customers. NewCo will continue to maintain its existing MyRepublic branding, and MR SG's key management will continue to manage NewCo's operations.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

➤ [REDACTED]

➤ [REDACTED]

➤ [REDACTED]

Conclusion:

21. We trust that we have submitted the necessary information to support our request for approval of the Proposed Transaction. We note that the Authority has stated that "*consolidation is inevitable in the fast-moving telecom sector*", and that "*IMDA must let the market take its course*" when it comes to the number of operators in the market.³ We respectfully submit that the Proposed Transaction will have no significant impact on competition in the market, and will instead provide benefits to the public, StarHub and MR GroupCo.

22. We look forward to the Authority's approval of this matter. Please do not hesitate to contact the undersigned should anything in this letter require clarification or elaboration.

Yours sincerely,

Malcolm Rodrigues,
Chief Executive Officer,
MyRepublic Group Limited

Tim Goodchild
Senior Vice-President
Government & Strategic Affairs
StarHub Online Pte Ltd

³ Reference: The Business Times, 16 April 2019: *Regulator taking light touch on fast-moving telco sector*".