

- (I) **PRE-CONDITIONAL VOLUNTARY GENERAL OFFER FOR PACIFIC INTERNET LIMITED**
 - (II) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE**
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(I) **PRE-CONDITIONAL VOLUNTARY GENERAL OFFER FOR PACIFIC INTERNET LIMITED**

1. **The Offer**

The Board of Directors of MediaRing Ltd (the “**Company**” or “**MediaRing**”) wishes to announce that UOB Asia Limited (“**UOB Asia**”), acting for and on behalf of the Company, has announced on 27 February 2006 (the “**Pre-Conditional Offer Announcement**”) that, subject to the satisfaction or waiver, if applicable, of certain pre-conditions, the Company intends to make a voluntary conditional general offer (the “**Offer**”) to acquire all the issued ordinary shares (the “**PacNet Shares**”) in the capital of Pacific Internet Limited (“**PacNet**”), other than those already held by the Company, its related corporations or the respective nominees of the Company or its related corporations as at the date of the Offer (“**Offer Shares**”). PacNet is a Singapore-incorporated company and listed on the National Association of Securities Dealers Automated Quotations (“**NASDAQ**”) National Market.

The Company currently owns 651,572 PacNet Shares, representing approximately 4.86% based on 13,404,147 issued shares of PacNet as shown in the search conducted with the Accounting and Corporate Regulatory Authority of Singapore as at 24 February 2006.

Pursuant to Sub-section 10.8.1 of the *Code of Practice for Competition in the Provision of Telecommunication Services 2005* (“**Competition Code**”), the prior written approval of the Info-Communications Development Authority of Singapore (“**IDA**”) must be obtained in respect of the Company’s proposal to acquire a direct ownership interest in PacNet pursuant to the Offer, since the Offer, if made and if it becomes unconditional, would result in the Company holding an ownership interest in PacNet of 12% or more.

Under the *Advisory Guidelines Governing Tender Offer Process under Section 10 of the Code of Practice for Competition in the Provision of Telecommunication Services 2005* (the “**Tender Offer Guidelines**”) issued by the IDA, when a potential offeror intends to make a voluntary offer for shares in an offeree (being a licensee under the Competitive Code), the potential offeror must announce a pre-conditional offer and the potential offeror and the offeree shall apply to the IDA for prior approval (the “**IDA Approval**”) before the potential offeror makes the voluntary offer.

Moreover, the Company is required to obtain the approval of its shareholders to implement and effect the proposed Offer and possibly other governmental and regulatory authorisations in connection with the acquisition of PacNet Shares pursuant to the proposed Offer. The Company intends to obtain the aforesaid approvals before it makes the proposed Offer, and the Company’s announcement of the pre-conditional Offer herein is made with this intent. **The Company intends to commence the Offer as soon as practicable after the foregoing approvals are obtained and the other conditions set out in the Appendix to the Pre-Conditional Offer Announcement are satisfied or waived, if applicable. Accordingly, all references to the Offer in this Announcement refer to the possible Offer which will only be made if and when the pre-conditions described in the Appendix to the Pre-Conditional Offer Announcement are satisfied or waived, if applicable.**

A copy of the Pre-Conditional Offer Announcement is attached hereto as Appendix A.

2. **Pre-Conditions to the Making of the Offer**

The making of the proposed Offer and the posting of the formal offer to purchase document containing the terms and conditions of the Offer (the “**Offer Document**”) will be subject to, and will only take place following, the satisfaction or waiver, if applicable, of the pre-conditions set out in the Appendix of the Pre-

Conditional Offer Announcement (collectively, “**Pre-Conditions**” and each a “**Pre-Condition**”). The Pre-Conditions include, without limitation:-

- (a) the shareholders of MediaRing (the “**Shareholders**”) having passed the necessary resolutions to approve, implement and effect the Offer, and the acquisition of any PacNet Shares pursuant to the Offer (including pursuant to any compulsory acquisition pursuant to Section 215 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”)) at a general meeting of the Shareholders (or any adjournment thereof); and
- (b) all approvals, authorisations, clearances, licences, orders and waivers (the “**Authorisations**”) necessary or appropriate for or in connection with the Offer, the acquisition of any PacNet Shares or other securities (or the equivalent) in PacNet or of control of any member of the PacNet group or any associated companies of PacNet (“**PacNet Affiliates**”) by MediaRing, and/or to carry on the business of any member of the PacNet group or any PacNet Affiliate, from all governmental, and regulatory body or any other body or person whatsoever in any jurisdiction (each a “**Relevant Authority**”) (including, without limitation, the IDA Approval) (i) having been obtained; (ii) if such Authorisations are subject to conditions, the fulfilment prior to the Cut-off Date (as defined below) of all such conditions which are required to be fulfilled prior to the Cut-off Date; and (iii) such Authorisations remaining in full force and effect and all necessary statutory or regulatory obligations in connection with the Offer and its implementation in any jurisdiction having been complied with.

If and when the Pre-Conditions are satisfied or waived, UOB Asia, for and on behalf of the Company, intends to announce the firm intention on the part of the Company to make the Offer (the “**Offer Announcement**”). In accordance with requirements under the Singapore Code on Take-overs and Merger (the “**Singapore Code**”), the Offer Document will be despatched to the shareholders of PacNet (“**PacNet Shareholders**”) not earlier than 14 days and not later than 21 days from the date of the Offer Announcement, if made. However, in the event that the Pre-Conditions are not satisfied or waived (as applicable) by the Company (as the case may be) on or before **31 May 2006** or such later date as the Company may determine in consultation with the Securities Industry Council of Singapore (the “**SIC**”) (the “**Cut-off Date**”), the Offer will not be made and UOB Asia will issue an announcement as soon as reasonably practicable thereafter.

The Offer, if made, will be extended, on the same terms and conditions, to:-

- (a) all the issued PacNet Shares, including those PacNet Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Company in connection with the Offer (other than the Company, its related corporations or the respective nominees of the Company or its related corporations); and
- (b) all new PacNet Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Offer, of any options (each, an “**Option**”) to subscribe for new PacNet Shares granted under the 1999 Share Option Plan (the “**PacNet 1999 Share Option Plan**”).

For the purpose of the Offer, the expression “**Offer Shares**” shall include all such PacNet Shares.

Under the rules of the PacNet 1999 Share Option Plan, the Options are not freely transferable by the holders thereof. In view of this restriction, if the Offer is made, the Company will not make an offer to acquire the Options (although for the avoidance of doubt, the Offer, if made, will be extended to all new PacNet Shares issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Offer). The Company will, however, in accordance with Rule 19⁽¹⁾ of the Singapore Code, make an appropriate offer or proposal to the holders of such Options, in the event the Offer is made.

⁽¹⁾ Under the Singapore Code, Rule 19 states, *inter alia*, that where an offer is made for equity share capital and the offeree company has instruments convertible into, rights to subscribe for and options in respect of securities being offered for or which carry voting rights (“**stocks**”) outstanding, the offeror must make an appropriate offer or proposal to the holders of the stocks. Equality of treatment is required.



3. Consideration for the Offer

The Offer, if made, will be on the following basis:-

For each Offer Share: US\$8.25 in cash (“Offer Price”)

Based on the terms of the Offer, the aggregate cash consideration payable under the Offer is between approximately:-

- (a) US\$49.9 million (assuming 45.14% acceptance); and
- (b) US\$105.2 million (assuming full acceptance).

4. Conditional Offer

The Offer, if made, will be conditional upon the following:-

- (a) Minimum acceptance condition

The Company having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the PacNet Shares owned, controlled or agreed to be acquired by the Company and parties acting or deemed to be acting in concert with it (either before or during the Offer and pursuant to the Offer), will result in the Company and parties acting or deemed to be acting in concert with it holding such number of PacNet Shares carrying more than 50% of the voting rights attributable to the issued share capital of PacNet⁽²⁾;

- (b) Conditions similar to Pre-Conditions

Conditions in terms substantially similar to the Pre-Conditions (subject to such modifications as may be required by the Company after prior consultation with the SIC); and

- (c) Other conditions

Such other conditions as may be imposed by the Company after prior consultation with the SIC.

The conditions of the Offer will be set out in detail in the Offer Announcement, if made.

5. Source of Funds

The consideration for the Offer (including any revision thereof) is proposed to be funded by way of:-

- (a) internal resources of the Company and its subsidiaries (the “Group”), including the net proceeds from the placement of 150,330,214 shares in the capital of the Company to Venture One Finance Limited, which was completed on 19 September 2005;
- (b) intended bank borrowings; and/or
- (c) the net proceeds from a proposed renounceable non-underwritten rights issue of shares (see Section II below for the details).

⁽²⁾ Under the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, the Company is not allowed to acquire any PacNet Shares after the Pre-Conditional Offer Announcement other than pursuant to the proposed Offer until the Offer expires or is terminated, as the case may be.

The existing cash on hand and intended bank borrowings available to the Company will be sufficient to fund the Offer, if made, and the funding for the Offer will not be dependent upon the results of the Rights Issue (as defined below).

6. Rationale for the Offer

The Company has built a track record of more than 10 years as an Internet telephony service provider with business presence in Singapore, Cambodia, China, Hong Kong, Japan, Malaysia, Taiwan and the United States of America. PacNet is one of the leading Internet service providers with an established presence in Singapore, Hong Kong, China, the Philippines, Australia, India, Thailand and Malaysia. The synergistic and complementary businesses and geographical presence of the Group and PacNet group are expected to provide ample opportunities for cross-marketing and bundling of services, brand leveraging, cost rationalisation through economies of scale. Such synergies, if realised, are expected to enable the enlarged group to improve its efficiency and to compete more effectively against competitors in the abovementioned markets. The acquisition is intended to be beneficial in the long run and increase shareholders' value. If the Offer is made and it is successful, the enlarged group will become a one-stop premier provider of voice and data services in the Asia Pacific region.

The Company therefore wishes to acquire at least a majority stake in PacNet in the event that the Offer is made.

7. Interests of Directors and Controlling Shareholders

None of the Directors or (so far as the Directors are aware) any controlling Shareholders of the Company has any interest, direct or indirect, in the Offer (other than by reason only of being a Director or Shareholder, as the case may be, of the Company).

(II) PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. Introduction

The Board of Directors of the Company wishes to announce a renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 245,493,341 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.16 for each Rights Share. The Rights Issue is subject to the approval of the Shareholders of the Company as further set out in paragraph 3 of Section IV below. The principal terms of the Rights Issue are set out in further detail below.

An application will be made to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for permission to deal in and for the listing and quotation of the Rights Shares on the SGX-ST.

UOB Asia has been appointed as Manager for the Rights Issue.

2. Proposed Principal Terms for the Rights Issue

The Rights Issue is proposed to be offered on a renounceable basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, are in Singapore, or who have, at least five (5) market days prior to the Books Closure Date (as defined below), provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Entitled Shareholders**") on the basis of one (1) Rights Share for every four (4) existing ordinary shares in the capital of the Company (the "**Shares**") held by the Entitled Shareholders of the Company as at a time and date to be determined by the Directors for the purpose of determining the Shareholders' entitlements (the "**Books Closure Date**") at the issue price of S\$0.16 for each Rights Share.

Fractional entitlements to any Rights Share will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) or disposed of in such manner as the Directors in their absolute discretion deem fit, in the interest of the Company.

The issue price of S\$0.16 for each Rights Share represents a discount of approximately 51.5% over the last transacted price of S\$0.33 per Share on the SGX-ST on 24 February 2006, being the market day immediately preceding the date of this Announcement.

The Rights Shares are payable in full upon acceptance and/or application. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

For practical reasons and in order to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior thereto, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statement ("**Offer Information Statement**") to be issued for the Rights Issue. The Rights Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**"). The Rights Shares are being offered and sold outside the United States in reliance on Regulation S.

Entitled Shareholders are at liberty to accept, decline or otherwise renounce or trade their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Provisional allotments which are not taken up or allotted for any reason shall be allotted in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

Based on the issued and paid-up share capital of the Company as at the date of this Announcement of 907,777,779 Shares, a minimum of 226,944,444 Rights Shares will be issued pursuant to the Rights Issue, assuming that the Rights Shares are fully subscribed and that no exercisable share options are exercised prior to the Books Closure Date.

As at the date of this announcement, there are 74,195,586 outstanding share options, excluding 17,531,778 share options which are exercisable after 31 May 2006 (the "**Exercisable Share Options**") granted under the 1999 MediaRing Employees' Share Option Scheme and the 1999 MediaRing Employees' Share Option Scheme II (collectively, the "**Share Option Schemes**"). Assuming that all the Exercisable Share Options are exercised before the Books Closure Date, the issued and paid-up capital of the Company as at Books Closure Date would comprise 981,973,365 Shares. Based on this enlarged issued and paid up capital of 981,973,365 Shares, a maximum of 245,493,341 Rights Shares will be issued.

Appropriate adjustments, if any, will be made to options granted or to be granted under the Share Option Schemes, in connection with the Rights Issue.

Subject to Shareholders' approval being obtained, the terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

3. Irrevocable Undertaking

As at the date of this announcement, Venture One Finance Limited (“**Undertaking Shareholder**”) holds a total of 150,330,214 Shares, representing an aggregate shareholding of 16.56% of the current issued and paid-up capital of the Company. Based on such shareholding, the Undertaking Shareholder is entitled to subscribe for 37,582,553 Rights Shares. The Undertaking Shareholder has irrevocably undertaken to subscribe for 37,582,553 Rights Shares, representing its full rights entitlement under the Rights Issue (“**Shareholder’s Undertaking**”).

4. Use of Proceeds

Assuming only the Undertaking Shareholder subscribes for 37,582,553 Rights Shares, as set out in paragraph 3 of Section II above (“**Minimum Subscription**”) and that none of the Exercisable Share Options are exercised before the Books Closure Date, the net proceeds of the Rights Issue (after deducting estimated expenses) are expected to be approximately S\$5.5 million.

Assuming that the Rights Issue is fully subscribed and all the Exercisable Share Options are exercised before the Books Closure Date, the net proceeds of the Rights Issue (after deducting estimated expenses) are expected to be approximately S\$38.8 million.

The net proceeds of the Rights Issue will be used towards partial funding of the Offer, if made and successful, or the partial repayment of a portion of the financing obtained for the Offer, and/or any other acquisition and/or investment in assets or businesses, which are synergistic with the Group’s business.

Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate.

5. Non-underwritten Rights Issue

The Company expects the Rights Issue to be well received because the Issue Price is at a discount of 51.5% to the last traded price of the Shares on 24 February 2006, being the market day immediately preceding the date of this Announcement. Moreover, the making of the Offer will not be dependent on the success of the Rights Issue and accordingly, there is no minimum amount required to be raised from the Rights Issue. In view of the above, the Shareholder’s Undertaking obtained from the Undertaking Shareholder, and the savings enjoyed for not having to bear underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

(III) FINANCIAL EFFECTS OF THE OFFER AND THE RIGHTS ISSUE

The proforma financial effects of the Rights Issue and the Offer (based on the terms of the Rights Issue and the Offer as at the date of this Announcement) on the consolidated net tangible assets per share (“**NTA**”) and earnings per share (“**EPS**”) of the Company for the financial year ended 31 December 2005, are purely for illustrative purposes only. The financial effects stated below are neither indicative of the actual financial effects of the Rights Issue and the Offer on the consolidated NTA and EPS of the Company, nor represent the actual financial position and/or results of the Group immediately after the completion of the Rights Issue and the Offer.

The financial effects have been prepared using the following bases and assumptions:-

- (a) the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2005, which is prepared in accordance with Singapore Financial Reporting Standards;

- (b) the unaudited consolidated financial statements of the PacNet group for the financial year ended 31 December 2005, which is prepared in accordance with the United States generally accepted accounting principles;
- (c) no adjustment relating to differences in the accounting standards, if any, has been made to align unaudited consolidated financial statements of the PacNet group to that of the Group;
- (d) translation exchange rate of US\$1.00 to S\$1.6237;
- (e) assuming the net fair value of the assets and liabilities of PacNet group at date of acquisition is equal to its net asset value of US\$61.1 million at 31 December 2005. Accordingly, no further fair value adjustment is made to the assets and liabilities on the balance sheet, and to other unrecorded intangibles, if any;
- (f) assuming the difference between the purchase consideration and the assumed fair value of US\$61.1 million (as per (e) above) is completely attributed to goodwill on acquisition;
- (g) assuming that there is no impairment loss to be made on the goodwill on acquisition of the PacNet group;
- (h) ignoring any provision or adjustment for transaction costs; and
- (i) assuming no synergies arising from the Offer.

For illustration purposes, the financial effects have been based on the following scenario assumptions:-

- (i) Scenario 1 - Assuming only the Rights Issue is completed, the Offer is not completed; or
- (ii) Scenario 2 - Assuming the Rights Issue is completed and 45.14% acceptance of the Offer had been completed on 31 December 2005; or
- (iii) Scenario 3 - Assuming the Rights Issue is completed and full acceptance of the Offer had been completed on 31 December 2005, and

assuming (i) either none or all of the Company's vested and Exercisable Share Options are exercised before the Books Closure Date, and (ii) either only the Undertaking Shareholder subscribes for the Rights Issue pursuant to the Shareholder's Undertaking ("**Minimum**" case) or the Rights Issue is fully subscribed ("**Maximum**" case).

1. **Net Tangible Assets ("NTA")**

The effects of the Rights Issue and the Offer on the consolidated NTA per share of the Company as at 31 December 2005, are summarised as follows:-

- (i) Assuming only the Rights Issue is completed and the Offer is not completed

	As at 31 Dec 05 (unaudited)	Assume no exercise of Exercisable Share Options		Assume full exercise of Exercisable Share Options	
		Minimum	Maximum	Minimum	Maximum
Issued & paid up share capital	903,870,279	941,452,832	1,129,837,848	1,019,555,918	1,227,466,706
NTA (US\$'000)	46,720	50,423	68,987	58,120	78,607
NTA per share (US cents)	5.17	5.36	6.11	5.70	6.40

- (ii) Assuming the Rights Issue is completed and 45.14% acceptance of the Offer had been completed on 31 December 2005

	As at 31 Dec 05 (unaudited)	Assume no exercise of Exercisable Share Options		Assume full exercise of Exercisable Share Options	
		Minimum	Maximum	Minimum	Maximum
Issued & paid up share capital	903,870,279	941,452,832	1,129,837,848	1,019,555,918	1,227,466,706
NTA (US\$'000)	46,720	20,133	38,697	27,830	48,317
NTA per share (US cents)	5.17	2.14	3.42	2.73	3.94

- (iii) Assuming the Rights Issue is completed and full acceptance of the Offer had been completed on 31 December 2005

	As at 31 Dec 05 (unaudited)	Assume no exercise of Exercisable Share Options		Assume full exercise of Exercisable Share Options	
		Minimum	Maximum	Minimum	Maximum
Issued & paid up share capital	903,870,279	941,452,832	1,129,837,848	1,019,555,918	1,227,466,706
NTA (US\$'000)	46,720	-15,532	3,031	-7,836	12,652
NTA per share (US cents)	5.17	-1.65	0.27	-0.77	1.03

2. Earnings per Share ("EPS")

The effects of the Rights Issue and the Offer on the consolidated EPS of the Company as at 31 December 2005, are summarised as follows:-

- (i) Assuming only the Rights Issue is completed and the Offer is not completed

	As at 31 Dec 05 (unaudited)	Assume no exercise of Exercisable Share Options		Assume full exercise of Exercisable Share Options	
		Minimum	Maximum	Minimum	Maximum
Issued & paid up share capital	903,870,279	941,452,832	1,129,837,848	1,019,555,918	1,227,466,706
Consolidated Profit after Tax (US\$'000)	5,167	5,252	5,679	5,429	5,900
EPS (US cents)	0.57	0.56	0.50	0.53	0.48

- (ii) Assuming the Rights Issue is completed and 45.14% acceptance of the Offer had been completed on 31 December 2005

	As at 31 Dec 05 (unaudited)	Assume no exercise of Exercisable Share Options		Assume full exercise of Exercisable Share Options	
		Minimum	Maximum	Minimum	Maximum
Issued & paid up share capital	903,870,279	941,452,832	1,129,837,848	1,019,555,918	1,227,466,706
Consolidated Profit after Tax (US\$'000)	5,167	7,304	8,020	7,770	8,241
EPS (US cents)	0.57	0.78	0.71	0.76	0.67

(iii) Assuming the Rights Issue is completed and full acceptance of the Offer had been completed on 31 December 2005

	As at 31 Dec 05 (unaudited)	Assume no exercise of Exercisable Share Options		Assume full exercise of Exercisable Share Options	
		Minimum	Maximum	Minimum	Maximum
Issued & paid up share capital	903,870,279	941,452,832	1,129,837,848	1,019,555,918	1,227,466,706
Consolidated Profit after Tax (US\$'000)	5,167	8,639	9,799	9,120	10,400
EPS (US cents)	0.57	0.92	0.87	0.89	0.85

(IV) APPROVALS

1. Shareholders' Approval for the Offer

Under Rule 1013 of the SGX-ST Listing Manual, it is provided that where any of the relative figures computed on the bases set out in Rule 1006 exceeds 20%, the transaction is classified as a "Major Transaction". Rule 1014 of the SGX-ST Listing Manual further states that a "Major Transaction" must be made conditional upon approval by Shareholders in a general meeting.

Pursuant to Rule 1006(c) of the SGX-ST Listing Manual, assuming that the Offer is made and is fully accepted, based on the Offer Price of US\$8.25 the value of the PacNet Shares (including the PacNet Shares purchased by the Company prior to the date of this announcement) to be acquired pursuant to or in connection with the Offer amounts to approximately US\$110.6 million (or approximately S\$179.6 million, based on the exchange rate of US\$1.00: S\$1.6237 as at the business day immediately preceding the date of this Announcement), which represents approximately 59.3% of the market capitalisation of the Company of approximately S\$302.8 million (based on the volume-weighted average price of the Shares of S\$0.3336 transacted on 24 February 2006, being the market day immediately preceding the date of this Announcement).

Accordingly, the Offer (if made) would be considered a "Major Transaction" within the meaning of Rule 1013 of the SGX-ST Listing Manual applying the computation formula set out in Rule 1006(c) of the SGX-ST Listing Manual, and is subject to the approval of the Shareholders.

It is proposed that, for flexibility, Shareholders' approval be given to empower the Directors of the Company to:-

- (a) subject to compliance with applicable law and regulations, acquire PacNet Shares (other than PacNet Shares held by the Company or its related corporations or their respective nominees) whether pursuant to the Offer or otherwise, during the offer period in respect of the proposed Offer or thereafter, in such manner (including by way of on-market or off-market acquisitions from PacNet Shareholders) and on such terms and conditions (including at such revised Offer Price) as the Directors may deem fit; and
- (b) compulsorily acquire the Offer Shares not acquired by the Company pursuant to the Offer, in the event the Company is entitled to exercise its right of compulsory acquisition under Section 215 of the Companies Act,

(the "**PacNet Acquisitions**").

Subject to requirements under applicable law and regulations, including under United States federal securities laws and rules, the PacNet Acquisitions will be made on such terms and conditions as the Directors of the Company may deem fit.

The Company has on 26 September 2005 obtained a waiver from the SGX-ST that the Offer and the PacNet Acquisitions will be regarded as a "Major Transaction" subject to Rules 1013 and 1014 of the

SGX-ST Listing Manual, instead of a "Very Substantial Acquisition" under Rule 1015 of the SGX-ST Listing Manual notwithstanding that the above relative figures under Rule 1006 of the SGX-ST Listing Manual may exceed 100% if there is any revision to the Offer Price and depending on the price for the PacNet Acquisitions. On the basis of the application by the Company, such waiver will apply notwithstanding any change to the market capitalisation of the Company and PacNet. Further, the Company has on 19 October 2005 obtained confirmation from the SGX-ST that the profit test set out in Rule 1006(b) of the SGX-ST Listing Manual in determining whether or not the transaction is a "Major Transaction" does not apply to the making of the Offer.

Please note that the SGX-ST reserves the right to amend and/or vary the above waiver/confirmation and such waiver/confirmation is subject to changes in the SGX-ST's policies. In addition, such waiver/confirmation by the SGX-ST is not an indication of the merits of the Offer, the Company or its subsidiaries, or the PacNet Shares.

2. IDA Approval for the Offer

Pursuant to Sub-section 10.8.1 of the Competition Code, IDA's prior written approval must be obtained in respect of the Company's proposal to acquire a direct ownership interest in PacNet pursuant to the Offer, since the Offer, if made and if it becomes unconditional, would result in the Company holding an ownership interest in PacNet of 12% or more.

The Company intends to apply for and obtain the approval of the IDA in relation to the consolidation which would result from the Offer, if it becomes unconditional, before such Offer is made. Accordingly, the Offer was announced on a pre-conditional basis.

3. Approval for the Rights Issue

The Rights Issue is subject to, *inter alia*, the in-principle approval of the SGX-ST for the dealing in and listing of and quotation for the Rights Shares on the SGX-ST. Application will be made to the SGX-ST for permission to deal in and for listing of and quotation for the Rights Shares on the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

The Rights Issue is further subject to the approval of the Shareholders at an extraordinary general meeting and the lodgment of the Company's Offer Information Statement with the Monetary Authority of Singapore.

The terms and conditions of the Rights Issue is subject to such changes as the Directors, after consultation with the Manager, may deem fit.

4. Circular

A circular containing information relating to the proposed Offer and the Rights Issue will be sent to all Shareholders in due course.

(V) DIRECTORS' RESPONSIBILITY

The Directors of the Company (including those who may have been delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

Yvonne Lau Yee Wan
Company Secretary
27 February 2006



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www.mediaring.com

CAUTIONARY NOTE:

In relation to the Offer, the Company has not yet commenced the Offer. The Offer, if made, will be made only pursuant to an Offer Document and related materials that the Company presently intends to distribute to holders of the Offer Shares. Holders of the Offer Shares should read carefully the Offer Document and related materials when they become available because they will contain important information. Assuming the Offer is made, holders of the PacNet Shares and investors may download a free copy of the Tender Offer Statement on Schedule TO, the Offer Document and other documents that the Company intends to file with the SEC at the SEC's website at www.sec.gov.

In relation to the Rights Issue, these materials are not an offer for sale of securities in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act. The Company does not intend to register any portion of the Rights Issue in the United States or to conduct a public offering of Rights or Rights Shares in the United States.



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APPENDIX A
PRE-CONDITIONAL OFFER ANNOUNCEMENT