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MMC ANNOUNCES RM9.3 BN PLAN TO ACQUIRE MALAKOFF IN LANDMARK DEAL

Kuala Lumpur, 17 May 2006 - MMC Corporation Berhad (MMC) announced today the intention to acquire all of Malakoff Berhad's (Malakoff) assets (other than cash) and liabilities for a total cash consideration of RM9.3 bn (less any cash balance in Malakoff). MMC currently owns 22% of Malakoff.

The proposed transaction - the largest acquisition ever undertaken in Malaysia - will be completed through Nucleus Avenue (M) Sdn Bhd (Nucleus Avenue), a wholly owned subsidiary of MMC. Upon completion of the acquisition, MMC intends to invite other investors into Nucleus Avenue, with the aim of eventually retaining more than 50%.

Following the divestiture of all of its assets (other than cash) and liabilities, Malakoff will be a cash-only company and will be in a position to distribute to its shareholders RM10.35 per share through a capital repayment exercise. This represents premiums of 5.7% and 13.0% over the 5-day and 3-month weighted average prices of Malakoff's shares and values the company's shares at 18 times 2005 earnings. The cash distribution of RM 10.35 per share corresponds to a value of approximately RM9.3 bn for the entirety of Malakoff's common equity, equivalent to approximately RM16.8 bn for the Malakoff Group's enterprise value (including approximately RM7.5 bn of net indebtedness as of 28 February 2006).

The proposed acquisition will allow MMC to acquire the majority interest in the country's largest independent power producer through a combination of ordinary shares, preferred securities and debt to be raised entirely by Nucleus Avenue

According to Encik Feizal Ali, acting Group Chief Executive of MMC, "the proposed exercise is in line with MMC Group's consolidation and transformation strategy to focus on three core businesses, namely, transport and logistics, energy and utilities and engineering and construction. This will also enable MMC to achieve its vision of becoming a premier utilities and infrastructure Group".

He added, “The transaction will enhance MMC's shareholder value by ensuring sustainable earnings and cash flow for the Group. Despite the rise in the Group's borrowings, we believe that the Group's debt servicing capacity remains comfortable as the majority of the borrowings are project finance-based at the level of the operating subsidiaries, which generate a steady stream of cash flows and are self-sustaining”.

This acquisition is subject to customary closing conditions, including government and regulatory approvals, and is expected to complete by the first quarter of 2007.

Goldman Sachs (Asia) L.L.C. has been appointed as International Financial Advisor to Nucleus Avenue while Commerce International Merchant Bankers Berhad and Newfields Advisors Sdn Bhd have been appointed as Joint Financial Advisors to MMC for the corporate exercise.

View the [Privatisation Proposal Target Structure](#)

About MMC Corporation Berhad

MMC is a diversified group with interests in transport & logistics, energy & utilities, and engineering & construction. The group's key businesses include Pelabuhan Tanjung Pelepas Sdn Bhd (Malaysia's largest container terminal and the world's 16th largest port), Johor Port Berhad (Malaysia's leading multi-purpose port), Malakoff Berhad (Malaysia's largest independent power producer) and Gas Malaysia Sdn Bhd (Malaysia's sole supplier of natural gas to the non-power sector). MMC is also involved in major engineering & construction projects, like the Stormwater Management and Road Tunnel (SMART) project, an innovative flood mitigation project for the city of Kuala Lumpur. Through Tronoh, MMC has interests in IJM, one of Malaysia's premier construction companies, and Zelan, a specialist contractor for power plants.

For more information, visit the company's web site at www.mmc.com.my. The website also has an email alert service that notifies subscribers of important announcements.

About Malakoff Berhad

Malakoff is Malaysia's largest independent power producer, and is involved in power generation, operations and maintenance services, electricity distribution and project management. Malakoff's 2,100 MW Tanjung Bin power plant will become fully operational next year, by which time its effective generation capacity will have increased from 3,130 MW currently to over 5,000 MW, representing a 24% market share of the installed capacity in Peninsular Malaysia. The company is also expanding overseas and is part of a consortium that has recently been awarded the Shoaiba Phase 3 Independent Water and Power Project in the Kingdom of Saudi Arabia. Its major shareholders include MMC Corporation Berhad, International Power plc and the Employees Provident Fund.

For more information, visit the company's web site at www.malakoff.com.my

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