

FOR IMMEDIATE RELEASE

MMC FORGES AHEAD IN JAZAN ECONOMIC CITY (JEC) WITH US\$30 BILLION IN INVESTMENTS



***From left :** Sheikh Sulaiman Saleem Al-Harbi, Chairman of the Board of PKI, Sheikh Saleh Mohammed Binladin, Senior Vice President of Saudi Binladin Group and Feizal Ali, Chief Executive Officer, MMC International Holdings Limited*

JAZAN, SAUDI ARABIA, 5 November 2008 – MMC International announced today that JEC had attracted US\$30 billion (SAR100 billion) worth of investments, achieving its target in a span of just two years, well ahead of the 25-year timeframe envisaged during the project's launch in 2006. Among the industries which will be set up in JEC include infrastructure projects, such as a port (US\$1.4 billion) and a power plant (ultimately US\$5 billion), primary industries, such as an aluminium smelter (US\$3.6 billion), a steel cluster (US\$2 billion) and an oil refinery (US\$12 billion), and secondary industries, such as steel (US\$500 million), automotive (US\$200 million) and shipbuilding (US\$900 million) industries.

JEC's infrastructure development is rapidly moving on the ground

MMC Ports, Saudi Binladin Group (SBG) and JEC Limited (equally owned by MMC and SBG) yesterday signed a port development agreement to develop JEC port which will be the catalyst for the Economic City's hinterland commercial activities. Strategically located at the mouth of the Red Sea, the port will provide easy access to the world's shipping lanes with direct access to Europe, Africa and Asia.

By the end of the year, JEC will also award contracts for earthworks and the construction of major roads as well as an integrated housing complex to provide accommodation for JEC's workers. JEC's master developers yesterday also signed an ICT agreement with an ICT multinational aimed at providing the entire JEC with state-of-the-art ICT services.

MMC's US\$2.5 billion Jazan power plant to begin construction next year

MMC International, SBG and Aluminum Corporation of China Limited (Chalco) yesterday signed a letter of intent (LOI) with CPI Power Engineering Co. Ltd of China to kick start construction of a captive power plant for the aluminium smelter at JEC. The captive power plant will cost an estimated US\$2.5 billion and have a generation capacity of 2,400 MW and supply competitively-priced electricity to the aluminium smelter, which will have an annual production capacity of approximately one million metric tons.

CEO of MMC International, Feizal Ali said, "The construction of the power plant and the aluminium smelter is scheduled to begin next year and be completed in 2013. MMC's investment in these projects will ensure a significant recurring income stream for us once these plants become operational. These investments mark MMC International's achievement in expanding its core businesses of logistics and utilities globally."

New investments

JEC has also attracted new investments in the steel, automotive and shipbuilding industries.

The Governor of Saudi Arabian General Investment Authority (SAGIA), H.E. Amr Al-Dabbagh said, “We are indeed pleased with the new investments that MMC and SBG have brought into JEC. That JEC has attracted US\$30 billion in just two years is testimony to the fact that it is very attractive for heavy industries to invest here. The developers have done very well in attracting major investments to JEC.”

JEC’s new investment in the steel industry is led by Hebei Iron and Steel Group Company Limited (Hebei), China’s largest and the world’s fifth largest steelmaker. Hebei, together with Pan Kingdom Investment Company Limited, will develop a US\$500 million integrated steel industry project at JEC. Hebei’s President said, “This is our maiden project outside China and this investment will enable us to leverage on JEC’s attractively-priced energy and compete more effectively in the global steel market.”

JEC’s new investment in the automotive industry is spearheaded by DRB-Hicom, Malaysia’s leading automotive manufacturer and distributor. DRB-Hicom, together with SBG and JEC Limited, plan to set up Saudi Arabia’s very first automotive assembly and manufacturing plant for light and heavy vehicles.

JEC Limited also plans to establish a US\$900 million shipbuilding and repair center in JEC, which is in close proximity to the heavy shipping traffic plying the busy Red Sea and Suez Canal route.

MMC's investments provide long-term recurring income

Feizal Ali said, "We are confident that the JEC project will be implemented to the satisfaction of the Government of the Kingdom of Saudi Arabia and its people. MMC's investments in the port, power and aluminium smelter projects will provide us with long-term recurring income. The risk/reward profile of these projects meets our benchmarks for such investments. In light of the current financial climate, Saudi Arabia is much better placed than other economies in terms of liquidity and we are of the view that good projects with sound economic basis will be able to attract adequate funding."

About MMC

MMC Corporation Bhd (MMC) is a utilities and infrastructure group with interests in Transport & Logistics, Energy & Utilities, and Engineering & Construction. The Group's key businesses include the Port of Tanjung Pelepas (Malaysia's largest container terminal), Johor Port (Malaysia's leading multi-purpose port), Malakoff (Malaysia's largest independent power producer) and Gas Malaysia (West Malaysia's sole supplier of natural gas to the non-power sector). MMC is also undertaking the RM12.485 billion double tracking railway project between Ipoh and Padang Besar, Malaysia's largest infrastructure project.

Through Zelan, MMC has interests in IJM, one of Malaysia's premier construction companies, and Zelan Construction, a specialist contractor for power plants. A wholly-owned subsidiary of MMC, MMC International is focusing on the utilities and logistics sectors globally and is actively bidding for various projects in the Middle East. MMC is the joint master developer of the US\$30 billion Jazan Economic City in Saudi Arabia, with the Saudi Binladin Group. MMC also has interests in the 900 MW and 1,030,000 m³/day Shuaibah independent water and power plant project in Saudi Arabia, a 200,000 m³/day water desalination plant in Algeria, the Central Electricity Generation Company in Jordan and the Dhofar Power Company in Oman.

Jazan Economic City (JEC) is located 725 km south of Jeddah by the Red Sea on the west coast in Saudi Arabia's southern region. JEC was promulgated by the Saudi Arabia General Investment Authority and is being jointly developed by MMC Corporation Berhad and the Saudi Binladin Group. JEC will cover over 100 million square km of land and include a seaport, an industrial zone, a commercial business district, residential areas, public amenities such as hospitals and schools, as well as other academic and vocational training institutions. JEC is the fourth Economic City to be launched in the Kingdom and has to date attracted more than US\$ 30 billion in investments.

Saudi Binladin Group (SBG). Founded in the beginning of the last century by "Al Muaalim" Mohamed Binladin in 1931 as a leading construction company, SBG was established in the 1990 to develop its own business in different activities comprising large infrastructure projects, mosques, hospitals, hotels, prestigious buildings, power plants, water desalination plants, as well as gas and oil projects.

Today, SBG is present on 4 continents and employs over 55,000 people in the company's 30 worldwide offices. SBG has distinguished professional alliances with multinational companies in economic, industrial and commercial sectors. The company has contributed to major local, regional and international projects in different fields such as the Faisaliah high rise center in Riyadh, local and international airports such as Kuala Lumpur Airport in Malaysia. SBG's most

notable project is the expansion of the Two Holy Mosques in Makkah and the Prophet's Mosque in Medina, in addition to the gigantic complex known as King Abdul Aziz Endowment in Makkah. SBG's current order book has projects exceeding SR21 billion (US\$ 5.6 billion).

The Saudi Arabian General Investment Authority (SAGIA) is the Saudi government agency responsible for managing the investment environment in Saudi Arabia, promoting investments within it, providing government services to investors, and managing the Kingdom's Economic Cities. SAGIA was established by Royal decree, simultaneously with the promulgation of the new Investment Law in April 2000, which granted foreign investors national treatment. SAGIA's vision is "to achieve rapid and sustainable economic growth in Saudi Arabia, capitalizing on the Kingdom's competitive strengths as the global capital of energy, and a major hub between East and West." Its mission is "to create a pro-business environment, provide comprehensive services to investors and foster investment opportunities in energy, transportation and knowledge-based industries."

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