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MMC TO PAY RM250 MILLION LESS SENAI AIRPORT

Kuala Lumpur, Friday, 5 December 2008: MMC Corporation Bhd (MMC) announced today that it will pay RM1.7 billion for the entire stake in Senai Airport Terminal Services Sdn Bhd (SATS), RM250 million lower than the original price of RM1.95 billion announced earlier. As consideration for the discount, the acquisition will be paid in cash instead of a share issue. The new acquisition price of RM1.7 billion comprises RM580 million for airport operations and RM1.1 billion for SATS's 2,718 acres of freehold land slated for development as a Logistics City (equivalent to RM9.45 per sq ft currently compared to RM11.39 per sq ft previously).

Following the drop in MMC's share price from RM2.80 at the time the deal was announced in August to RM1.29 currently, the vendors had requested for a lower price for the new MMC shares to be issued as payment for the acquisition. The current share price is not reflective of MMC's inherent value which now trades at a multiple of approximately only 0.7 times book value per share of RM1.94. The cash consideration will eliminate earnings dilution resulting from issuing a sizeable number of shares at the current depressed price.

Under the original deal, MMC was to issue 696 million new shares priced at RM2.80 per share, which would have increased its share base by 22%. Issuing new MMC shares at say, RM1.40 per share, which is more reflective of the current market price, would require the company to issue twice the number of shares, enlarging MMC's share base by 45%; i.e. from 3,045 million shares currently to 4,437 million shares.

MMC's CEO Malaysia Hasni Harun said, "Issuing twice the number of shares for the acquisition of SATS would enlarge our share base significantly and reduce our earnings per share. It would also substantially dilute the shareholding of MMC's other shareholders. Having considered all factors, the board decided to negotiate for payment in cash in return for a discount of 12.8% in the acquisition price."

MMC will finance the acquisition via internally-generated funds including, inter alia, the disposal of assets. Negotiations relating to the disposal of assets have reached an advanced stage and an announcement to the stock exchange will be made once they are finalised.

The company will pay a deposit of 20% upon signing of the agreement and the balance 80% within three months of fulfillment of all conditions precedent. It is a condition precedent of the agreement that a designated part of the freehold land measuring 2,066 acres slated for development must attain Free Zone status.

The acquisition of SATS is a strategic fit for MMC as the airport provides the Group with a competitive advantage in the transport and logistics businesses, one of MMC's three core businesses. With this acquisition, MMC will be the only company which owns a private airport in the country.

The acquisition of SATS will enable MMC to expand its transport and logistics business into the area of air logistics, in addition to the company's existing port operations and land-based logistics business. This will allow MMC to offer its customers an integrated logistics solution and multi-modal connectivity via its sea, land, air transportation and logistics business.

The Port of Tanjung Pelepas (PTP), 70%-owned by MMC, rose to become Malaysia's largest container terminal within three years of commencing operations and is currently the 17th busiest port in the world. Johor Port, wholly-owned by MMC, is an important multi-purpose port, with dedicated terminals handling break bulk, dry bulk, liquid bulk and container cargo. Johor Port is also listed on the London Metal Exchange as one of only four approved locations in Asia for storage and handling of non-ferrous metals. Last year, PTP and Johor Port handled a combined throughput of 6.5 million TEUs (twenty-foot equivalent units) or 45% of the country's total container throughput, making MMC the largest port operator in Malaysia.

"This acquisition will enable MMC to exploit SATS's potential in becoming a regional cargo and logistics hub under a Free Zone flagship which would be synergistic to the business and prospects of our transport & logistics sector. The airport is also well-positioned to benefit from the growth potential of Iskandar Malaysia," added Hasni.

SATS handled 1.6 million passengers in 2007, a 23% growth over the 1.3 million passengers it handled in 2006, and expects continuing robust growth attributable to increasing traffic mainly driven by Iskandar Malaysia. The airport is currently served by three major airlines providing wide connectivity to regional airports within three to four hours' flight time. Firefly commenced operations at Senai Airport in October, becoming the third airline to operate at the airport, after Air Asia and Malaysia Airlines.

Senai Airport is currently undergoing an expansion plan which includes extending its runway from 3,354 metres to 3,800 metres, which will accommodate fully-loaded long haul cargo flights and the largest planes, such as the Airbus A380. The runway extension is scheduled to be completed in the first quarter of 2009. An Aero-Mall is also being built, which will add 6,500 sq metres of new outlet space, bringing the total outlet space to 8,500 sq metres, to cater for the growing population residing within easy access of the airport. The Aero-Mall is scheduled to be completed in the first quarter of 2010. The airport also has a cargo capacity of 80,000 tonnes per annum and offers bonded warehouse and warehousing facilities. The transformed Senai Airport will be a complete cargo and logistics hub providing a comprehensive range of aviation, cargo, logistics and passenger facilities.

SATS also owns 2,718 acres of freehold land in the adjoining area which will be developed into a Logistics City comprising an air logistics centre, a Hi-Tech Park and commercial-hospitality amenities. This development will be the second Hi-Tech Park in the country after Kulim Hi-Tech Park. Based on the development plan approved by the One Stop Centre, Majlis Perbandaran Kulai, the land has a gross development value of approximately RM9.5 billion. The project will commence next year and is scheduled to be completed in 2019.

Turning to the benefits to MMC's stakeholders, Hasni said, "This acquisition is earnings accretive and will contribute sustainable future earnings for the Group in the transport & logistics sector."

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About MMC

MMC Corporation Bhd is a utilities and infrastructure group with interests in Transport & Logistics, Energy & Utilities, and Engineering & Construction.

Within Malaysia, MMC'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 (Peninsular 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.

On the international front, MMC International is focusing on the utilities and logistics sectors globally, particularly 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, and has an equity interest in the third container terminal project at Jeddah Port. MMC also has equity 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.

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