



Proposed Acquisition of MMI Holdings Limited By KKR

April 5, 2007

Singapore, Hong Kong, 5 April 2007 - The directors of MMI Holdings Limited ("MMI" or the "Company") and Precision Capital Pte. Ltd. ("PCPL") are pleased to announce the proposed acquisition of MMI by PCPL, a special purpose company which is held by funds affiliated with and advised by Kohlberg Kravis Roberts & Co. L.P. ("KKR"). The proposed acquisition will be effected by way of a scheme of arrangement.

This news release should be read in conjunction with the full text of the joint announcement by the Company and PCPL dated 5 April 2007 (the "Announcement"). A copy of the Announcement is available on www.sgx.com.

Acquisition Details

MMI and PCPL have today entered into an agreement to implement a scheme of arrangement ("Share Scheme") under the Singapore Companies Act and in accordance with the Singapore Code on Takeovers and Mergers.

Under the Share Scheme, all issued ordinary shares in MMI ("MMI Shares") held by the shareholders of MMI ("MMI Shareholders") will be transferred to PCPL. Each MMI Share will be acquired by PCPL for a cash consideration of S\$1.65 per share. With an outstanding issued share capital comprising 609,263,831 MMI Shares as at 5 April 2007, the consideration price values the whole of MMI at approximately S\$1,005 million.

Once the Share Scheme becomes effective, the MMI Shares will be transferred to PCPL together with all rights including the right to receive and retain all dividends declared, made or paid by the Company on or after the date of the Announcement.

Premium

On the basis of the consideration price of S\$1.65 in cash for each MMI Share, the implied premium of the consideration price compared to the share prices of MMI is as follows:

- A premium of 51.3% to MMI's 12-month volume weighted average price ("VWAP")
- A premium of 27.3% to MMI's 6-month VWAP
- A premium of 7.9% to MMI's 1-month VWAP
- A premium of 16.2% to MMI's closing price on 8 February 2007, being the day prior to an announcement by MMI of receipt of expressions of interest in the Company.

Furthermore:

- A price-to-net tangible assets multiple of 3.5 times calculated based on MMI's unaudited Net Tangible Assets per share as at 31 December 2006.

Mr Teh Bong Lim, Group Managing Director of MMI, stated, "We are delighted to receive KKR's proposal to acquire the Company by way of a scheme of arrangement. The consideration price of S\$1.65 in cash represents a premium to the historic share prices of the Company, as set out in the joint announcement of the Company and PCPL. The proposed scheme of arrangement provides an opportunity for the shareholders of the Company to realise their investment in their MMI shares."

Mr Ming Lu, a partner of KKR, said, "MMI has both a capable management team and an exceptional platform from which to become a global leader. Given KKR's vast experience in investing in the technology sector, KKR is uniquely positioned to work with MMI's management team to identify, develop and execute the appropriate transformation strategies to achieve a different growth trajectory with KKR's enabling resources."

Management

It is the intention that the members of the management team of the MMI group (including Mr Tan Choo Pie @ Tan Chang Chai and Mr Teh Bong Lim) will continue in their current positions in the MMI group.

Irrevocable Undertakings

PCPL has received irrevocable undertakings from some of the MMI Shareholders, including Messrs Tan and Teh, representing 29.5% of MMI's issued share capital to, inter alia, vote, or procure the voting of, all their MMI Shares in favour of the Share Scheme.

Approvals Required

The Share Scheme will require, inter alia, the approval of the Share Scheme by a majority in number of MMI Shareholders present and voting, either in person or by proxy, at the meeting of the MMI Shareholders to be convened by the High Court of Singapore to approve the Share Scheme, such majority holding not less than 75 per cent. In value of the MMI Shares held by the MMI Shareholders present and voting at this meeting, and the sanction of the Share Scheme by the High Court of Singapore.

Share Scheme Document

The Independent Directors of MMI will be appointing an independent financial adviser ("IFA") to advise them for the purpose of making a recommendation to MMI Shareholders in connection with the Share Scheme. Full details of the Share Scheme including the recommendation of the Independent Directors along with the opinion of the IFA will be included in a Share Scheme document to be sent to MMI Shareholders in due course.

MMI to be De-listed

Upon the completion of the Share Scheme, MMI will become a wholly-owned subsidiary of PCPL, and will be de-listed from the Official List of the Singapore Exchange Securities Trading Limited.

About MMI

MMI was co-founded by Mr Tan Choo Pie @ Tan Chang Chai and Mr Teh Bong Lim in 1989 as a precision engineering company specialising in the machining and sub-assembly of electro-mechanical components for the hard disk drive industry. It was listed on the Singapore Exchange in April 1997.

The two core businesses of MMI are the Contract Manufacturing Group which is engaged in the manufacture of precision engineering components, electro-mechanical modules and assemblies and the Systems Group which focuses on contract manufacturing and designing and building of capital equipment. The MMI group has manufacturing facilities in Singapore, Malaysia, the People's Republic of China and Thailand.

For more information, please visit www.mmi.com.sg

About KKR

KKR is one of the world's oldest and most experienced private equity firms specialising in management buyouts and is a leading technology investor globally. The firm, founded in 1976, has offices in New York, Menlo Park, California, London, Paris, Hong Kong and Tokyo. Over the past thirty years, KKR has invested in more than 150 transactions with a total value of US\$279 billion.

When completed, the proposed MMI transaction will be KKR's fifth major investment in Asia over the past two years, including the US\$2.66 billion buy-out of Avago Technologies in Singapore, the US\$900 million buyout of Flextronics' software development and solutions business in India, the US\$1.35 billion buy-out of BIS Cleanaway and the US\$3.1 billion joint venture with Seven Network Limited in Seven Media Group, both in Australia.

For more information, please visit www.kkr.com

Financial Advisers

Macquarie Securities (Asia) Pte Limited is the financial adviser to MMI.

Credit Suisse (Singapore) Limited is the financial adviser to KKR and PCPL.

Legal Advisers

Allen & Gledhill is the legal adviser to MMI.

WongPartnership and Simpson Thacher & Bartlett LLP are the legal advisers to KKR and PCPL.

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The directors of MMI (including those who may have delegated detailed supervision of the preparation of this Press Release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Press Release are fair and accurate and no material facts have been omitted from this Press Release, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly available sources, the sole responsibility of the directors of MMI has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Press Release. The directors of MMI do not accept any responsibility for any information relating to or opinions expressed by KKR or PCPL.

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