



MEDIA RELEASE

RESPONSE ON THE PROTON-GEELY PARTNERSHIP

1. I welcome the decision made by DRB-HICOM to partner with Geely. This is a business decision made by DRB-HICOM and PROTON, which I am sure, has taken into account the interests of the company and its 10,000 employees as well as another 50,000 workers in its supply chain. This also indicates the strong commitment from PROTON towards its turnaround plan and to meet the conditions of the RM1.5 billion soft loan approved by the Government in April last year.

2. Geely has a proven track record and is one of the top Chinese automotive companies. For example, its sales in China grew by 50% last year to 766,000 vehicles. Its acquisition of Volvo in 2010 has been a success. Volvo recorded sales of 540,000 vehicles last year, an increase of over 200,000 units than the amount sold in 2009 prior to the acquisition.

3. Given this track record, Geely will be able to provide a lot of boost to PROTON's sale performance and bottom-line. I am sure this is a development long awaited by 350 parts & components manufacturers and support & services-related vendors under the PROTON ecosystem.



4. Lotus, which was bought over by PROTON in 1996, has been struggling financially. The acquisition of LOTUS by Geely will hopefully enhance the British sports car maker's fortunes globally. The total exit of Lotus from PROTON will also remove one of the main challenges facing PROTON in about a decade.

5. MITI hopes the deal will enable PROTON to have access to existing markets of the Chinese carmaker, especially in China as well as right-hand drive markets in South East Asia. The partnership will also allow PROTON to tap into Geely's technology and R&D facilities, including a range of platforms and powertrains. More importantly, it could also fully realise the potential of PROTON's production plants in Tanjung Malim and Shah Alam which have a combined capacity of 380,000 units. In the last few years, PROTON has only been operating at 40% of its full capacity.

6. Since the introduction of the National Automotive Policy in 2006, MITI has been working hard with all car manufacturers including PROTON to increase car exports to the region and the world. Our car export performance has been dismal; only 33,438 units in total were exported last year. PROTON exported 301 units last year, while in the past it used to export around 20,000 units annually. With this partnership, it is hoped PROTON's exports will pick up once again and allow it to achieve economies of scale.



7. Last year PROTON introduced four new models, and we hope to see continuous improvement in its models as a result of the facilitation to be provided by Geely. The partnership with Geely will mark the beginning of a new era for PROTON. It is still a long road ahead but I believe this is a step in the right direction.

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Dato' Sri Mustapa Mohamed
Minister of International Trade and Industry
25 May 2017

About MITI:

The Ministry of Commerce and Industry was established in April 1956 then was renamed as The Ministry of Trade and Industry in February 1972. On 27 October 1990, the Ministry was separated into two Ministries which are; Ministry of International Trade and Industry (MITI) and Ministry of Domestic Trade and Consumer Affairs (KPDN).

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020 .

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