



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

SPEECH BY

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**FOR
PROTON & AAPICO HITECH
JV EXCHANGE OF DOCUMENTS**

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PROTON CENTRE OF EXCELLENCE, SUBANG JAYA

YBhg. Datuk Hanafi Sakri

Deputy Secretary-General (Industry) of MITI

YBhg. Tan Sri Syed Faisal Albar

Chairman of PROTON

Dr. Li Chunrong

Chief Executive Officer of PROTON

Mr. Yeap Swee Chuan

President & Chief Executive Officer of AAPICO Hitech Public Company Limited

Top management of PROTON and AAPICO, and members of their respective boards

Members of the media,

Distinguished guests,

Ladies and gentlemen,

Salam Malaysia Madani, and a very good afternoon to all.

1. First and foremost, I would like to thank AAPICO Hitech Public Company Limited (AAPICO) and Perusahaan Otomobil Nasional Sdn. Bhd (PROTON) for inviting me to grace this momentous occasion. It is with great pleasure that I stand before you today to witness the partnership announcement between AAPICO and PROTON.

Ladies and gentlemen,

NAP2020 AS KEY ENABLER IN REALISING SIGNIFICANT POTENTIAL IN MALAYSIA'S AUTOMOTIVE SECTOR

2. Before we get into the nuts and bolts of that JV, allow me to share MITI's views on our strategic direction for the automotive industry, and how we intend to drive it to contribute to the nation's economic growth.
3. Our automotive industry and its entire ecosystem support over 700,000 workers, accounting for over 4.4% of the Malaysian workforce. Additionally, the sector contributes approximately 4 to 5% to the nation's GDP on average.
4. In **2022**, the Malaysian automotive industry achieved record sales, with a **growth rate of 41.6% year-on-year, surpassing 720,000 (720,658) motor vehicles sold compared to around 509,000 (508,911) in 2021**. As this is

partly due to the fulfilment of pent-up demand post-pandemic, it is important to exercise caution as we may not see similar growth rates this year.

5. Nevertheless, the **National Automotive Policy (NAP)** led by **MITI ensures that the industry will continue to thrive in the coming years based on clear goals and targets for its future direction.** The success of the NAP is evident in this sector's significant development of capacity in various sub-fields of automotive engineering such as mechanical, electrical, electronic, software, and safety engineering.
6. This has made it an attractive base for global automotive manufacturers. Currently, we have **over 30 manufacturers and vehicle assemblers who leverage the country's ease of doing business and well-established automotive ecosystem** to meet the growing domestic and regional demands for their brands.
7. The presence of these manufacturers has also had a **positive spillover impact on the domestic supply chain,** represented by the **641 parts and components makers in the country.**

8. Moving forward, MITI remains focused on further developing this sector. The **NAP2020 serves as the blueprint for positioning Malaysia as a regional automotive hub for Energy Efficient Vehicles (EEVs), including electric vehicles (EVs), with a strong emphasis on the development of Next-Generation Vehicles (NxGV), Mobility as a Service (MaaS), and the integration of Industry 4.0 technologies.**

9. While the automotive sector contributed RM64.5 billion in 2022, **the NAP aims to increase its contribution to RM104.2 billion to GDP by 2030. Additionally, we are targeting RM12.3 billion worth of CBU vehicles exports by 2030.**

10. Now let's turn our attention to PROTON's story.

Ladies and gentlemen,

PROTON-AAPICO JV KEY TO EXPANSION OF DOMESTIC LINKAGES

11. PROTON, along with its strategic partners, has played a significant role in the nation's industrialisation and the development of the domestic automotive supply chain since its establishment in 1983.

12. With four decades of experience and strong partners like Geely to drive the brand forward, **PROTON is in a strong position to build partnerships with regional suppliers. This will greatly benefit PROTON's positioning in Southeast Asia.**
13. Therefore, our expectations are high that **PROTON will continue to be a key player in helping the nation achieve its NAP targets**, particularly in the production of energy efficient vehicles, or EEVs, as well as EVs, which are equipped with smart technology.
14. Furthermore, we anticipate **PROTON and its partners to work closely with MITI in realising the targets of our upcoming New Industrial Master Plan 2030, which aims to transform our manufacturing industry and propel Malaysia towards more sustainable and inclusive economic growth.**
15. To that end, today I am pleased to witness another strategic move by PROTON through its joint venture (JV) and partnership with AAPICO, a leading auto parts maker from Thailand.

16. On behalf of the Government, I warmly welcome AAPICO not only as a new investor in Malaysia and a supplier to PROTON, but also as a partner in Malaysia's socio-economic development, particularly that of our SMEs in the automotive sector supply chain.

Ladies and Gentlemen,

DEVELOPMENT OF TANJUNG MALIM AUTOMOTIVE HIGH-TECH VALLEY

17. I understand that AAPICO will be making substantial investments into the JV company with PROTON namely Advance Vehicle Engineering Global Sdn. Bhd. **This JV company will play a vital role in PROTON's supply chain by locally producing critical parts and components, including assembled body parts and chassis components for a variety of PROTON's models.**
18. This JV will not only utilise the existing plant set up, but will also include upgrades, plant extensions, and new machinery investments. In short, AAPICO's investment aligns perfectly with the objectives of the New Investment Policy, which focuses on extending domestic linkages.
19. Therefore, I would like to express my sincere appreciation to AAPICO for your confidence in Malaysia's investment

landscape and your support for our industrial growth. I strongly believe that this strategic partnership will open more up new opportunities for the development of innovative products and the application of advanced technologies, leading to improved and more cost-efficient production.

20. This JV will also contribute to the development of the Automotive High-Tech Valley (AHTV), aiming to transform Tanjung Malim into an automotive hub that attracts global manufacturers and component suppliers, particularly in advanced automotive technologies such as EVs and Next Generation Vehicles (NxGV).

21. To facilitate this investment in Tanjung Malim, the Government is offering an attractive incentive package, including tax exemptions for land development, the manufacturing of parts and components, and the establishment of research centres and educational institutions. It is my deepest hope that more projects will be coming to Tanjung Malim, further advancing the development of AHTV.

22. Nevertheless, while attracting high quality investments remains a priority for the Government, it is equally important to consider the spillover effects that each investment brings.
23. Guided by the New Investment Policy (NIP), the **projects undertaken should not only create high value job opportunities but also extend domestic linkages while prioritising ESG considerations.** This holistic approach will ensure a balanced and inclusive growth for the nation.
24. **As a national car maker, PROTON has a huge responsibility to support local vendors in various aspects, including technology transfer, technology acquisition, product development, and the adoption of ESG considerations in their operations.**
25. That last point on the **commitment to ESG** is crucial not only to fulfil **PROTON's future brand safety requirements,** but also to **build local capacity and capabilities in ESG for the automotive export market.**

Ladies and gentlemen,

CLOSING

26. Before I end, I would like to share one more message with all of you, particularly investors like Proton, Geely and AAPICO. **MITI is currently working on an initiative to streamline the roles and functions of all Investment Promotion Agencies (IPAs) in Malaysia.**

27. The National Investment Council has acknowledged the external threats to Malaysia's competitiveness and has entrusted **MITI with the responsibility of enhancing the ease of doing business for investors by streamlining and realigning the IPA landscape.**

28. **Ultimately, our focus is to provide investors, both foreign or domestic, with a simple and seamless journey facilitated by clear roles and responsibilities of each approving authority.**

29. While we just started this initiative, **I would like to invite both existing and new investors to share their experience and suggestions on how we can eliminate pain points and vastly improve the investor's journey in Malaysia.** We at MITI are always open to constructive feedback.

30. **Looking ahead, with better, streamlined processes and improved investor journey, MITI and its agencies will be better equipped to position Malaysia as truly pro-investment, pro-trade and pro-industry destination.**
31. On that note, I would like to once
32. again congratulate PROTON and AAPICO on this strategic alliance. I wish you all the success in your endeavours.
Thank you.