

KUALA LUMPUR, Sept 16 (Bernama) -- Two models of a two-door hatchback version of Proton Wira will be produced under a joint venture project between Perusahaan Otomobil Nasional Bhd (Proton) and Diversified Resources Bhd next year, Prime Minister Datuk Seri Dr Mahathir Mohamad announced here today.

He said the joint venture, formally sealed with a memorandum of understanding signed today between both parties, would undertake the development, manufacture, sale and distribution of model variants of Proton vehicles and other motor models.

Speaking before the signing of the MOU, he said Proton would concentrate on sedan and four-door hatchback versions of Proton Iswara and Wira.

He added that the necessary infrastructure must be installed and be ready for the launching of the two-door hatchback versions.

While saying that all means must be explored to reduce cost, Dr Mahathir said it would ensure that the car is competitive, especially when it hits the export market.

He is confident the car would be a hit among the young in Europe where 30 percent of the cars sold were of the two-door version.

As for the local market, the prime minister said production of various Proton models would offer Malaysians a wider choice to meet different taste and preferences.

He however cautioned that the joint venture while providing opportunity for greater participation of the people already involved in the motor industry, should not cause a dislocation.

He also said that the company should start making profits even in the first year and called on the joint venture company to upgrade capability in terms of facilities and resources and attain the level of competency of a competitive manufacturer.

"For this, the joint venture company must be willing to invest," he said adding that Proton and DRB should also consider forming a joint committee or task force, mainly supported by Proton's personnel in critical areas of research and development, production engineering and vendor development.

The MOU calls for the setting up of a joint venture company with a 51 percent equity participation by DRB, 30 percent by Proton and the balance to be subscribed by a new investor.

The MOU, was signed between DRB chairman Datuk Yahaya Ahmad and the Managing Director of Proton, Datuk Mohd Nadzmi Mohd Salleh and witnessed by the Prime Minister.

Also present at the MOU signing ceremony were Finance Minister Datuk Seri Anwar Ibrahim and International Trade and Industry Minister Datuk Seri Rafidah Aziz.

Meanwhile, at a press conference later, Datuk Mohd Nadzmi said two models of the two-door hatchback version of Proton Wira would be on the road 12 months from now and would be very competitively priced.

He said a 1.3 and 1.5 two-door hatchback model would be produced to cater for those just entering the car ownership market and another a 1.6 GTi model would be produced for the "performance market".

Mohd Nadzmi said 500 units, using the Proton engines, would be produced at DRB's production facility in Pahang in the first year of production although a separate line has been installed that can roll off 1,500 units per month.

DRB currently assembles Isuzu, Pajero and Citroen vehicles and commercial vehicles.

DRB has acquired Auto Elegance (M) Sdn Bhd (AEB) which would be subsequently renamed Usahasama Proton-DRB Sdn Bhd and have an enlarged authorised capital of RM100 million and paid-up capital of RM10 million.

Meanwhile, Yahaya said the two-door hatchbacks would have 80 percent local content which would help achieve recognition in international markets as an indigenous Malaysian motor vehicle.

He said the facility at the Pekan-based Automotive Manufacturers (M) Sdn Bhd (AMM), from which DRB assembles its other models, would be upgraded and expanded to undertake the production of the Proton Wira hatchback versions.

He expects a further capital injection of between RM70 and RM80 million to upgrade AMM's plant facilities.

Yahaya added that the venture would augur well for the group in the longer term considering the synergistic effect on DRB's existing automotive business.

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