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Petronas confirms talks with Hicom for Proton stake

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NATIONAL oil corporation Petronas yesterday confirmed it had made an offer to Hicom Holdings Bhd for its strategic stake of 26.42 per cent in national car manufacturer Perusahaan Otomobil Nasional Bhd.

Petronas president and chief executive officer Tan Sri Mohd Hassan Marican said negotiations had begun.

"What we have offered to acquire is the interest that is held by Hicom. Our negotiations are on that basis," he said at the Petronas Twin Towers in Kuala Lumpur.

He said synergy was expected to be achieved with Proton's automotive technology and the oil giant's lubricants and additives.

Also, Petronas has developed a two-litre prototype engine with a view to commercial production in Malaysia. The engine was launched by Prime Minister Datuk Seri Dr Mahathir Mohamad last night.

The engine, based on Formula One technology, was developed by a 40:60 joint venture between Petronas and Red Bull Sauber Holding in Switzerland and is expected to go into commercial production in 2001.

Petronas and Proton have previously worked together to produce a natural gas-powered vehicle and also collaborated on advanced engine research, said Mohd Hassan.

"The stake in the national project is strategic and gives us the opportunity to complement each other," he said.

As at June 30, 1998, the other major shareholders in Proton are Khazanah Nasional Bhd (16.80 per cent), Mitsubishi Corporation (8.03 per cent), Mitsubishi Motors Corporation (8.03 per cent).

The rest of the stakes in listed Proton are held by local and foreign investors.

Asked on speculation that Petronas was also seeking to buy into distributor Edaran Otomobil Nasional Bhd and Perusahaan Otomobil Kedua Bhd, Mohd Hassan said: "Let's take one step at a time."

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