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Go-ahead for Proton revamp (HL)

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NATIONAL carmaker Perusahaan Otomobil Nasional Bhd (Proton) received shareholders' nod yesterday for its restructuring exercise that could pave the way for a possible link-up with foreign parties.

Chief executive officer Tengku Tan Sri Mahaleel Tengku Ariff said Proton is now in talks to form strategic alliances with "a couple" of foreign carmakers, but declined to name them.

"Due to the nature of confidentiality, we cannot name them.

"We will make the announcement at the right time," he told newsmen after the court-convened meeting and an extraordinary general meeting in Petaling Jaya yesterday.

Its chairman Datuk Abu Hassan Kendut said under the new structure, the non-listed units of Proton could establish strategic partnerships with other parties without diluting the Government's stake.

Government-linked investors hold a 49 per cent stake in the company and Japan's Mitsubishi Corp, including its subsidiary Mitsubishi Motor Corp has a combined 15.9 per cent stake.

Abu Hassan said Proton received a 99.9 per cent shareholders' support for its reorganisation, and the revamp is expected to be completed in the first week of April.

This would, among others, see the transfer of the listing status of Proton to its new holding company, Proton Holdings Bhd.

Abu Hassan said the restructuring would allow different core divisions to look for businesses and even alliances on their own.

"Such moves could have prompted conflicts of interest under the old structure," he said.

In 2000, Malaysia said it would look for a possible foreign partner for Proton, but found no takers at that time.

Top global carmakers like Ford, DaimlerChrysler and General Motors were rumoured to be potential partners.

The then Prime Minister Tun Dr Mahathir Mohamad said that Proton was looking at technology exchange and other forms of partnership possibilities with car giants.

With increasing global competition, he had said Proton was facing major challenges especially when the car giants themselves were merging into bigger entities.

These mergers enabled them to produce cars at huge volumes and make large investments in car technologies, which Proton was not capable of doing on its own.

But the Government had stressed that the strategic partnership did not mean that Proton was going to be sold.

Apart from the transfer of listing, Proton's restructuring would see the formation of five core divisions, namely, manufacturing, marketing, engineering services, property and financial services.

Abu Hassan said the exercise would give more autonomy to the respective divisions and enable them to expand and develop their own areas of expertise.

Besides Proton Holdings, he said the company feels that certain companies within Proton group should be listed.

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