

EXCERPTS FROM PRESS CONFERENCE BY PROTON'S ADVISER TUN DR MAHATHIR MOHAMAD

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Q: How many more years do you think Proton has to be protected?

A: The protection now has been reduced. It is a progressive thing. Please remember that it is not protecting Proton but it is protecting the vendor. Now if you don't want to protect the vendors, that is fine with Proton. Then we can source all our parts and components from cheaper sources including China, maybe at half-price.

Then we can compete. We can get the engine and everything. We can even build in China, or some other countries at a very much lower cost.

Q: Why the need to protect Proton?

A: Proton is protected simply because Proton has a job to do, to build up the

automotive and engineering capability of Malaysia. And to do that, Proton will have to put up with higher prices and ensure that vendors are capable. All this costs money. Proton doesn't mind if the subsidies are taken away. If Proton does not support the vendors, most of them would go out of business — some 20,000 to 25,000 people will lose their jobs. The national car has been the catalyst for improving the engineering capability of Malaysia. We have done that, at a cost to us, at a cost to the Government, because they have to protect us.

Q: How is the protection now?

A: Now, of course the protection is not only ineffective, it is, in a way, having negative results because of cars that are being imported and quoted at

below market price. So, unless the costs are revised, so that they are the same as in other countries, Proton would not be able to compete with them. And I think Government has lost huge sums of money because of this underquoting, under-declaration.

Q: Is it true that there are buyers interested in equity in Proton?

A: There are rumours that people are very keen. I believe that Khazanah Holdings is holding more than the permitted limit under stock exchange rules. It has bought an extra 17 per cent held by Mitsubishi and it has given an undertaking to sell off before the end of the year. Of course, anybody can buy. But this is different from making a bid to buy up the whole company.