

**Khazanah to announce Proton sale to DRB-Hicom today**  
**The Malaysian Insider**  
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**By Jahabar Sadiq**

KUALA LUMPUR, Jan 16 — Khazanah Nasional Berhad will today announce that DRB-Hicom Berhad has won the bid for its 42.7 per cent stake in national carmaker Proton Holding Berhad, with the sale price said to be RM6 a share for a total of RM1.4 billion, sources said.

The Malaysian Insider understands that the sovereign wealth fund has scrutinised several bids but plumped for tycoon Tan Sri Syed Mokhtar Al-Bukhary's DRB-Hicom as the ideal buyer for its stake. It is learnt that Khazanah chairman, Prime Minister Datuk Seri Najib Razak, has been informed of the decision.

"The announcement is set for Monday and DRB-Hicom has won the bid," a source told The Malaysian Insider.

Another source confirmed the sale, saying Khazanah had settled for the lower end of its indicative sale price of between RM6 and RM8 a share. Proton share's closed at RM5.18 per share last Friday, giving its market capitalisation at a whopping RM2.8 billion.

Assuming the sale price is close to RM6 per share, the party buying Khazanah's stake and the rest of the carmaker's shares would have to fork out more than RM3.29 billion.

Khazanah managing director Tan Sri Azman Mokhtar had previously said that the fund would only sell the whole block of Proton shares and should that happen, it would trigger a general offer.

The frontrunners in the bid were Proton chairman Datuk Seri Mohd Nadzmi Mohd Salleh and DRB-Hicom while others said to be keen included the Naza Group and the joint team of businessman Sri Arumugam Apavoo Packiri and Gerald Lopez of Genii Capital. UMW Holdings Bhd, Sime Darby Bhd and Tan Chong Motor Holdings Bhd have denied any interest in Proton after being linked to it.

DRB-Hicom said on January 9 it has submitted a bid for the national carmaker.

"DRB-Hicom has always viewed Proton Holdings Berhad as an important automotive industry player and accordingly DRB-Hicom was on the look-out for when opportunity will arise to explore any viable proposal(s) which will benefit and add value to the group's business and expansion plans," DRB-Hicom said in response to a stock exchange query.

News reports had earlier quoted Proton adviser Tun Dr Mahathir Mohamad as saying Khazanah Nasional will sell its 42.7 per cent stake in Proton to DRB-Hicom. He had also said he was against a general offer for all shares if DRB-Hicom won the bid.

The architect of the national car project which he started in the early 1980s soon after taking over as premier, Dr Mahathir has worked steadfastly to keep Proton's identity from being subsumed by ensuring locals control the company.

He was strongly opposed to Khazanah disposing of its stake to the Germans in 2007 even though the deal would have helped Proton expand its network and better utilise its

under-used plants since Volkswagen intended to export its vehicles to Asean.

Proton's net tangible asset per share is about RM9.80. But its shares have long underperformed because of its hazy earnings outlook as well as high expenses incurred in reversing the fortunes of its UK subsidiary Lotus International.

In the domestic market Proton has lost the lead to the other national car player, Perodua; at the same time foreign vehicle brands are taking greater market share in a more liberalised environment.

Proton's main assets are its three production plants, but whether DRB-Hicom has the wherewithal to pay the hefty premium Khazanah is said to want remains to be seen.

There are also reports that US carmaker General Motors is interested in buying a 50 per cent stake in Proton's Tanjung Malim plant for RM800 million, well below the RM1.8 billion spent for the entire facility.

Separately, the sale to DRB-Hicom, if it materialises, could add to misgivings within corporate circles that Syed Mokhtar's business empire already extends too far. Besides automotives, the well-connected tycoon owns interests in ports, the postal service, power, defence and financial services.

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