

**Khazanah To Divest Proton Stake To DRB-Hicom For RM1.291 Billion**  
**Bernama**  
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KUALA LUMPUR, Jan 16 (Bernama) -- Khazanah Nasional Bhd has announced that it will divest its 42.74 per cent stake in Proton Holdings Bhd to DRB-Hicom Bhd via a conditional sale with a price consideration of RM5.50 per share or RM1.291 billion.

In a statement today, Khazanah said the decision was made following due deliberation and detailed evaluation of various proposals to ensure that due process was observed, proper financial value was received and that the new shareholder would be able to bring the national auto maker to the next level of strategic growth in line with the aspirations of the industrial development of the national automotive sector.

The divestment is still subject to, among others, the approval of the shareholders of DRB-Hicom.

"Upon completion of the sale and purchase agreement, DRB-Hicom will be obliged to undertake a mandatory general offer on the remaining Proton shares," the government's investment arm said.

Khazanah Managing Director Tan Sri Azman Mokhtar said pursuant to a thorough assessment of its proposal, which offered a defined and executable business strategy, DRB-Hicom was identified as the appropriate party to acquire the interest in Proton.

"DRB-Hicom's proposal also demonstrated the company's extensive involvement in the automotive sector and its network of strategic partnerships, both local and international.

"DRB-Hicom's proposed strategy and business plan provides an effective platform to enhance Proton's sustainability and meet its long-term growth needs.

"It also submitted an offer price that was acceptable to Khazanah," he said.

The announcement by the government's investment arm answers a long-standing question on which party will acquire the substantial stake in the national auto maker to drive the company to greater success.

For the past months, many parties have directly or indirectly declared interest to acquire a stake in Proton.

Other than DRB-Hicom, Proton Holdings Chairman Datuk Seri Mohd Nadzmi Salleh has also come forward to declare his interest in the shares.

Trading in the shares of Proton Holdings and conglomerate DRB-Hicom Bhd were suspended from 9am to 5pm today pending an announcement.

Proton shares closed at RM5.18 on Friday while DRB-Hicom at RM2.17.

Meanwhile in a filing to Bursa Malaysia, DRB-Hicom which is linked to tycoon Tan Sri Syed

Mokhtar al-Bukhary, said the proposed acquisition was expected to create business synergies and opportunities for DRB-Hicom group and Proton to augment the localisation and local vendor programmes.

It added that DRB-Hicom would maintain its intention and interest to safeguard the national car company while at the same time encourage, facilitate, grow and enhance Malaysia's national automotive industry, hence making Malaysia a preferred automotive hub capable of rivalling its neighbours.

"DRB-Hicom Group is one of the major players in the automotive industry in Malaysia, being involved in the whole integrated chain of the automotive ecosystem such as manufacturing and supply of automotive components, assembly, distribution and sales of motorcycles and commercial vehicles as well as the distribution and sales of passenger cars.

"The proposed MGO (mandatory general offer) provides an opportunity for DRB-Hicom to further increase its shareholding in Proton after the acquisition, thereby resulting in Proton becoming a subsidiary of DRB-HICOM in the event that the proposed MGO is successful," the company said.

DRB-Hicom said the proposals WERE not expected to have any effect on the earnings and earnings per share of DRB-Hicom Group for the financial year ending March 31, 2012 since the proposals were only expected to be completed in the second quarter of 2012.

It added that the proposals were expected to contribute positively to the future earnings of the group since Proton was already income-generating.

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