

Govt to reimburse RM1.1 billion R&D money to Proton

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Second finance minister says firm will have to bear the rest of the RM3.5 billion, at the signing of an agreement between DRB-Hicom and China's Geely which becomes Proton's strategic partner.

PUTRAJAYA: The government will reimburse RM1.1 billion to Proton Holdings Bhd – part of the RM3.5 billion it has spent on research and development (R&D).

Second Finance Minister Johari Abdul Ghani told the press today the government would only give an amount that it considered fair and Proton would have to bear the rest of the R&D expenditure.

He said the government would release the reimbursement after the foreign strategic partnership process between DRB-Hicom and China-based Zhejiang Geely Holding Group Co Ltd was complete.

He said this at the signing ceremony of an agreement between DRB-Hicom and Geely at the Pullman Lakeside Hotel.

DRB-Hicom is selling a 49.9% stake in loss-making Proton Holdings to Geely Holding.

The foreign strategic partnership agreement between DRB-Hicom and Geely also sees Geely acquiring a 51% majority stake in Lotus from Proton.

“Our intention was always to ensure the revitalisation of the Proton nameplate. This deal will be the catalyst to elevate a brand that Malaysians resonate with. But it is still subject to regulatory and shareholder approval,” said DRB-Hicom group managing director Syed Faisal Albar.

He said DRB-Hicom planned to sell the remainder of its 49% stake in Lotus.

“With this, DRB-Hicom will not be in the sports car segment any longer,” Syed Faisal said.

The search for a foreign strategic partner started last April as it was a condition set by the government when it gave the national carmaker a RM1.5 billion soft loan.

While the deal gives Geely a distribution network in Southeast Asia, Proton will get a financially strong partner and more advanced technology.

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