

Proton, Geely Sign JV agreement to set up facilities in China

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KUALA LUMPUR, Aug 18 (Bernama) – Proton Holdings Bhd and Zhejiang Geely Holding Group today signed a Heads of Agreement to set up a joint venture that will pave the way for Proton to assemble and market their cars in China.

Both companies will take up equal equity in the yet-to-be-named joint-venture (JV) company and target to incorporate the JV within the first half of 2019, subject to obtaining all regulatory approvals.

In a statement today, DRB-HICOM Bhd (DRB-HICOM) said the venture includes the setting up of a production facility in China to assemble vehicles, and the development of a network of dealers to market the Proton range in China.

The portfolio of cars for China would primarily come from existing Geely platforms, although the external design of the vehicles will be undertaken by Proton.

The agreement also provides for existing Proton platforms to be developed into models for the Chinese market.

DRB-HICOM Group Managing Director Datuk Seri Syed Faisal Albar said Geely's entry as a strategic partner to Proton has paved an easier route for Proton's entry into the lucrative Chinese market.

"Clearly with Geely on board, Proton's route into China has become more tenable. Part of Geely's role is to secure the manufacturing licences and regulatory approvals required for such a venture under China's regulations.

"Geely will also identify a suitable location where the manufacturing facility is to be based," Syed Faisal said.

He added that existing Proton component vendors that have quality and a competitive edge would be considered as suppliers for the JV company.

"This should sit well with the Government of Malaysia that has often prodded Malaysian

component makers to venture into the Chinese market.

“Prime Minister Tun Dr Mahathir Mohamad had lamented previously the lack of Malaysian car exports into regional markets, despite Japanese, Korean and Chinese brands making their way onto Malaysian shores,” he said.

China’s passenger car sales have grown tremendously over the last 10 years, to over 24 million units in 2017, compared to 6.76 million units in 2008.

Geely, the first privately-owned Chinese carmaker, sold over 1.0 million units domestically, selling more than 1.24 million units last year, carving out a 5.06 per cent market share.

In the first six months of 2018, Geely moved an average of over 125,000 units of their models a month, with the Boyue SUV passing the 20,000 mark every month except in January, when more than 30,000 Boyue SUVs were sold.

The localised version of the SUV is set to be launched in Malaysia in the final quarter of 2018 as Proton’s first-ever SUV.

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