

**THE SIGNING OF MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN
DIVERSIFIED RESOURCES BERHAD (DRB) AND PERUSAHAAN OTOMOBIL
NASIONAL BERHAD (PROTON)**

HILTON HOTEL, KUALA LUMPUR, 16 September 1993

I am pleased to be invited to witness the signing of this Memorandum of Understanding (MOU) between Diversified Resources Berhad and Perusahaan Otomobil Nasional Berhad. Both companies have had extensive experience in automotive business.

2. This MOU which would pave the way for the formation of a joint venture would not only benefit both companies, but also the nation. It would enhance local capability and flexibility in automotive business. The expansion in local capabilities is in line with the nation's move toward becoming self-reliant and achieving international competitiveness.

3. The business expansion through the production of variance of PROTON model would offer the Malaysian public a wider choice to meet their different tastes and preferences. It is important that the joint venture, while providing opportunity for greater participation of people already involved in the motor industry, would not cause dislocation.

4. There are a lot of opportunities for the joint venture company to expand its business. I would like to see the joint venture company undertake its first project to develop the two-door hatchback version of Proton WIRA. PROTON will concentrate on Sedan and four-door Hatchback version of Proton ISWARA and WIRA.

5. The joint venture company must be prepared to upgrade its capability in terms of facilities and resources and attain the level of competency of a competitive manufacturer. For this the joint venture company must be willing to invest.

6. PROTON personnel must use this opportunity to enhance their capability in model development. While the partnership will not cause displacements of people, we must be careful that it will not duplicate resources. In this respect, PROTON and DRB should consider forming Joint Committee or Task Force, mainly supported by PROTON's personnel in critical areas of Research & Development, production engineering and vendor development.

7. I am pleased and happy that the joint venture company would start operation immediately. I was told the joint venture company would be a dealer for Automotive Corporation Malaysia Sdn. Bhd. (ACM) products.

8. This opportunity must be fully exploited and it is a challenge for the joint venture company to make profits even in the first year. Cooperation and mutual understanding is vital in any business undertaking.

9. Meanwhile, necessary infrastructures must be installed and be ready for the launching of the two-door hatchback version. It is essential that costs of products should be reduced in order to be competitive. The joint venture company must therefore explore all means to reduce cost. DRB, PROTON and the Management should work closely and prepare the business plan and do things innovatively.

10. Lastly, may I wish DRB and PROTON a successful joint venture and congratulate them for this.