

MINORITY SHAREHOLDER WATCHDOG GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Company No. 524989-M)

The Edge Financial Daily – Tuesday, October 17th, 2017 (C)

MSWG wants government to finally end cash injection into Proton

BY SULHI AZMAN

KUALA LUMPUR: The Minority Shareholder Watchdog Group (MSWG) is hoping that the government will finally end the financial assistance to ailing national carmaker Proton Holdings Bhd.

MSWG said this follows the change in Proton's ownership, with the carmaker now under full commercial control of two private entities: DRB-Hicom Bhd and China-based Zhejiang Geely Holding Group Co Ltd.

The two firms have appointed two new faces at Proton's manufacturing arm, Perusahaan Otomobil Nasional Sdn Bhd, with Geely nominating Dr Li Chunrong as the chief executive officer (CEO) and DRB-Hicom roping in Winfried Vahland — a veteran auto executive — to its board.

"Li's presence is interesting because it represents a major shift in approach for Malaysia in terms of the CEO's demographic and nationality (historically speaking) and its new Asean focus," MSWG said in its latest The Observer newsletter.

"Recent news has been all about the China carmaker's major role in Proton, including the integration of Geely power trains

into Proton products (hybrid, plug-in hybrid and electric), the launching of at least one new model annually and overall technology and component transfers, including transmissions — all without additional investment from Proton — thus explaining Li's position as No 1," the watchdog group added.

As for Vahland, MSWG said his presence will be "hugely beneficial" to Proton, thanks to his extensive experience in Czech carmaker Skoda, where he previously served as chairman and CEO.

"Skoda was essentially rudder- and brandless until its takeover by Volkswagen in 1991, which slowly saw a recovery in its build quality, brand equity and ultimately sales," said MSWG.

On June 23, Geely inked a final agreement to acquire a 49.9% stake in Proton for RM460.3 million, of which RM170 million will be paid in cash and the remaining RM290 million will be settled by transferring its former's sports utility vehicle platform, Boyue.

The deal to rope in a strategic foreign investor was part of the several conditions for Proton, an ailing carmaker, to receive a soft loan of RM1.5 billion from the government.