

China's Geely takes stake in Proton, Lotus

KUALA LUMPUR, Malaysia: Chinese auto giant Geely on Wednesday announced it was taking a 49.9% stake in Malaysia's troubled Proton as well as a 51% share in British sports car brand Lotus.



Proton's parent DRB-HICOM said the deal would enable Southeast Asia's first auto brand to tap Geely's technology and access existing markets of the Chinese manufacturer.

"Our intention was always to ensure the revitalisation of the Proton nameplate," said DRB-HICOM group managing director Syed Faisal Albar.

"Deal will be a catalyst"

"It was Malaysia's first national car brand and has more than 30 years of history. This deal will be the catalyst to elevate a brand that Malaysians resonate with."

Geely Holding also owns Volvo Car Corporation and The London Taxi Company.

In a statement, Geely Holding said it would acquire a majority share of 51% of Lotus from Proton. Both parties expect to sign the "definitive agreement" for the deals before the end of July.

R&D, manufacturing, market presence

"This agreement lays the foundation for a wider framework for both Geely Holding and Proton and Lotus to explore joint synergies in areas such as R&D (research and development), manufacturing, and market presence," Geely said in a statement.

In February French carmaker PSA Peugeot Citroen expressed interest in taking a stake in Proton after the Malaysian firm announced it was seeking a foreign strategic partner.

Proton was formed in 1983 by then-premier Mahathir Mohamad as part of an ambitious national industrialisation plan, but it has suffered from a reputation for unimaginative models and shoddy quality.

Source: AFP

For more, visit: <https://www.bizcommunity.com>