

PRESS RELEASE

For Immediate Release

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DRB-HICOM Berhad And Volkswagen AG Seal The Deal To Produce Volkswagen Vehicles in Malaysia

Kuala Lumpur, December 21 – DRB-HICOM Berhad today signed an exclusive collaboration and license agreement with Volkswagen AG (VWAG) and Volkswagen Group Malaysia Sdn Bhd (VGM) to assemble completely knocked down (CKD) Volkswagen vehicles at its Automotive Complex in Pekan, Pahang, for the Malaysian and subsequently, the ASEAN market.

The collaboration and license agreement was signed by DRB-HICOM's Group Managing Director Dato' Sri Haji Mohd Khamil Jamil and Member of the VWAG Board of Management Mr Christian Klingler, in the presence of the Prime Minister Dato' Sri Najib Tun Razak at the Kuala Lumpur Convention Centre.

This collaboration agreement followed a Memorandum of Understanding signed by both parties in August to study the feasibility of the local production of Volkswagen passenger cars in Malaysia.

Today's collaboration and license agreement would see DRB-HICOM Berhad's involvement in the entire production of Volkswagen vehicles for the local market and subsequently, the export market; this includes the procurement of CKD assembling kits, manufacturing and supply of components and the assembly of vehicles.

Both parties are looking at starting production in the fourth quarter of 2011 with the assembly of the Passat. The assembly of Volkswagen vehicles in Malaysia will be in accordance with VWAG's specification and by virtue of the collaboration agreement, VWAG will transfer the know-how necessary for the assembly, testing and quality assurance of the said CKD models

In his speech at the signing ceremony, Prime Minister Dato' Sri Najib said that the entry of renowned auto players such as VW is an indication of the growing confidence in the country's economy and investor friendly policies. He hoped that the union between DRB HICOM and Volkswagen AG would create enough fervor within the local automotive industry to push it to greater heights, in line with the government's vision of making the country an automotive hub for the region.

Dato' Sri Haji Mohd Khamil Jamil said that DRB-HICOM and VW will embark on an aggressive localisation programme to achieve 40 per cent local content in a move to support the Government's localisation programme, under the National Automotive Policy. He said both parties will identify suitable local vendors not only to supply parts and components for the local assembly but also to look into the global supply to Volkswagen operations worldwide.

DRB-HICOM Berhad is the only player in Malaysia with a fully integrated automotive business which encompasses manufacturing of components, the importation and assembly of vehicles to distribution and after-sales activities. The Group is also equipped with two pre-delivery inspection

centres for custom clearance, forwarding, accessorisation and to cater for the Group's logistics requirements.

"The Group has about 25 years of experience in the automotive industry. We have the facility, the people and a proven track record for such collaboration," said Dato' Sri Haji Mohd Khamil Jamil in his welcoming address at the signing ceremony.

The Group distributes and assembles prime foreign marques such as Audi, Mercedes-Benz, Honda, Suzuki, Mitsubishi, Isuzu, Mahindra as well as local marques such as Proton, HICOM Perkasa and MODENAS. It also manufactures a wide range of auto components supplying to the national cars as well as the Group's automotive assembly plants in Pekan and Pegoh.

DRB-HICOM is currently the largest automotive player in volume sales, capturing up to 18 per cent local market share.

Dato' Sri Haji Mohd Khamil Jamil said he was confident that the entry of VW, Europe's biggest vehicle manufacturer and its technology into Pekan, would help spur its transformation into a vibrant and self-sustaining regional automotive hub, as envisioned under the East Coast Economic Region initiative.

"We are looking forward to an exciting future with Volkswagen and it foresee a mutually beneficial and successful partnership, especially in promoting and augmenting the national automotive industry," said Dato' Sri Haji Mohd Khamil Jamil.

DRB-HICOM is one of Malaysia's leading corporations, playing an integral role in the Automotive Manufacturing, Assembly and Distribution industry through its involvement in passenger cars and four wheel drive vehicles market segment, the national truck project and the national motorcycle project, among others. Besides Automotive concerns, the Group's core businesses are in the Services and Property & Infrastructure.

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