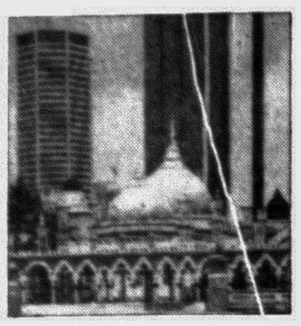
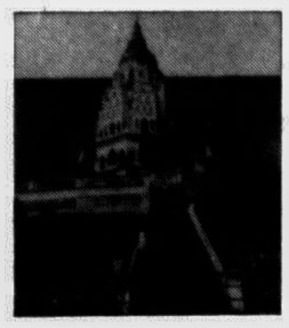
NATIONAL DAY OF MALAYSIA





The Daily Star SPECIAL SUPPLEMENT August 31, 1994

MESSAGE

Asalamualaikum Warahmatulahi wabarakatuh.

Today is the 37th Anniversary of Malaysia's independence. It is a day of nationwide celebration and a joyous occasion for all Malaysians committed to attaining the objectives of Vision 2020. Independence has enabled Malaysia to stand on its own feet in charting its destiny within the community of nations.

1994 also marks yet another milestone in Malaysia-Bangladesh relations. Steady progress has been achieved in all fields. I am glad to see the significant increase in the exchange of high level visits and the encouraging trend in respect of expanding bilateral trade and economic cooperation between the two countries over the past two years. Overall trade currently is well over US $60 million including the steadily growing remittances enjoyed by Bangladesh. Malaysian investors are also beginning to make their presence felt with the establishment of a bicycle assembly plant in Chittagong's Export Processing Zone. Other joint venture proposals including those in the field of telecommunications, infrastructure development, manufacturing as well in the services sector are in various stages of negotiation and implementation. It is encouraging to see Malaysian businessman showing greater interest in developing long term partnership with their respective counterparts in Bangladesh.

Collaborative efforts in the field of culture, education, agriculture, religious affairs and administrative and technical training are also being actively pursued by both sides within the framework of the Ministerial Level Joint Commission (JCM). The Second Meeting of the JCM that was held in Kuala Lumpur on August 17-19, 1994 saw significant progress made in further consolidating mutually beneficial collaboration in these areas. It is hoped that agreement reached on specific areas would see the immediate and expeditious implementation by both sides.

Of particular satisfaction to the Mission this year is the successful conclusion of a new instrument on civil aviation to enable Malaysian Airlines (MAs) to begin its scheduled operations between Kuala Lumpur and Dhaka. This positive development would hopefully meet the growing demand of passenger traffic including those in connection with the export of Bangladeshi human resources to Malaysia. Greater people to people contracts and commercial interactions could therefore be expected to take place in the years ahead.

Malaysia looks forward to the forthcoming official visit of H E Prime Minister Begum Khaleda Zia to Malaysia in October at the invitation of H E Prime Minister Dato Seri Dr Mahathir bin Mohamad. Steps are now being taken to ensure a successful visit both in form an substance. The visit would no doubt be a great boost to further strengthening the close and brotherly ties that exist between the two countries.

In conclusion let me take this opportunity to extend the warm greetings and sincere best wishes of the Government and people of Malaysia to the Government and people of Bangladesh.

Thank you.
Malaysia Bangladesh Friendship Zindabad.

Ahmad Fuzi Bin Haji Abdul Razak
High Commissioner of Malaysia in Bangladesh

"Challenges for East Asia and the Pacific Region up to the Turn of the Century."

Keynote Address by **Anwar Ibrahim**, Deputy Prime Minister of Malaysia at the WTC seminar in Kuala Lumpur on 6 July, 1994.

TOURISM is a major growth industry. It is growing faster than the world economy as a whole in terms of output, value added, capital investment and employment. Travel and tourism generated more than US $2.5 trillion in gross output, which is 5.5 per cent of world GNP in 1991. In the same year, it employed more than 112 million people worldwide. It invests more than US $ 350 billion in new facilities, and capital equipment, or 7.3 per cent of worldwide capital investment. It has helped to reduce disparities between places, to disperse growth to remote areas and a natural building bloc in our effort to forge regional economic integration.

As for the East Asia and Pacific region, it is likely to maintain its position for the next several years as the most rapidly expanding region for the travel and tourism industry, reflecting regional political stability and growing economic prosperity. In 1992, there was a 6.8 per cent rise in tourism receipts throughout the region, amounting to US $ 279 billion. Tourist arrivals grew by 8.2 per cent, or 58.3 million tourists, the highest in the world.

However, bullish as we are with the prospect of tourism it is always in our disposition to temper optimism with caution. Thus, as the we look to the prospects for the next century, it is imperative that the industry examines itself and addresses some pertinent, yet wider and more fundamental issues of concern. These are the question that have direct bearing on the industry's acceptability and sustainability, the question of social responsibility and the industry's relation to society at large.

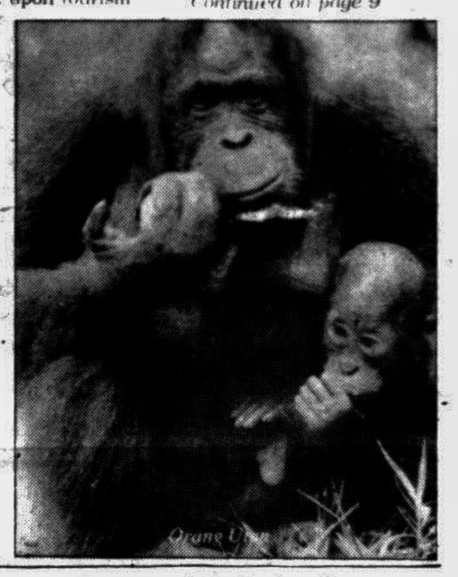
Tourism on the whole is about nature and culture. Nature is given but it has to await culture or human intervention to transform nature to become tourist attractions, hence the need for the necessary services and establishments. But for tourism to be meaningful to the host society there must be linkages with the surrounding population. This is indeed a profoundly relevant issue which those involved in the industry, especially in underdeveloped areas, must not be oblivious to. An isolated tourist establishment, within the splendour of nature, for example, but surrounded by a population living in poverty, would generate envy and resentment. Planning for such tourist establishments must be carried out with sensitivity and social awareness, to draw the involvement and participation of the local population. It must create not only economic opportunities for the host societies but also avenues to preserve and even revitalise aspects of their culture, arts and crafts. In the past, there was a lot of opposition to the introduction of tourism in developing countries because of the jarring intrusion of luxury and opulent lifestyles in the midst of destitution and poverty.

In many instances, tourism has been identified with the exotic, be it natural or cultural. Natural beauty, idyllic natural settings and cultural attractions do indeed provide the cutting edge in the industry. However, we must remain vigilant where exploitation of nature and culture for the entertainment of tourists can reach the point of diminishing returns or even net negative returns. Sustainable returns from tourism in the future must be based on more constructive development plans than what we already have at this point.

Since the cultural heritage of a country is a tourist attraction, a resource on which the industry relies, it means that the industry must plan to invest in the preservation and renewal of our culture and traditional environments. It must become a sponsor of the finest expressions of our arts and crafts. The new market niche, an increasingly attractive package deal, is educating the tourist to appreciate and understand the environment and cultures they can visit. More and more tourists want greater stimulation from their travels, and the tourist who wants to learn and finds a destination ready to cater to his interest, returns again and again.

We must look upon tourism as a means of generating growth. We have invested and will continue to invest heavily in holiday establishments and a vast range of events and activities to attract foreign visitors. But we are no less serious in promoting domestic tourism to cater to the interest of various income groups in our country. We are eager to make our country known to foreigners by means of tourism, but we must also be committed to improve the facilities for our own citizens to discover the beauty, diversity and authenticity of various parts of their homeland. The same is equally true for the entire region. Economic growth and tourism should be mutually reinforcing. And as the region grows in prosperity, each country would have to develop domestic tourism for its own citizens. Our own experience in recent years have shown that domestic tourism can significantly

Continued on page 9



PROTON SAGA

Gearing towards Global Competitiveness

ON 9th July 1985, PROTON commercially rolled out its first car, Proton SAGA from its factory in Shah Alam, Selangor. After nine years of rapid development and precedental milestones, PROTON today stands proud of its achievements in fulfilling national objectives of producing quality and value-for-money cars as well as spearheading the development of local component industries.

PROTON's efforts now are focussed on the up grades of its human resources, research and development programmes as business expansion in order to be globally competitive as well as to meet future challenges in this highly competitive and demanding industry.

Product development and sourcing of component will also be part of the company's efforts to achieve international competitiveness while aggressively pursuing export potential.

Company Expansion and Diversification Strategy

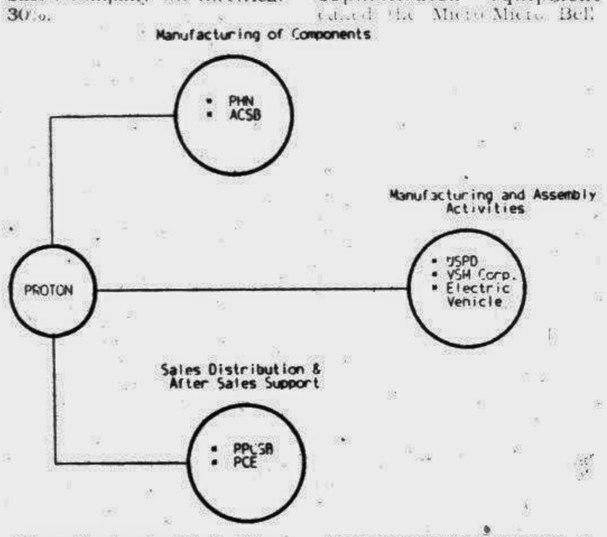
To ensure its continuous growth, PROTON embarks on a diversification strategy as part of its corporate expansion plans. The strategy involves the setting-up of joint-ventures for participation in component manufacturing, product development as well as production and marketing activities with companies locally and abroad.

In component manufacturing, PROTON participated in Aluminium Alloy Casting Sdn Bhd, a company involved in the manufacturing of aluminium casting and PHN industries Sdn Bhd a company involve in stamping and sub-assembly and of small and medium-sized automotive metal components.

A subsidiary company PROTON Parts Centre Sdn Bhd (PPCSB) has been set-up together with EON and HICOM to consolidate activities involving trading of motor vehicle components, spare parts and accessories. The setting-up of PROTON Cars Europe (PCE), will facilitate the export and distribution of Proton cars in the EC countries.

Other joint-venture companies includes Usahasama PROTON DRB Sdn Bhd (USPD) for the manufacture of Proton model variants and other motor vehicles. Its first production will be the 2-door hatchback version of the WIRA. In Vietnam, PROTON collaborates with the Mitsubishi group and a Vietnamese company, VIETRANSCIMEX to set-up VINA STAR MOTOR CORP for the assembly of commercial vehicles.

An MOU has just been signed to manufacture the country's first Electric Vehicle. In this proposed joint-venture UMW will take up 50% equity with PROTON 20% and a US based company US Electrical 30%.



Manufacturing Activities

PROTON's manufacturing facilities have advanced steadily to meet the marketing and legislative requirements with the application of robotics automation and computerisation in the manufacturing processes for greater cost efficiency, improved reliability, quality and productivity.

The focus of these automated and robotic operations is specifically to reduce strenuous operations, improve working environment and subsequently improve productivity. Currently a total of 38 robots are installed at strategic locations within the factory the main focus being at the weld assembly complementing the 123 automation equipment and machineries.

To promote greater capability towards total manufacturing, PROTON embarks on activities involving in-house dies and jigs manufacturing to meet with the increasing requirements and demands for the various stamping dies and welding assembly jig in the production of various models. To facilitate these activities, a comprehensive CAD/CAM software and hardware facilities are installed to integrate the activities from designing to manufacturing.

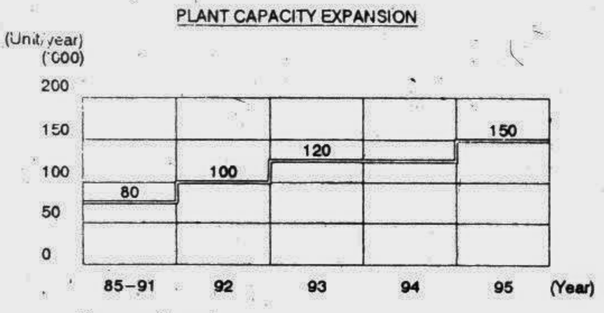
Further, in the painting process, PROTON uses a highly sophisticated equipment called the Micro-Micro Bell Electrostatic Spray System capable of rendering a remarkably consistent layer of paint resulting in a near mirror finish quality to a car's body; both to improve the painting quality as well as to optimise paint utilisation.

Apart from its production capabilities, PROTON assembles its own engine and transmission as well. Machining of Crankshaft, Camshaft, Front Hub, Transmission Case, Clutch housing, Cylinder Block and Bearing Cap are done in-house at the PROTON Engine and Transmission Machining factory.

A Casting Plant has been constructed to produce engine component parts including the Cylinder Block, Bearing Cap, Brake Drum, Brake Disc and Crankshaft, complementing PROTON's machining activities.

Works are in progress to upgrade the plant's capacity to 150,000 units per year by end of 1994 in order to meet the increasing demands of both domestic and export markets.

PLANT CAPACITY EXPANSION



Research and Development

The R&D Centre represents PROTON's continuous quest towards achieving total automotive Research and Development capabilities in the years to come.

Towards this end, PROTON embarks on an expansion programme to create a fully equipped R&D Centre for the country's automotive industry. These expansion programmes, which will be carried out in 3 phases include facilities for component and product testing, nose testing, emission and homologation.

A proto-type shop has been established gearing towards capabilities in new mode development. A semi-high speed test track (SHSTT) is in progress to complement these activities specifically toward product and components development and confirmation.

In the near future, PROTON's R&D will include strength and safety testing laboratory, hot and cold testing laboratory as well as dynamic and vibration testing facilities.

The use of CAD/CAM/CAE system linking R&D to manufacturing will further expedite the skills and technology acquirement towards total product and component development activities.

Localisation

PROTON has achieved considerable success in its efforts to increase the number of locally produced parts in its cars. From 18% in 1985 when the first Proton SAGA was launched, the local content has now increased to 67% (by GSP) of 80 points (by Local Material Content Policy). Since then the number of local vendors developed have increased from 17 in 1985 to 125 in 1993. To date a total of 2899 component parts are being manufactured as compared to 52 in 1985.

The increased local content has enable PROTON to reduce its cost. At the same time PROTON in aggressively pursuing efforts to source components from other countries besides Japan in order to further enhance cost competitiveness. Together with Persatuan Pembekal PROTON (PPP), PROTON is also undertaking future projects with emphasis to penetrate the global componentry markets specially in the Asian region.

PROTON makes great efforts to increase local content in order to establish a sound base for technological progress in an increasingly competitive market place.

The Vendor Development Programme is recognised as the threshold of PROTON's overall success and is being emulated by other industries in Malaysia. Localisation of components and development of vendors have progressed from relatively simple components to higher value and technical advanced manufacturing of components.

Marketing

DOMESTIC: With more than 500,000 Proton cars on the road and a dominant market share of 74% of Total Industrial Volume (TIV) in 1993 PROTON's emphasis in the domestic market will be to satisfy customer's demand in terms of production and development of product range as well as high quality accessories.

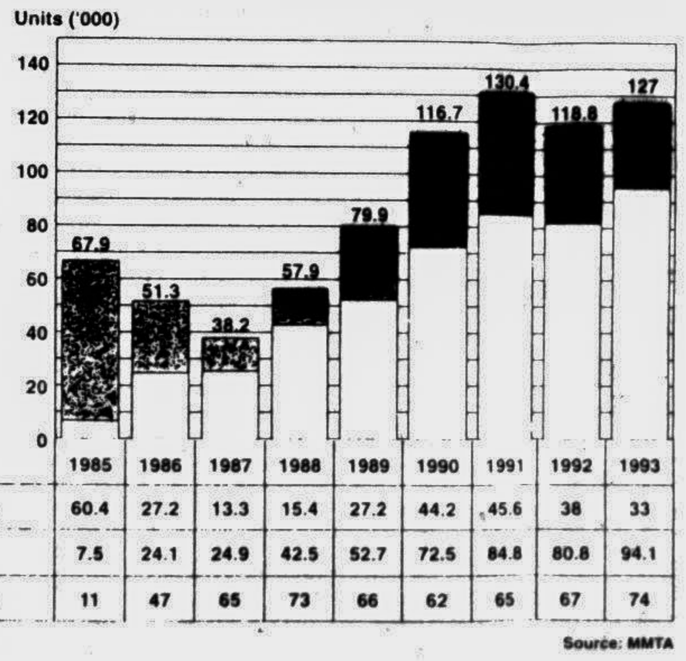
With the setting-up of PPCSB, PROTON hopes to further enhance its supply of genuine spare parts to all owners of the globe with speedy and accurate delivery. This is part of our continuous effort in improving our after sales service.

EXPORT: Currently the Proton cars are being exported to 18 countries with UK and Singapore being the largest markets. The availability of the Left Hand Drive (LHD) version of the ISWARA and WIRA models would create greater opportunities for market expansion. New non-traditional markets are being explored. Initial preparation for penetration into more advanced and intensely competitive markets have begun. The European Community, Latin America and Middle East have already been identified as potential markets.

Besides the Left Hand Drive markets, the dynamic growth in the East Asian region has resulted in a tremendous demand for passenger cars. Market exploratory work is being continuously pursued for

Continued on page 9

Sales in Malaysia Market For Calendar Year 1985 1993



	1985	1986	1987	1988	1989	1990	1991	1992	1993
Other Pass. Cars	60.4	27.2	13.3	15.4	27.2	44.2	45.6	38	33
Proton SAGA	7.5	24.1	24.9	42.5	52.7	72.5	84.8	80.8	94.1
Market Share (%)	11	47	65	73	66	62	65	67	74

Source: MMTA