

ASX ANNOUNCEMENT

**MOU WITH MALAYSIAN AUTO PARTS MANUFACTURER TO ESTABLISH JV
SPRINTEX SUPERCHARGER MANUFACTURING FACILITY**

Key points

- **MOU executed with Malaysian Tier 1 automotive parts manufacturer Proreka for a Feasibility Study to determine potential to develop a large scale JV Sprintex® Supercharger manufacturing facility in Malaysia**
- **Potential JV with Proreka represents an outstanding opportunity for ATG to expand its Sprintex® Supercharger business on a commercial scale into the global automotive market**
- **On successful completion of Feasibility Study, parties will use best commercial endeavors to enter into a detailed agreement to:**
 - **establish the JV manufacturing facility, and**
 - **to market and distribute ATG's Sprintex® supercharger product range in the ASEAN region and Japan**
- **Establishment of JV with Proreka would reduce ATG's supercharger costs by approx 50% & provide a competitive cost basis for supply of the Sprintex range to the OEM market**
- **Proreka is a Tier 1 Malaysian supplier to a number of mainstream automotive manufacturers and vehicle enhancement companies in the ASEAN region and Japan**

ATG is pleased to announce that it has executed a Memorandum of Understanding (MOU) with Tier 1 automotive component manufacturer Proreka to carry out a full Feasibility Study on the potential for Joint Venture, volume production of ATG's Sprintex® Supercharger range in Malaysia.

Proreka is a Tier 1 Malaysian manufacturer to a number of vehicle manufacturers and vehicle enhancement companies across the ASEAN region and Japan, and would bring both volume manufacturing expertise and a considerable network of OEM links to the proposed JV.

ATG has recently confirmed the world leading efficiency of its Series 5 Supercharger range, and would benefit considerably from the ability to supply its product range in large volumes at a low base cost. ATG's superchargers are currently cost competitive in the after sales market and establishment of the proposed JV with Proreka would reduce cost by approximately 50% and offer a competitive cost basis for supply of the Sprintex range into the OEM market.

The MOU contemplates both volume production and an arrangement for OEM marketing and distribution rights for the ASEAN region and Japan. ATG would retain distribution rights for Sprintex Superchargers manufactured by the joint venture for the remainder of the global market.

Malaysia as a location provides a number of advantages to ATG. It offers a low cost manufacturing base that has the benefits of an established legal system, a good proportion of English speaking technical staff with high quality engineering knowledge, and spread of automotive expertise. It is also in the same time zone as ATG's Perth facilities and, geographically, is ideally located in the centre of the ASEAN region (approximately midway between Australia and Japan).

Proreka is a Malaysian based company of about 250 employees, with considerable capability and experience in the volume production of OEM car components. It operates a sophisticated 'lean manufacturing' system and is well regarded within the regional automotive industry.

Details of MOU

Under the terms of the MOU, both parties will jointly conduct a Feasibility Study to determine the commercial viability and potential to develop a joint venture Sprintex® Supercharger manufacturing facility in Malaysia.

The parties will complete the Feasibility Study within three months of signing the MOU. (An extension for a further 60 days may be granted with the written agreement of both parties).

Subject to the Feasibility Study being completed to the satisfaction of ATG and Proreka, both parties will then use best commercial endeavors to enter into a detailed agreement (within three months of the completion of the Feasibility Study) for the purposes of establishing a joint venture manufacturing facility and also to market and distribute ATG's Sprintex® Supercharger product range in the ASEAN region and Japan.

Any detailed agreement reached will not be limited to the formation of a joint venture between ATG and Proreka and may include an option to expand the business to other international locations.

The MOU represents an exclusive agreement between ATG and Proreka for the duration of its three month term. Both parties to the MOU will be responsible for their own costs and expenses in performing the Feasibility Study (unless agreement is reached to share the cost of any particular activity or item).

Commenting on the MOU, ATG Managing Director Steven Apedaile said, "The MOU with Proreka has the potential to be 'company changing' for ATG. This JV could provide ATG with the ability to manufacture the world's most efficient supercharger in volume at a viable price for the global automotive market. We are excited at the prospect of working with Proreka to achieve this."

Proreka executive director Thomas Lim Teck Ling said, "We are delighted to enter into this MOU with ATG. The combination of our expertise and reach in the Asian automotive market and ATG's proven world leading supercharger products makes a very good fit between our two businesses and we look forward to working with ATG to further expand our relationship."

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About Automotive Technology Group

Automotive Technology Group listed on the ASX in May 2008. It is the designer and manufacturer of the patented low emissions, high fuel efficiency Sprintex® supercharger product range. The Company's vision is to be a leading developer and manufacturer of innovative green automotive technologies to world markets, in particular in the manufacturer of superchargers.

Motor vehicle and motorcycle manufacturers are increasingly turning to Superchargers to help meet tougher vehicle emissions and fuel efficiency targets being set by governments globally, and the Sprintex® Supercharger achieves these two goals whilst ensuring that engine performance is not compromised.

The Company operates from a specialist research and development, and manufacturing facility in Perth, Western Australia. Visit **ATGgroup.com.au** for more information.

About Proreka

Proreka (M) Sdn. BHD is a Malaysian Tier 1 vendor and manufacturer of OEM automotive parts and components for various leading international car manufacturers. Proreka has advanced in-house development and production facilities (supported by its capabilities in manufacturing, engineering and R&D) from initial concept deliberations to final product manufacturing and mass production.

Proreka manufactures a range of quality OEM automotive parts and components which are mass-produced for leading car brands in Malaysia and throughout Asia. It has established a strong reputation for delivery of quality products and services to major car brands within the markets it operates. Further information is available at the Proreka website **proreka.com**.