

MAGNA DEEPENS PARTNERSHIP WITH HONGLIZHIXIN TO BOLSTER SEATING CAPABILITIES IN CHINA

- Magna to acquire majority ownership
- Increases footprint with Honglizhixin from two to 12 manufacturing plants
- Demonstrates commitment to grow in the China market

SHANGHAI, September 3, 2020 – Magna has signed an agreement to acquire majority ownership of Honglizhixin (HLZX), a leading seat supplier to Chinese automakers. The acquisition will expand Magna’s seating capabilities across China. At the same time Magna will acquire a majority stake in its existing seating joint venture with HLZX.

The two companies currently operate a 50/50 joint venture formed in 2015. Magna’s strong relationship with HLZX over the years has enabled agreements to deepen the partnership. Magna has signed a Shareholder Agreement and Share Purchase Agreement and intends to finalize the deals by the beginning of 2021, signaling a strong commitment to the China market.



Madam Wang, President of Honglizhixin, and Jim Chen, VP and Managing Director of Magna Seating Asia, commemorate the partnership between the two companies.

“China is an important market for Magna where we are committed to delivering high quality seat technology to both domestic and foreign automakers, as well as non-traditional startups in the area of mobility,” said John Wyskiel, President, Magna Seating. “HLZX runs an impressive business and we are proud to build upon our existing relationship and strengthen our competitiveness through increased vertical integration, additional manufacturing sites, and full engineering and testing.”

The current Magna-HLZX JV includes two manufacturing plants. Under the new ownership agreement, 10 plants will be added to Magna’s manufacturing footprint, adding critical mass

and scale to the company's seating operations in China. The majority of HLZX's plants are also vertically integrated with just-in-time seat assembly and delivery, structures, foam, and trim capabilities that enable an optimal sourcing solution for automakers versus sourcing from multiple suppliers.

"In addition to HLZX's expansive presence, they have a highly capable and competitive engineering team in providing turnkey solutions to Chinese automakers," said Jim Chen, Vice President and Managing Director, Magna Seating Asia. "We believe both of our engineering teams working together will provide unique synergies that will allow us to deliver innovative seats to our customers in China."

Magna's seating business, recognized by automakers and consumers for its innovation and quality, includes six R&D centers and 66 manufacturing operations around the globe.

TAGS

automotive seating, automotive seat systems, joint ventures China

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ABOUT MAGNA

We are a mobility technology company. We have over 152,000 entrepreneurial-minded employees, 346 manufacturing operations and 93 product development, engineering and sales centres in 27 countries. We have complete vehicle engineering and contract manufacturing expertise, as well as product capabilities that include body, chassis, exteriors, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting and roof systems. Our common shares trade on the Toronto Stock Exchange (MG) and the New York Stock Exchange (MGA). For further information about Magna, visit www.magna.com.

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