Johnson Electric Holdings Limited

Interim Report 2016

JOHNSON ELECTRIC

innovating motion

(Stock Code: **179**)

Contents

HIGHLIGHTS

- Group sales increased to US$1,367 million – up 34% compared to the first half of the prior financial year. Excluding the impact of acquisitions and foreign exchange rate changes, sales increased by 6%

- EBITDA as reported increased 38% to US$225 million or 16.5% of sales (16.0% in prior year)

- Operating profit increased 29% to US$148 million or 10.8% of sales (11.2% in prior year)

- Net profit attributable to shareholders up 23% to US$121 million or 13.69 US cents per share on a fully diluted basis

- Debt to total capital ratio of 20% and cash reserves of US$131 million as of 30 September 2016

- Interim dividend increased by 7% to 16 HK cents per share (2.05 US cents per share)

- Acquisition of AML Systems completed on 18 May 2016

LETTER TO SHAREHOLDERS

Johnson Electric delivered a strong set of financial results for the six months period ended 30 September 2016, despite a generally weak global economic environment.

Group sales for the first half of the 2016/17 financial year totaled US$1,367 million, an increase of 34% over the first half of the prior financial year. Excluding the impact of acquisitions and foreign exchange rate changes, underlying sales increased by 6%. Net profit attributable to shareholders increased 23% to US$121 million or 13.69 US cents per share.

Johnson Electric's improved financial performance reflected solid organic growth from its Automotive Products and Industry Products divisions, as well as the first time contributions from the recently acquired Stackpole International and AML Systems businesses. The Group is continuing to invest heavily in building its global manufacturing footprint to support new business growth. At the same time, management has also initiated a major review of its cost base to ensure that Johnson Electric is positioned to compete effectively in market segments where pricing pressure has become increasingly intense.

Overview of Financial Results

The Automotive Products Group ("APG"), excluding acquisitions, increased sales by 7% on a constant currency basis compared to the first half of the prior year. The division recorded healthy growth rates across all of its business units, with particularly strong performances from Body Climate, Powertrain Cooling and Body Instruments. APG also grew in each of the three major geographic markets, with the strongest growth coming from Asia. Leading the way in Asia has been sales in China, which has experienced unexpectedly high new car sales volumes in 2016 partly as result of a government initiative to temporarily reduce the tax on purchases of new vehicles with 1.6-liter engines or smaller.

The Industry Products Group ("IPG"), which contributed 24% of total Group sales, recorded 3% sales growth in constant currency terms in the first half. This was a satisfactory performance given relatively lacklustre consumer demand in many of our customers' end markets, as well as ongoing competitive pricing pressure for several lower-end product applications. The strongest sales growth in IPG occurred in market segments where Johnson Electric's motion solutions have clearly differentiated technology, including remote disconnect metering, lawn and garden equipment and medical devices.

Gross margins, excluding the acquired businesses, increased from 27.6% to 29.7%. This was primarily the result of increased operating leverage from higher sales volumes and the relatively benign cost of raw materials during the period. The newly acquired Stackpole International and AML Systems are automotive components businesses that, consistent with the market segments they serve, have lower average gross margins than the Group as a whole. Consequently, the Group's total gross margin for the period was 26.8% and total gross profits amounted to US$366 million – an increase of US$84 million or 30% compared to the first half of the prior year.

Operating profit increased by 29% to US$148 million or 10.8% of sales. The increase in operating profits, whilst significantly ahead of budget, was held back by lower non-operating income compared to the prior year along with higher severance costs associated with the Group's cost reduction and business streamlining initiatives.

Increased Interim Dividend

The Directors have today declared a 7% increase in the interim dividend to 16 HK cents per share, equivalent to 2.05 US cents per share (2015 interim: 15 HK cents per share). This is consistent with the previously announced intention to increase gradually the ratio of interim dividends such that it represents approximately one-third of the prior financial year's total dividends paid. The interim dividend will be payable on 6 January 2017 to shareholders registered on 23 December 2016.

Positive Impact of Recent Acquisitions

As previously noted, the past year has seen Johnson Electric complete two major acquisitions that have strengthened the Group's competitive position and growth prospects in the automotive industry. Stackpole International, a leading manufacturer of highly-engineered pumps and powder metal components, contributed sales of US$244 million to the first half results. AML Systems, a leading supplier of active modules for vehicle headlamp systems, became part of the Group in May 2016 and contributed just over four months of sales amounting to US$52 million. Both businesses are presently performing ahead of budget and pleasing progress has been made in integrating their people and operations into the enlarged Johnson Electric Group.

Business Strategy and Outlook

Notwithstanding the positive performance achieved by Johnson Electric in the first half, the macro-economic environment continues to present significant challenges to most global industrial manufacturing businesses.

GDP growth rates in the world's major economies are continuing to trend below the levels achieved prior to the 2008 Financial Crisis and consumer sentiment remains generally weak. Consequently, component manufacturing enterprises are being required to manage through an especially tough cycle where there are few tailwinds to help boost the top line and where cost structures need to be adapted to withstand relentless downward pressure on prices.

At Johnson Electric, our strategy to cope with these testing conditions and, at the same time, strive for improved results for shareholders involves four main elements. Firstly, we aim to develop and deliver technology solutions that meet the market's need for both value-adding innovation and end-product cost savings. In the automotive industry, this is exemplified by our current product portfolio that enables OEMs to achieve better fuel economy, lower emissions, and improved safety in their cars. Looking ahead, we expect that the development of a new generation of hybrid and all electric vehicles will also require a wide range of technically advanced motion subsystems that Johnson Electric is well positioned to supply.

Second, we will continue to invest in building a global manufacturing footprint that features increased levels of automation. In the near term, this necessitates significant capital expenditure and will give rise to periods where the capacity utilisation of new plants is below par. Nonetheless, we are confident that an operating model that takes us closer to our customers, further improves product quality, and reduces our exposure to wage inflation and foreign exchange rate volatility will be a source of sustained advantage.

Third, we are re-doubling our efforts to reshape and resize our businesses to ensure that the Group is able to withstand competitive pricing pressure in many segments, as well as the potential impact of unforeseen political or socio-economic shocks to the regional economies where we do business.

And fourth, we will continue to pursue selective acquisitions to boost growth and strengthen our position in key target segments. We have sought to pursue a disciplined approach to acquisitions – exemplified by the recent purchases of Stackpole International and AML Systems – that involves carefully screening targets for strategic and cultural fit with our existing business. However, we are only prepared to execute acquisitions where the purchase price offers value and where prudent levels of financial gearing can be maintained.

The successful execution of the above strategies will be critical in determining Johnson Electric's prospects over the medium to longer term.

In the short term, we expect the positive trajectory of the first half to continue during the remainder of the current financial year. However, it should be noted that there is an element of seasonality in our business that tends to see comparatively lower sales levels in the second half and which this year may also be negatively impacted by the weakness in the RMB compared to the US Dollar. Other factors that we expect to modestly depress sales growth rates and operating margins heading into 2017 include the projected slowdown in automotive industry sales volumes in both China and North America, plus some additional costs associated with our efforts to reposition the Group's fixed cost base for the future. Overall, we are optimistic that results for the 2016/17 financial year will be a positive improvement over the prior year – but with the financial performance in the second half likely to be somewhat below the levels achieved in the first half.

On behalf of the Board, I would like to thank all of our customers, employees, suppliers, shareholders and bondholders for their continued support.

Patrick Shui-Chung Wang *JP*

Chairman and Chief Executive

Hong Kong, 9 November 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

US$ million	First half of FY2016/17 [1]	First half of FY2015/16
Sales	1,366.8	1,022.4
Gross profit	366.4	282.3
Gross margin	*26.8%*	*27.6%*
Profit attributable to shareholders	120.8	97.8
Diluted earnings per share (US Cents)	13.69	11.12
EBITDA (excluding nonrecurring item [2])	233.7	163.2
EBITDA margin	*17.1%*	*16.0%*
Free cash flow from operations [3]	32.5	16.6

US$ million	30 Sep 2016	31 Mar 2016
Cash	130.8	193.3
Total debt [4]	476.0	422.5
Net debt (total debt less cash)	345.2	229.2
Total equity	1,931.7	1,884.8
Market capitalisation [5]	2,191.0	2,643.3
Enterprise value [6]	2,570.7	2,914.7
EBITDA annualised using the last 12 months results [7]	417.4	369.6
Enterprise value to EBITDA [7]	6.2	7.9

Credit Quality – Financial Ratios	30 Sep 2016	31 Mar 2016
Total debt to EBITDA [7]	1.1	1.1
Total debt to capital (total equity + total debt)	20%	18%

1 Includes 6 months' results of Stackpole International and 4.4 months of AML Systems

2 Nonrecurring item related to severance costs of US$8.4 million

3 Net cash generated from operating activities plus net interest received, less capital expenditure (net of proceeds from disposal of fixed assets) and capitalisation of engineering development costs

4 Total debt calculated as bank overdraft plus borrowings and convertible bonds (debt elements)

5 Outstanding number of shares multiplied by the closing share price (HK$19.78 per share as of 30 September 2016 and HK$23.95 per share as of 31 March 2016) converted to USD at the closing exchange rate

6 Enterprise value calculated as market capitalisation plus non-controlling interests plus total debt less cash

7 EBITDA excluding nonrecurring items and adjusted to include the last 12 months' results of Stackpole International and AML Systems on a pro forma basis

BUSINESS REVIEW

Johnson Electric's Operating Model

Johnson Electric's core business is the supply of electro-mechanical motion systems and solutions to customers who value innovation and reliability. Within this market space, the Group targets segments where key underlying trends, regulatory change or technology advancements drive long-term demand.

Technology leadership and application-specific know-how make Johnson Electric a global leader in its industry. The Group offers the broadest set of engineered motor and motion system solutions available in the market today – incorporating DC and AC motors, stepper motors, actuators, solenoids, switches, relays, precision gears, powder metal components, pumps and flexible printed interconnects.

The Group seeks to work closely with its customers to understand the markets' requirements and key preferences. The Group constantly challenges its business managers and engineers to offer new opportunities for its innovative technology to provide a unique motion solution to a customer's problem. The ultimate objective is to help the customer differentiate their products in the marketplace, for example through lower energy consumption, lower weight, lower noise, or higher performance. In other situations, it can mean designing and delivering a solution that offers lower total transaction costs for a customer over their product's entire life-cycle.

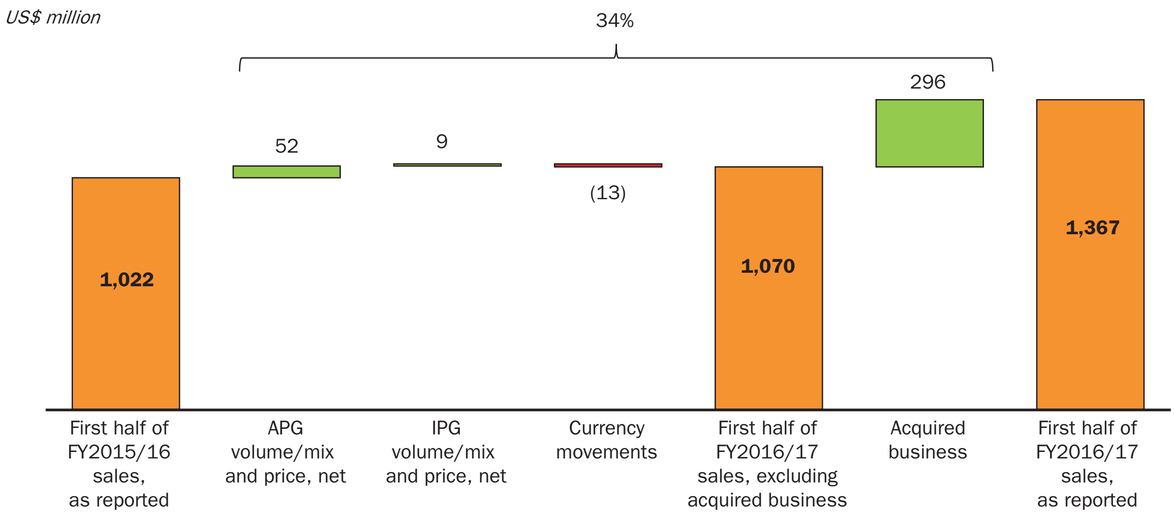
The key goals of Johnson Electric's manufacturing strategy are to be global, flexible and cost competitive. To execute this strategy, the Group is progressively building up its operating footprint in Asia, the Americas and Europe. This strengthens the Group's support for its customers by being close to where they are operating and ensuring fast, reliable supplies and highly responsive levels of service. Additional benefits of this "in-region" manufacturing strategy include lower freight costs and inventory levels; and an overall diversification of the Group's operating risk by not being overly reliant on any single country or factory.

Sales Review

Group sales in the first half of FY2016/17 were US$1,366.8 million, an increase of US$344.4 million, 34%, compared to US$1,022.4 million for the first half of FY2015/16. Excluding acquisitions and currency movements, sales increased by US$61.4 million, 6%, compared to first half of FY2015/16, as shown below:

US$ million	First half of FY2016/17		First half of FY2015/16		Change	
Automotive Products Group ("APG") sales						
– Excluding acquisition and currency movements	756.0	55%	703.9	69%	52.1	7%
– Acquired business	296.4	21%	–		296.4	
– Subtotal	1,052.4	76%	703.9		348.5	50%
– Currency movements	(12.1)		n/a		(12.1)	
APG sales, as reported	1,040.3		703.9		336.4	48%
Industry Products Group ("IPG") sales						
– Excluding currency movements	327.8	24%	318.5	31%	9.3	3%
– Currency movements	(1.3)		n/a		(1.3)	
IPG sales, as reported	326.5		318.5		8.0	3%
Group sales						
– Excluding acquisition and currency movements	1,083.8	79%	1,022.4	100%	61.4	6%
– Acquired business	296.4	21%	–		296.4	
– Subtotal	1,380.2	100%	1,022.4	100%	357.8	35%
– Currency movements	(13.4)		n/a		(13.4)	
Group sales, as reported	**1,366.8**		**1,022.4**		**344.4**	**34%**

The drivers underlying these movements in sales are shown in the following chart:



Note: Numbers do not add across due to the effect of rounding

Volume / mix and price net, increased sales by US$61.4 million. Organic changes in the sales of the Automotive Products Group and Industry Products Group are discussed on pages 8 to 10.

Acquired business, increased sales by US$296.4 million. Stackpole International, acquired in October 2015, reported sales of US$244.1 million in the first half of FY2016/17. AML Systems, reported sales of US$52.3 million in the 4.4 months since its acquisition in May 2016. The addition of Stackpole and AML's business is further discussed, together with JE's existing automotive business, on page 9.

Currency movements adversely impacted revenues by US$13.4 million compared to the first half of FY2015/16, primarily due to the weaker average rate for the RMB against the US Dollar in the first half of FY2016/17 (average rate of 6.60) compared to the same period last year (average rate of 6.19). The Group's sales are largely denominated in the US Dollar, the Euro, the Chinese Renminbi and the Canadian Dollar. See Note 1.3 to the accounts for the main foreign currency translation rates.

Automotive Products Group

APG's sales excluding currency affects and acquired businesses grew 7% compared to the same period last year (Asia: 17%, Europe: 2%, Americas: 3%) across a broad range of applications.

In Asia, sales in China benefited from new platform launches and market share gains with our products for powertrain cooling, electric power steering and sunroof applications. We also penetrated the powertrain cooling market in Japan. Sales of products for engine emissions applications grew as customer programs ramped-up. This was slightly offset by reduced sales of products for fuel pump applications. The net effect of these changes gave 17% organic growth for the region.

In Europe, APG expanded its product portfolio with products for seat thigh support applications and benefited from the ramp-up of customer programs utilising its products for brushless powertrain cooling, engine coolant valves and parking brakes. This was partially offset by reduced demand for brushed powertrain cooling products.

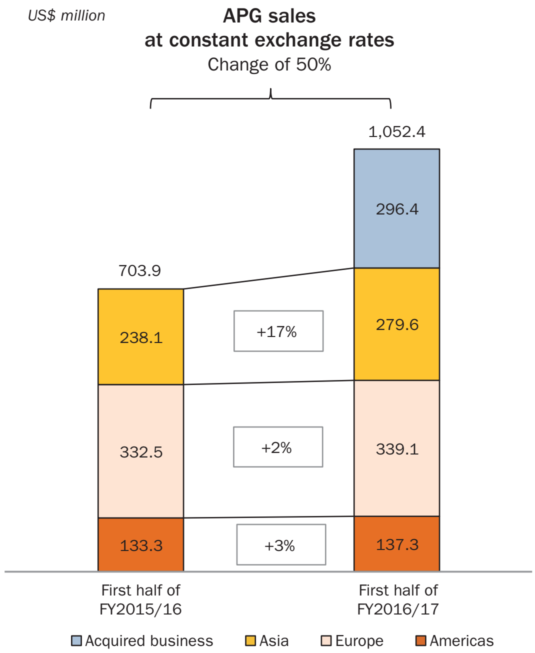
In the Americas, sales of products for powertrain cooling, seat adjusters and touch feedback benefited from customer growth and the ramp-up of recently launched customer programs. This was partially offset by reduced demand for products for heating, ventilation and air-conditioning and engine fuel management applications.

The Powertrain Cooling business, including the "GATE" brand, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 19% of the Group's sales for the first half of FY2016/17 (first half of FY2015/16, 25%). The change in percentage year-on-year is due to the effect of the acquisitions enlarging the total Group.

Through the combined effects of organic business growth, plus the acquisitions of Stackpole and AML, APG's sales grew by 50%, excluding currency movements.

Stackpole's sales were US$244.1 million, accounting for 18% of the Group's sales for the first half of FY2016/17. Underlying sales of this business grew by approximately 14%, compared to the same period (pre-acquisition) last year, driven by increased market penetration in Asia and Europe and product launches and ramp-ups in North America. Stackpole has been successful in winning new business and will enjoy a pipeline of subsequent product launches to meet JE's growth objectives.

AML's sales for the 4.4 months since acquisition were US$52.3 million. Underlying sales grew by approximately 20% compared to the same period (pre-acquisition) last year. This was driven by increased market penetration, product launches and ramp-ups in Europe and Asia.



Half-yearly trend in sales (excluding acquired business and currency movements)

Six month period ended	APG sales growth/(decline) Asia	Europe	Americas	Total *
30 September 2016	17%	2%	3%	7%
31 March 2016	5%	4%	6%	5%
30 September 2015	3%	6%	3%	5%
31 March 2015	12%	4%	(6%)	4%
30 September 2014	13%	6%	(9%)	5%
31 March 2014	10%	13%	(2%)	9%

* Comparing each 6 months' results to the same period in the previous fiscal year

Industry Products Group

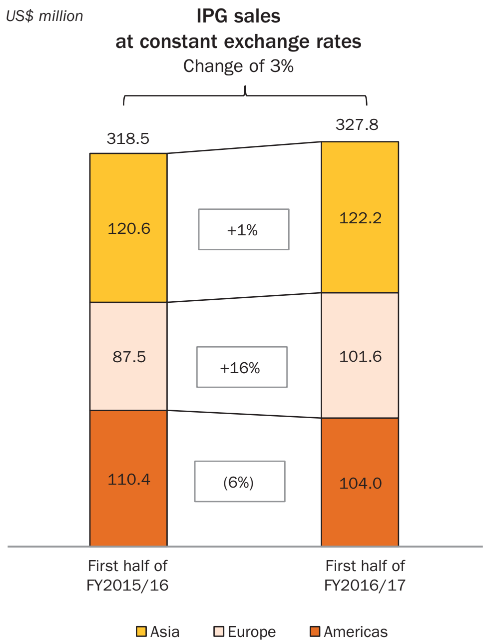
IPG's sales, excluding currency movements, increased 3% for the first half of FY2016/17 compared to the same period last year.

In Asia, sales increased 1% overall with a growth in product sales through the distribution channel being offset by a decline in the smart meter segment due to the ramp down of a large program from the prior period as well as reductions across a few other segments.

In Europe, sales increased 16% across a broad array of key accounts in multiple industries. Strong growth was delivered in the smart meter industry and in the lawn segment. Europe sales were driven by a focus on new programs in growth segments with industry leading customers.

In the Americas, sales in this period decreased 6%. Growth in the medical device and smart meter segments was more than offset by reductions across other business segments and some initial price concessions for 5-year supply agreements. The closure of a small flexible printed circuit business also contributed to the sales decrease in the period.

The IPG division structure and business model has changed during the first half of FY2016/17 compared to the same period last year. IPG has transitioned from multiple business units to only two groups with different business models aligned with customer segment characteristics. The "Segment Solution Business" manages business development in key growth segments and at key customer accounts with high growth potential. The "Segment Product Business" manages product sales at diversified, smaller customers with sustainable multi-year business demand.



Half-yearly trend in sales (excluding currency movements)

	IPG sales growth/(decline)			
Six month period ended	Asia	Europe	Americas	Total *
30 September 2016	1%	16%	(6%)	3%
31 March 2016	(17%)	11%	(4%)	(5%)
30 September 2015	(17%)	6%	4%	(4%)
31 March 2015	(3%)	6%	16%	5%
30 September 2014	(4%)	5%	8%	2%
31 March 2014	2%	(6%)	(0%)	(1%)

* Comparing each 6 months' results to the same period in the previous fiscal year

Profitability Review

Profit attributable to shareholders was US$120.8 million in the first half of FY2016/17 compared to US$97.8 million in same period last year. Excluding 6 months profits of Stackpole International, 4.4 months profits of AML Systems and severance costs, profit for the first half of FY2016/17 was US$118.3 million.

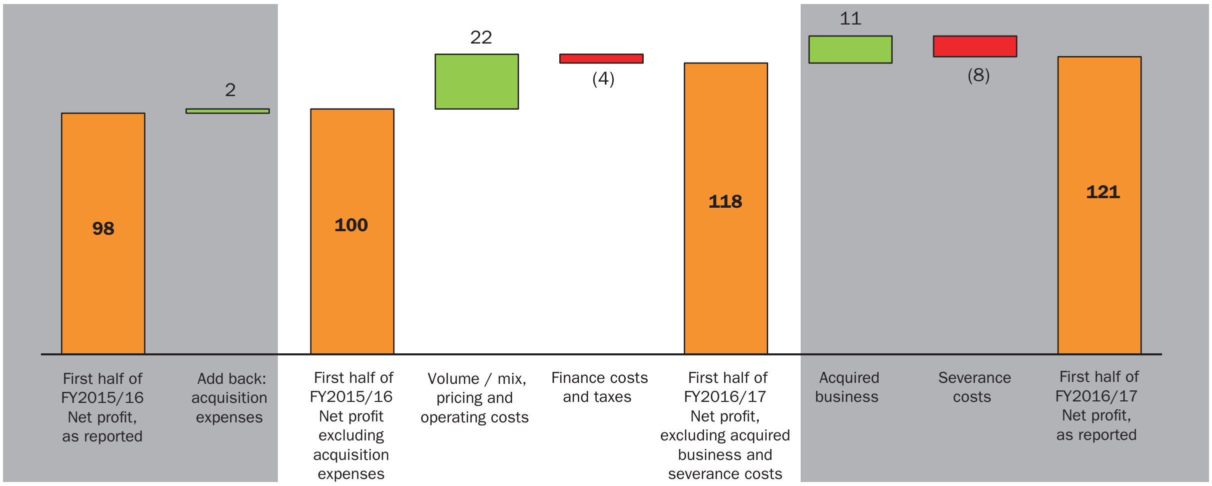
US$ million	First half of FY2016/17 [1]	First half of FY2015/16	Increase/ (decrease) in profit
Sales	1,366.8	1,022.4	344.4
Gross profit	366.4	282.3	84.1
Gross margin %	*26.8%*	*27.6%*	
Other income and gains, net	9.7	14.0	(4.3)
Selling and administrative expenses ("S&A")	(228.4)	(181.4)	(47.0)
S&A %	*16.7%*	*17.7%*	
Operating profit	147.7	114.9	32.8
Operating margin %	*10.8%*	*11.2%*	
Share of profit of associates	2.0	0.5	1.5
Net interest expense	(5.5)	(0.3)	(5.2)
Profit before income tax	144.2	115.1	29.1
Income tax expense	(18.5)	(13.0)	(5.5)
Effective tax rate	*12.9%*	*11.3%*	
Profit for the period	125.7	102.1	23.6
Non-controlling interests	(4.9)	(4.3)	(0.6)
Profit attributable to shareholders	120.8	97.8	23.0

1 Includes 6 months' results of Stackpole International and 4.4 months of AML Systems

The drivers underlying these movements in profit are shown in the following chart:

Profit Attributable to Shareholders

US$ million



Volume / mix, pricing and operating costs: Profits were helped by increased volumes, cost reduction activities and reduced headcount in the first half of FY2016/17. Profits also benefited from lower commodity costs, partially offset by sales price adjustments, wage inflation and increased statistical provisions for warranty as sales increased. The net effect of these changes was to increase profit by US$22.0 million.

The gross profit margin decreased to 26.8% for the first half of FY2016/17, compared to 27.6% for the same period last year, principally due to slightly lower average margins in the acquired businesses. The gross profit margin excluding acquired businesses was 29.7%. Further, when adjusted for the currency hedges for our export sales (reported in selling and administrative expenses), the gross margin would be 30.7%.

Currency movements: Including hedge contracts, currency movements had a negligible effect on net profit in the first half of FY2016/17.

Finance costs and taxes: Net interest and taxes adjusted for the acquired businesses reduced profits by US$3.5 million due to the combined effect of increased profit and an increase in effective tax rate to 12.9% for the first half of FY2016/17 from 11.3% for the same period last year.

Acquired business: Stackpole International added US$8.5 million to the Group's net profit for the first half of FY2016/17, including the share of its associate's profit, partially offset by interest attributable to its operations. AML Systems, acquired in May 2016, added US$2.4 million to the Group's net profit in the 4.4 months since its acquisition.

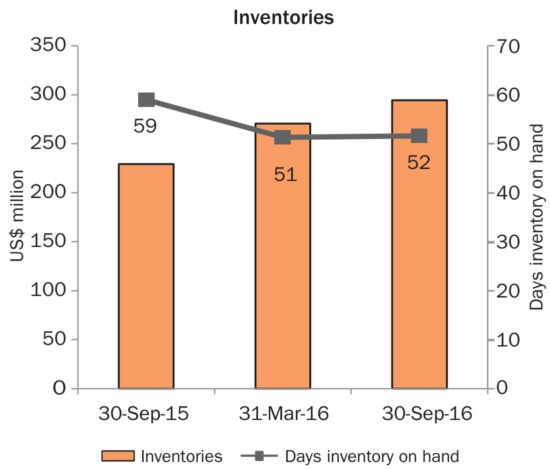
Severance costs: the Group incurred US$8.4 million of severance costs as it reduced headcount around the world, including the selling and administrative cost structure, to right-size the Group to address the challenges of volatile market conditions in the global operating environment.

WORKING CAPITAL

US$ million	Balance sheet as of 31 Mar 2016	Currency translation	Acquisition	Pension, hedging and others	Working capital changes per cash flow	Balance sheet as of 30 Sep 2016
Inventories	270.7	(5.2)	11.7	–	17.2	294.4
Trade and other receivables	542.2	(8.3)	32.4	(0.9)	24.3	589.7
Other non-current assets	19.1	(0.1)	0.2	2.0	(5.7)	15.5
Trade payables, other payables and deferred income [1]	(489.4)	6.3	(37.8)	8.8	9.4	(502.7)
Provision obligations and other liabilities [1,2]	(62.9)	(0.1)	(4.3)	(6.3)	(5.2)	(78.8)
Other financial assets / (liabilities), net [1]	32.4	–	–	4.8	(0.4)	36.8
Total working capital per balance sheet	312.1	(7.4)	2.2	8.4	39.6	354.9

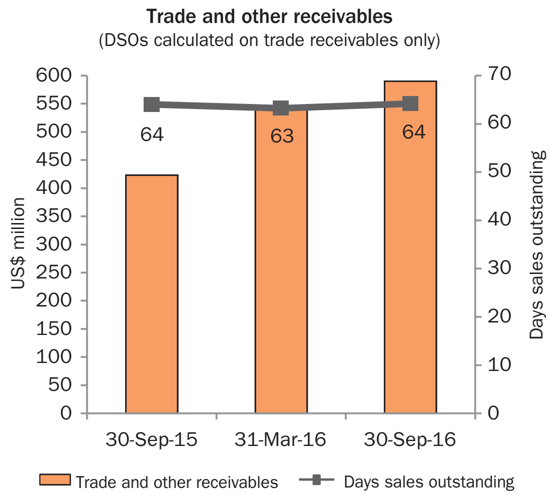
1 Current and non-current
2 Net of defined benefit pension plan assets

Inventories increased in value by US$23.7 million to US$294.4 million as of 30 September 2016 (31 March 2016, US$270.7 million) due to the acquisition of AML Systems, increased production volumes due to higher business levels including new product launches, buffer stock for the transfer to our new plant in Poland and the national holidays in the beginning of October in China.



Days inventory on hand ("DIOs") decreased to 52 days as of 30 September 2016 from 59 days as of 30 September 2015. This was due to the inclusion of Stackpole and AML with faster inventory turns.

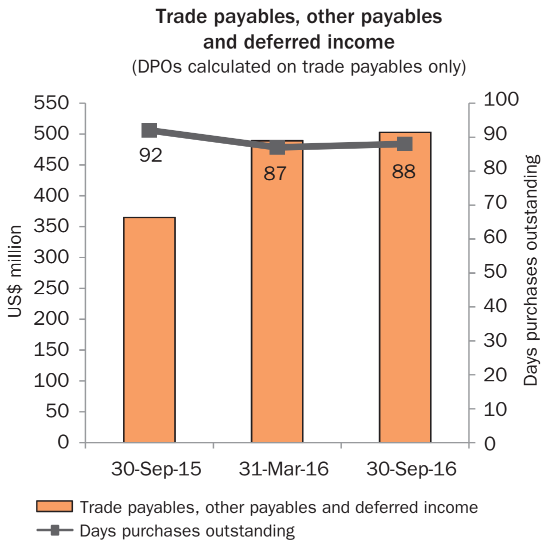
Trade and other receivables increased by US$47.5 million to US$589.7 million as of 30 September 2016 (31 March 2016, US$542.2 million), due to the acquisition of AML Systems, and increased sales and customer contributions towards tooling for product launches.



Days sales outstanding ("DSOs") remained at 64 days as of 30 September 2016, unchanged from 30 September 2015, as Stackpole and AML have similar customer profiles to Johnson Electric's existing business. The Group's receivables are of high quality; current receivable and overdue balances of less than 30 days remained at about 98% of net trade receivables.

Trade payables, other payables and deferred income increased by US$13.3 million to US$502.7 million as of 30 September 2016 (31 March 2016, US$489.4 million), due to the acquisition of AML Systems, offset by a reduction in trade payables due to the insourcing of some parts production, the timing of payments caused by the national holidays in China and reduced accruals for capital expenditure for Poland and Brazil.

Days purchases outstanding ("DPOs") decreased to 88 days as of 30 September 2016 from 92 days as of 30 September 2015, due to the reasons mentioned above.



Provision obligations and other liabilities increased by US$15.9 million, to US$78.8 million as of 30 September 2016 (31 March 2016, US$62.9 million), due to the acquisition of AML Systems, an increase in the present value of pension obligations due to falling interest rates in the UK, and an increase in warranty accruals.

Other financial assets / (liabilities), net, increased by US$4.4 million to a net financial asset of US$36.8 million as of 30 September 2016 (31 March 2016, net financial asset of US$32.4 million).

- Fair value gains on foreign currency forward contracts and cross-currency interest rate swaps decreased in value by US$11.5 million, largely due to a decrease in the mark-to-market value of the Mexican Peso and the Chinese Renminbi hedge contracts.

- Fair value losses on commodity contracts reduced by US$15.9 million largely due to a reduction in the quantity of copper hedged, and as mark-to-market rates for copper came closer to our hedge rates.

Spot prices of significant items are shown in the table below:

	Spot rates as of 30 Sep 2016	Spot rates as of 31 Mar 2016	Strengthen /(weaken)
USD per EUR	1.12	1.13	1%
RMB per USD	6.67	6.48	(3%)
CAD per USD	1.31	1.30	(1%)
HUF per EUR	308.32	314.94	2%
MXN per USD	19.41	17.23	(11%)
USD per metric ton of copper	4,832	4,856	(0%)
USD per ounce of silver	19.35	15.38	26%

Further details of the Group's hedging activities can be found in the Financial Management and Treasury Policy section on page 20 and in Note 6 to the accounts.

CASH FLOW

US$ million	First half of FY2016/17[1]	First half of FY2015/16	Change
Operating profit[2]	148.4	114.9	33.5
Depreciation and amortisation	76.9	48.3	28.6
EBITDA	225.3	163.2	62.1
Other non-cash items and adjustments	5.2	(2.4)	7.6
Working capital changes	(39.6)	(60.8)	21.2
Interest paid	(3.2)	(1.7)	(1.5)
Income taxes paid	(18.9)	(20.6)	1.7
Capital expenditure, net of subsidies	(137.7)	(77.7)	(60.0)
Proceeds from disposal of fixed assets	4.2	15.1	(10.9)
Capitalisation of engineering development costs	(3.4)	(2.5)	(0.9)
Interest received	0.6	4.0	(3.4)
Free cash flow from operations	**32.5**	**16.6**	**15.9**
Acquisitions and related costs	(87.6)	(2.0)	(85.6)
Acquisition of non-controlling interests	(19.3)	–	(19.3)
Dividends paid	(37.7)	(37.8)	0.1
Purchase of shares held for incentive share schemes	–	(21.6)	21.6
Other investing activities	0.2	(42.8)	43.0
Other financing activities	(0.9)	–	(0.9)
Borrowing proceeds / (repayments)	45.6	(9.1)	54.7
Decrease in cash (excluding currency movements)	(67.2)	(96.7)	29.5
Exchange (losses) / gains on cash	(1.8)	1.1	(2.9)
Net movement in cash and cash equivalent	**(69.0)**	**(95.6)**	**26.6**
Proceeds from bank overdrafts	6.5	–	6.5
Net movement in cash	**(62.5)**	**(95.6)**	**33.1**

1 Includes 6 months' results of Stackpole International and 4.4 months of AML Systems
2 Operating profit as reported plus US$0.8 million dividend received from associate for the first half of FY2016/17

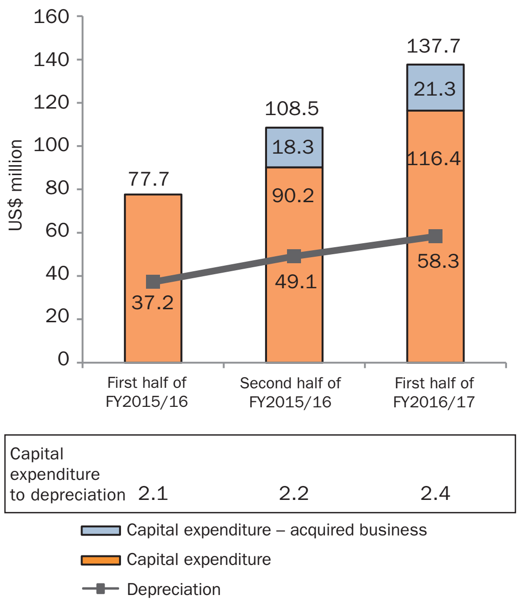
The Group generated US$32.5 million free cash flow from operations in the first half of FY2016/17, an increase of US$15.9 million compared to US$16.6 million in the first half of FY2015/16. This movement in operating cash flows includes the following:

- **Working capital** changes are explained in the previous section.

- **Capital expenditure** amounted to US$137.7 million in the first half of FY2016/17, including US$21.3 million of capital expenditure for new business launches in Stackpole and AML. The Group is also moving into new, larger facilities in Brazil and Poland. The Group continues to enhance the level of automation to standardise operating processes, to further improve product quality and reliability, and to mitigate rising labour costs in China. Additionally, the Group continues to invest in new product launches, long-term technology / testing development, and on-going replacement of assets.

- **Proceeds from disposal of fixed assets:** In the first half of FY2016/17, proceeds from disposals of fixed assets (largely real estate) amounted to US$4.2 million compared to US$15.1 million in the first half of FY2015/16.

Capital expenditure and depreciation



The net movement in cash includes the following:

- **Acquisitions and related costs:** In May 2016, Johnson Electric acquired AML Systems for US$64.7 million (consideration of US$72.3 million less US$14.3 million cash acquired plus repayment of assumed debt of US$6.7 million). In relation to last year's acquisition of Stackpole, the Group paid US$22.9 million this period for Stackpole's Mississauga factory and allied items. In the first half of FY2015/16, transaction costs for the Stackpole acquisition amounted to US$2.0 million.

- **Acquisition of non-controlling interests:** In September 2016, the Group increased its interest in the Ri-Yong group of companies from 60% to 70% for a consideration of US$19.3 million in cash. Ri-Yong is engaged in the manufacture of powertrain cooling fan modules, largely for the China automotive market.

- **Other investing activities:** In the first half of FY2016/17, the Group realised US$0.2 million from returns on short-term investments. In the first half of FY2015/16, the Group utilised US$42.8 million, primarily for the purchase of marketable bonds.

- **Dividends, share purchases and convertible bonds** are discussed in the Financial Management and Treasury Policy Section in the following pages.

FINANCIAL MANAGEMENT AND TREASURY POLICY

Financial risk faced by the Group is managed by the Group's Treasury department, based at the corporate headquarters in Hong Kong. Policies are established by senior management and approved by the Board of Directors.

Credit Rating

Johnson Electric subscribes to both Moody's Investors Service and Standard & Poor's (S&P) Ratings Services for independent long-term credit ratings. As of 30 September 2016, the Group maintained investment grade ratings from both agencies. These ratings represent the Group's solid market position, stable profitability and prudent financial leverage.

	Rating	Outlook	Grade
Moody's Investors Service	Baa1	Stable	Investment
Standard & Poor's Ratings Services	BBB	Stable	Investment

Liquidity

Management believes the combination of cash on hand, available credit lines, access to the capital markets and expected future operating cash flows is sufficient to satisfy the Group's cash needs for the current and planned level of operations for the foreseeable future.

Net Debt and Credit lines

US$ million	30 Sep 2016	31 Mar 2016	Change
Cash	130.8	193.3	(62.5)
Bank overdrafts	(6.5)	–	(6.5)
Borrowings	(264.5)	(220.1)	(44.4)
Convertible bonds	(205.0)	(202.4)	(2.6)
Net debt	(345.2)	(229.2)	(116.0)
Available unutilised credit lines	543.5	575.5	(32.0)

Cash decreased by US$62.5 million to US$130.8 million as of 30 September 2016 as explained on pages 15 to 16. The proportion of cash held in Euro's decreased as Euro cash reserves were utilised to acquire AML Systems.

US$ million	30 Sep 2016	31 Mar 2016
EUR	36.5	98.3
RMB	32.0	42.7
USD	21.5	9.0
CAD	18.7	19.2
Others	22.1	24.1
Total	130.8	193.3

Bank overdraft and borrowings increased by US$50.9 million to US$271.0 million as of 30 September 2016, compared to US$220.1 million as of 31 March 2016. Further information on borrowings can be found in Note 9 to the accounts.

Convertible bonds: In April 2014, the Company issued convertible bonds, in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum, maturing in April 2021 with an April 2019 put option for the bondholders. The bonds have an effective annual yield of 3.57%. As of 30 September 2016, the carrying value of the convertible bonds amounted to US$205.0 million. Further information on the convertible bonds can be found in Note 10 to the accounts.

Borrowings and Convertible Bonds

US$ million	Total debt	Swap contracts*	Total after effect of swaps	%
USD	382.9	(145.0)	237.9	50%
EUR	34.2	146.6	180.8	38%
HKD	50.0	–	50.0	10%
CAD	8.9	–	8.9	2%
Total	476.0	**1.6**	477.6	100%
Borrowings – current			155.6	
Borrowings – noncurrent			115.4	
Convertible bonds			205.0	
Other financial liabilities*			1.6	
Total debt			477.6	

* Includes swap contracts entered in October 2016 with notional value of US$40 million. For details, please see Note 6(b) to the accounts.

Gearing:

- The Group's total debt to capital ratio was 20% as of 30 September 2016, compared to 18% as of 31 March 2016.
- Total debt to EBITDA[1] was 1.1 as of 30 September 2016 and 31 March 2016.
- Interest coverage (defined as EBITDA[2] divided by gross interest expense[3]) was 36 times for the 12 months ended 30 September 2016 and 31 March 2016.
- Free cash flow from operations[3] as a percentage of gross debt increased to 18% as of 30 September 2016 compared to 17% as of 31 March 2016. This was due to the net effect of the increase in borrowings from the acquisition of AML Systems and an increase in free cash flow.

1 EBITDA excluding nonrecurring items and adjusted to include the last 12 months' results of Stackpole International and AML Systems on a pro forma basis
2 EBITDA excluding nonrecurring items
3 Gross interest expense and free cash flow from operations calculated using the last 12 months' results as reported

Available credit lines – The Group had US$543 million available unutilised credit lines as of 30 September 2016, as follows:

- Of US$225 million committed revolving credit facilities provided by certain of its principal bankers, US$175 million remained unutilised. These facilities have the following expiry dates:

  US$15 million – 28 February 2017
  US$20 million – 13 September 2018
  US$20 million – 24 September 2018
  US$30 million – 25 September 2018
  US$30 million – 30 September 2018
  US$30 million – US$20 million on 16 December 2018 and US$10 million on 26 February 2019
  US$30 million – 28 December 2018

- US$277 million of uncommitted and unutilised revolving credit facilities, provided by its principal bankers; and

- US$91 million of uncommitted and unutilised trade receivable financing lines.

Dividends and Shares

Dividends: The Board has declared an interim dividend of 16 HK cents per share for FY2016/17, an increase of 7% over the prior year amount (FY2015/16: 15 HK cents per share) equivalent to US$17.7 million, to be paid in January 2017. The Company paid a final dividend of 34 HK cents per share for FY2015/16 (FY2014/15: 34 HK cents per share) equivalent to US$37.7 million in August 2016.

Purchase of shares for incentive share schemes: To foster a focus on long-term sustainable growth, JEHL maintains long-term incentive share schemes, further discussed on page 26. There were no purchases of shares in relation to these schemes in the first half of FY2016/17. In the first half of FY2015/16, the Company purchased 6.3 million shares for US$21.6 million including brokerage fees for use in granting shares to eligible Directors and employees under the incentive share schemes.

Foreign Exchange and Raw Material Commodity Price Risk

The Group is exposed to foreign exchange risk and hedges part of this risk through forward contracts. These forward contracts have varying maturities, ranging from 1 to 80 months as of 30 September 2016, to match the underlying cash flows of the business and included:

- Forward sales of the Euro ("EUR"), the Japanese Yen ("JPY") and the British Pound ("GBP") to hedge export sales denominated in these currencies;
- Forward sales of the Canadian Dollar ("CAD") to hedge materials purchased in USD for its operations in Canada; and
- Forward purchases of the Chinese Renminbi ("RMB"), the Hungarian Forint ("HUF"), the Swiss Franc ("CHF"), the Mexican Peso ("MXN"), the Polish Zloty ("PLN"), the Hong Kong Dollar ("HKD"), the Israeli Shekel ("ILS") and the Serbian Dinar ("RSD") to hedge operating costs, primarily production conversion costs, denominated in these currencies.

The Group's sales are primarily denominated in the currencies shown in the table below:

Sales by currency	First half of FY2016/17	First half of FY2015/16
USD	37%	46%
EUR	31%	33%
RMB	18%	19%
CAD	12%	0%
Others	2%	2%

The Group is exposed to commodity price risk, mainly from fluctuations in steel, copper, silver and aluminium prices. Price risk due to steel is reduced through fixed price contracts up to 3 months forward with the Group's suppliers. Price risk due to copper, silver and aluminium is reduced by hedging through appropriate financial instruments that have varying maturities ranging from 1 to 69 months as of 30 September 2016. The Group also manages copper and silver prices by way of incorporating appropriate clauses in certain customer contracts to pass increases / decreases in raw material costs onto these customers.

In order to avoid the potential default by any of its counterparties on its forward contracts, the Group deals only with major financial institutions (e.g. the Group's principal bankers) with strong investment grade credit ratings that the Group believes will satisfy their obligations under the contracts.

Further information about forward foreign currency exchange contracts and raw material commodity contracts can be found in Note 6 to the accounts.

CORPORATE GOVERNANCE

Johnson Electric Holdings Limited ("Company") is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders and devotes considerable effort to identifying and formalising best practices of corporate governance.

During the six months ended 30 September 2016, the composition of the Board of Directors ("Board") remained the same as set out in the Corporate Governance Report in the Company's Annual Report 2016.

During the six months ended 30 September 2016, the Company continued to abide by the corporate governance practices set out in the Corporate Governance Report in the Company's Annual Report 2016.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2016, the Company complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited, except for the following:

Code Provision A.2.1

Code A.2.1 provides, inter alia, that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Neither the Company's Bye-laws nor The Johnson Electric Holdings Limited Company Act, 1988 (a private act of Bermuda) contains any requirement as to the separation of these roles.

Dr. Patrick Shui-Chung Wang is the Chairman and Chief Executive of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company that Dr. Wang should hold both offices. The Board believes that it is able to effectively monitor and assess management in a manner that properly protects and promotes the interests of shareholders.

Code Provision A.4.1 and A.4.2

Code A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election.

Code A.4.2 provides, inter alia, that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors are appointed for a specific term while the non-executive directors do not have a specific term of appointment. However, under Section 3(e) of The Johnson Electric Holdings Limited Company Act, 1988 and the Company's Bye-law 109(A), one-third of the Directors who have served longest on the Board since their last election shall retire and be eligible for re-election at each annual general meeting. Accordingly, no director has a term of appointment longer than three years. Bye-law 109(A) also states that the director holding office as the executive chairman is not subject to retirement by rotation and shall not be counted in determining the number of directors to retire.

In the opinion of the Board, it is important for the stability and beneficial to the growth of the Company that there is, and is seen to be, continuity of leadership in the role of the Chairman of the Company and, in consequence, the Board is of the view that the Chairman should not be subject to retirement by rotation or hold office for a limited term at the present time.

Code Provision A.6.7

Code A.6.7 provides, inter alia, that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Ms. Yik-Chun Koo Wang, Mr. Peter Kin-Chung Wang, Mr. Peter Stuart Allenby Edwards, Mr. Patrick Blackwell Paul and Mr. Christopher Dale Pratt were unable to attend the annual general meeting of the Company held on 14 July 2016 due to overseas commitments or other prior business engagements.

CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the Annual Report 2016 of the Company are set out below:

Dr. Patrick Shui-Chung Wang was appointed as Chairman of the Remuneration Committee and a member of Audit Committee of VTech Holdings Limited with effect from 15 July 2016.

The annual basic salary of Mr. Austin Jesse Wang has been revised to US$276,400 with effect from 1 June 2016 whilst his annual discretionary bonus remains to be determined with reference to the Company's performance and profitability.

The fee payable to Ms. Yik-Chun Koo Wang as Non-Executive Director has been revised to US$125,000 per annum with effect from 1 June 2016.

With effect from 1 June 2016, the fees payable to Non-Executive Directors (except Ms. Yik-Chun Koo Wang) have been revised to US$36,000 per annum whilst the grant of shares of the Company to the Independent Non-Executive Directors under the Incentive Share Scheme has been discontinued. The fees payable to the Chairman and members of Audit Committee have been revised to US$24,000 and

US$12,000 respectively per annum. The fees payable to the Chairman and members of Remuneration Committee have been revised to US$12,000 and US$7,500 respectively per annum. The fees payable to the Chairman and members of Nomination and Corporate Governance Committee have been revised to US$8,000 and US$5,000 respectively per annum.

The revised fees were paid to the Non-Executive Directors and Independent Non-Executive Directors on a pro-rata basis for the six months ended 30 September 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all Directors to confirm compliance with the Model Code throughout the six months ended 30 September 2016.

REVIEW OF INTERIM RESULTS

The Company's interim report for the six months ended 30 September 2016 has been reviewed by the Audit Committee and the Company's auditor, PricewaterhouseCoopers.

DISCLOSURE OF INTERESTS

DIRECTORS

As of 30 September 2016, the interests of each Director and Chief Executive of the Company in the shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

Name	Shares of HK$0.05 each of the Company Personal Interests	Other Interests		Approximate % of shareholding
Patrick Shui-Chung Wang	1,267,500	–	(Note 1)	0.144
Winnie Wing-Yee Wang	402,500	–	(Note 2)	0.045
Austin Jesse Wang	157,875	–	(Note 3)	0.017
Yik-Chun Koo Wang	–	495,192,200	(Notes 4 & 5)	56.345
Peter Kin-Chung Wang	–	55,897,770	(Notes 5, 6 & 7)	6.360
Peter Stuart Allenby Edwards	–	40,250	(Note 8)	0.004
Patrick Blackwell Paul	32,750	–		0.003
Michael John Enright	15,250	–		0.001
Joseph Chi-Kwong Yam	11,750	–		0.001
Christopher Dale Pratt	56,000	–		0.006

Notes:

1. The interest comprises 1,267,500 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
2. The interest comprises 402,500 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
3. The interest comprises 157,875 underlying shares in respect of the awarded shares granted, which remained unvested, under the Long-Term Incentive Share Scheme and the Johnson Electric Restricted and Performance Stock Unit Plan.
4. These shares were held, directly or indirectly, by the trustees of various trusts associated with the Wang family.
5. Duplications of shareholdings occurred among and between the parties shown below under Substantial Shareholders.
6. 55,753,520 shares were held under a trust of which Peter Kin-Chung Wang was a beneficiary.
7. 144,250 shares were held beneficially by Peter Kin-Chung Wang's spouse.
8. These shares were held under a trust of which Peter Stuart Allenby Edwards was one of the beneficiaries.

Save as disclosed above, already mentioned at the beginning of this page, the register maintained by the Company pursuant to Section 352 of the SFO recorded no other interests or short positions of the Directors and Chief Executive in the shares, underlying shares in, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

At no time during the period, the Directors and Chief Executive (including their spouses and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS

As of 30 September 2016, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

Name of shareholder	Capacity	Numbers of shares held	Approximate % of shareholding
Yik-Chun Koo Wang	Beneficiary of family trusts	495,192,200 (Notes 1 & 2)	56.34
Ansbacher (Bahamas) Limited	Trustee	221,760,000 (Note 1)	25.23
HSBC International Trustee Limited	Trustee	190,763,415 (Note 1)	21.70
Great Sound Global Limited	Interest of controlled corporation	188,956,840 (Note 3)	21.50
Winibest Company Limited	Beneficial owner	188,956,840 (Note 4)	21.50
Federal Trust Company Limited	Trustee	140,228,880 (Note 1)	15.95
Schroders Plc	Investment manager	70,105,868	7.97
Peter Kin-Chung Wang	Beneficiary of family trust and interest of spouse	55,897,770 (Note 5)	6.36
Ceress International Investment (PTC) Corporation	Trustee	55,753,520 (Note 6)	6.34
Merriland Overseas Limited	Interest of controlled corporation	52,985,760 (Note 7)	6.02

Notes:

1. The shares in which Ansbacher (Bahamas) Limited was interested, 188,956,840 of the shares in which HSBC International Trustee Limited was interested and 84,475,360 of the shares in which Federal Trust Company Limited was interested were held, directly or indirectly, by them as trustees of various trusts associated with the Wang family and were included in the shares in which Yik-Chun Koo Wang was interested as referred to above under Directors' Disclosure of Interests.
2. The shares in which Yik-Chun Koo Wang was interested as referred to above formed part of the shares referred to in Note 1.
3. The interests of Great Sound Global Limited in the Company formed part of the interests in the Company held by HSBC International Trustee Limited.
4. The interests of Winibest Company Limited in the Company were duplicated by the interests in the Company held by Great Sound Global Limited.
5. 55,753,520 shares in which Ceress International Investment (PTC) Corporation was interested were held by it as a trustee of a unit trust of which all issued units were held by a trust of which Peter Kin-Chung Wang was a beneficiary. 144,250 shares were held beneficially by Peter Kin-Chung Wang's spouse. All these shares were included in the shares in which Peter Kin-Chung Wang was interested as referred to above under Directors' Disclosure of Interests.
6. The interests of Ceress International Investment (PTC) Corporation in the Company formed part of the interests in the Company held by Federal Trust Company Limited. The interests of Ceress International Investment (PTC) Corporation in the Company formed part of the interests held by Peter Kin-Chung Wang as referred to in Note 5.
7. The interests of Merriland Overseas Limited in the Company formed part of the interests in the Company held by Federal Trust Company Limited.

Save as disclosed herein, as of 30 September 2016, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other interests or short positions in the shares of the Company.

INCENTIVE SHARE SCHEMES

The Long-Term Incentive Share Scheme ("Share Scheme") was approved by the shareholders on 24 August 2009 and was further amended and approved by the shareholders on 20 July 2011. The Board may grant time-vested units (Restricted Stock Units) and performance-vested units (Performance Stock Units) or cash payment in lieu of shares to such eligible employees and directors as the Board may select at its absolute discretion under the Share Scheme. A new share scheme, the Johnson Electric Restricted and Performance Stock Unit Plan ("Stock Unit Plan") was approved by the shareholders on 9 July 2015 and no further grants of share awards under the Share Scheme could be made afterwards. Unvested share awards granted under the Share Scheme continue to be valid subject to the provisions of the Share Scheme.

The purpose of the Stock Unit Plan is to align management with ownership. The Stock Unit Plan helps to attract skilled and experienced personnel, incentivise them to remain with the Company and its subsidiaries ("Group") and to motivate them to strive for the future development and expansion of the Group.

The following is a summary of the Stock Unit Plan:

1. Participants

The participants of the Stock Unit Plan are the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company's subsidiaries and the employees of the Group who the Board considers, in its sole and absolute discretion, have contributed or will contribute significantly to the Group.

2. Awards

A contingent right to receive either fully paid ordinary shares of the Company or a cash payment, in either case is awarded pursuant to the Stock Unit Plan ("Awards").

3. Term

Subject to any early termination of the Stock Unit Plan in accordance with the Stock Unit Plan, the Stock Unit Plan shall be valid and effective for a term of 10 years commencing from the date of adoption of the Stock Unit Plan ("Term").

4. Eligibility

The Board may, at its discretion, invite directors and employees of the Group, who the Board considers, in its sole and absolute discretion, have contributed or will contribute to the Group, to participate in the Stock Unit Plan.

5. Administration

The Stock Unit Plan shall be subject to the administration of the Board. The Company may appoint professional trustee to assist with the administration and vesting of Awards granted.

6. Grant of Awards

The Board may, at any time during the Term, at its sole and absolute discretion, make an offer of the grant of an Award to any participant as the Board may in its sole and absolute discretion select, subject to the terms of the Stock Unit Plan.

Any offer of the grant of an Award to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the remuneration committee (excluding any member of the remuneration committee who is the proposed grantee of the grant in question) of the Company and all grants to connected persons shall be subject to compliance with the requirements of the Listing Rules.

7. Vesting of Awards

Subject to the terms of the Stock Unit Plan, the Board may determine from time to time such vesting conditions or vesting periods for an Award to be vested. For the purpose of satisfying the grant of Awards, the Board shall determine whether the Company shall, at its sole and absolute discretion, (a) allot and issue new shares (by using the general mandate to issue and allot shares for grantees who are not connected persons); and/or (b) direct and procure the trustee of the Stock Unit Plan appointed by the Company to acquire through on-market purchases of shares; and/or (c) pay or procure the payment of a cash payment.

8. Maximum Number of Shares to be Granted

The total number of shares that may underlie the Awards granted pursuant to the Stock Unit Plan and any other equity-based incentive awards granted under any other equity-based incentive schemes of the Company shall not exceed 10% of the aggregate number of shares of the Company in issue as of the date of adoption of the Stock Unit Plan ("Scheme Mandate Limit").

The Scheme Mandate Limit may be renewed subject to prior approval of the shareholders of the Company but, in any event, the total number of shares that may underlie the Awards granted following the new approval date under the limit as renewed must not exceed 10% of the aggregate number of shares of the Company in issue as of the new approval date. Shares underlying the Awards granted pursuant to the Stock Unit Plan (including those outstanding, cancelled or vested Awards) prior to the new approval date will not be counted for the purpose of determining the maximum aggregate number of shares that may underlie the Awards granted following the new approval date under the limit as renewed. For the avoidance of doubt, shares issued prior to the new approval date pursuant to the vesting of Awards granted pursuant to the

Stock Unit Plan will be counted for the purpose of determining the aggregate number of shares in issue as of the new approval date.

9. **Dividends and Voting Rights**

The Awards do not carry any right to vote at general meetings of the Company. A grantee shall not be entitled to any dividends or distributions in respect of any shares underlying the Awards granted until such shares have been allotted and issued or transferred (as the case may be) to the grantee.

10. **Transferability**

Subject to the terms of the Stock Unit Plan, an Award shall be personal to the grantee and shall not be assignable or transferrable. A grantee shall not in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Award.

11. **Alteration**

The Board may alter any of the terms of the Stock Unit Plan at any time provided that any changes to the authority of the Board in relation to any alteration of the terms of the Stock Unit Plan shall not be made without the prior approval of shareholders of the Company in general meeting or any alterations to the terms and conditions of the Stock Unit Plan which are of a material nature or any changes to the terms of the Awards granted must be approved by the shareholders of the Company in general meeting, except where the alterations or changes take effect automatically under the existing terms of the Stock Unit Plan.

12. **Termination**

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Stock Unit Plan and, in such event, no further Awards may be granted but in all other respects the terms of the Stock Unit Plan shall remain in full force and effect in respect of Awards which are granted during the Term and which remain unvested immediately prior to the termination.

During the period ended 30 September 2016, no shares of the Company were purchased by the Company in connection with the Share Scheme and the Stock Unit Plan for eligible employees and directors.

Movements in the number of unvested shares granted as of the date of this report under both the Share Scheme and the Stock Unit Plan on a combined basis are as follows:

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested units outstanding, as of 31 March 2016	5,608	6,477	12,085
Units granted to Directors and employees during the period	3,300	3,504	6,804
Shares vested to employees during the period	(1,334)	(2,030)	(3,364)
Forfeited during the period	(377)	(607)	(984)
Unvested units outstanding, as of the date of this report	7,197	7,344	14,541

As of 30 September 2016, the number of unvested units outstanding under both the Share Scheme and the Stock Unit Plan on a combined basis are as follows:

	Number of unvested units granted (thousands)		
Vesting period	Restricted Stock Units	Performance Stock Units	Total
FY2016/17	5	–	5
FY2017/18	1,270	1,870	3,140
FY2018/19	2,398	2,071	4,469
FY2019/20	3,524	3,403	6,927
Unvested units outstanding, as of the date of this report	7,197	7,344	14,541

Apart from the Share Scheme and the Stock Unit Plan mentioned above, there were no other arrangements to which the Company or its subsidiaries was a party to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save as disclosed in Note 12 to the accounts, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2016.

INTERIM DIVIDEND

The Board has declared an interim dividend of 16 HK cents equivalent to 2.05 US cents per share (2015: 15 HK cents or 1.92 US cents) payable on 6 January 2017 (Friday) to shareholders whose names appear on the Register of Shareholders of the Company on 23 December 2016 (Friday).

CLOSING REGISTER OF SHAREHOLDERS

The Register of Shareholders of the Company will be closed, for the purpose of determining shareholders' entitlement to the interim dividend, from 21 December 2016 (Wednesday) to 23 December 2016 (Friday) inclusive, during which no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (not the registrar in Bermuda) for registration, not later than 4:30 p.m. on 20 December 2016 (Tuesday). Shares of the Company will be traded ex-dividend as from 19 December 2016 (Monday).

STATEMENT OF ACCOUNTS

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CONSOLIDATED BALANCE SHEET

As of 30 September 2016

	Note	Unaudited 30 September 2016 US$'000	Audited 31 March 2016 US$'000
Assets			
Non-current assets			
Property, plant and equipment	3	**759,254**	667,489
Investment property	4	**91,009**	91,530
Intangible assets	5	**1,116,620**	1,083,405
Investment in associates		**39,368**	37,897
Other financial assets	6	**139,342**	137,092
Defined benefit pension plan assets	11	**4,253**	8,410
Deferred income tax assets		**55,608**	48,650
Other non-current assets		**15,453**	19,099
		2,220,907	2,093,572
Current assets			
Inventories		**294,404**	270,692
Trade and other receivables	7	**589,659**	542,234
Other financial assets	6	**39,448**	38,434
Income tax recoverable		**2,790**	2,035
Pledged deposits		**6,172**	9,119
Cash and deposits		**130,788**	193,325
		1,063,261	1,055,839
Current liabilities			
Trade payables	8	**257,122**	250,240
Other payables and deferred income		**228,868**	224,257
Current income tax liabilities		**40,007**	34,892
Other financial liabilities	6	**30,942**	31,271
Borrowings	9	**155,645**	98,434
Provision obligations and other liabilities	11	**36,290**	29,033
		748,874	668,127
Net current assets		**314,387**	387,712
Total assets less current liabilities		**2,535,294**	2,481,284

	Note	Unaudited 30 September 2016 US$'000	Audited 31 March 2016 US$'000
Non-current liabilities			
Other payables and deferred income		**16,680**	14,854
Other financial liabilities	6	**111,027**	111,848
Borrowings	9	**115,355**	121,706
Convertible bonds	10	**204,998**	202,387
Deferred income tax liabilities		**108,811**	103,487
Provision obligations and other liabilities	11	**46,755**	42,250
		603,626	596,532
NET ASSETS		**1,931,668**	1,884,752
Equity			
Share capital – Ordinary shares (at par value)	12	**5,670**	5,670
Shares held for incentive share schemes (at purchase cost)	12	**(65,031)**	(75,450)
Reserves		**1,956,566**	1,912,358
		1,897,205	1,842,578
Non-controlling interests		**34,463**	42,174
TOTAL EQUITY		**1,931,668**	1,884,752

The notes on pages 40 to 75 form an integral part of this condensed consolidated interim financial information.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2016

	Note	Unaudited Six months ended 30 September 2016 US$'000	2015 US$'000
Sales	2	**1,366,774**	1,022,370
Cost of goods sold		**(1,000,374)**	(740,050)
Gross profit		**366,400**	282,320
Other income and gains, net	13	**9,747**	14,045
Selling and administrative expenses	14	**(228,446)**	(181,422)
Operating profit		**147,701**	114,943
Share of profit of associates		**2,019**	466
Finance income	15	**570**	3,990
Finance costs	15	**(6,096)**	(4,256)
Profit before income tax		**144,194**	115,143
Income tax expense	17	**(18,548)**	(13,039)
Profit for the period		**125,646**	102,104
Profit attributable to non-controlling interests		**(4,870)**	(4,264)
Profit attributable to shareholders		**120,776**	97,840
Basic earnings per share for profit attributable to the shareholders during the period (expressed in US cents per share)	18	**14.07**	11.35
Diluted earnings per share for profit attributable to the shareholders during the period (expressed in US cents per share)	18	**13.69**	11.12

The notes on pages 40 to 75 form an integral part of this condensed consolidated interim financial information.

The Board has declared an interim dividend of 16 HK cents (2.05 US cents) per share (first half of FY2015/16: 15 HK cents or 1.92 US cents) equivalent to US$17.7 million (first half of FY2015/16: US$16.6 million), details are set out in Note 19.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Note	Unaudited Six months ended 30 September 2016 US$'000	 2015 US$'000
Profit for the period		**125,646**	102,104
Other comprehensive income / (expenses)			
Items that will not be recycled to profit and loss:			
Defined benefit plans			
– remeasurements	11	**(6,775)**	562
– deferred income tax effect		**978**	448
Investment property			
– deferred income tax effect		**(1,546)**	–
Share of other comprehensive expenses of associates		**(1,418)**	–
Total items that will not be recycled to profit and loss		**(8,761)**	1,010
Items that will be recycled to profit and loss:			
Hedging instruments			
– raw material commodity contracts			
– fair value gains / (losses), net		**5,925**	(38,392)
– transferred to inventory and subsequently recognised in income statement		**11,700**	8,225
– deferred income tax effect		**(2,908)**	4,978
– forward foreign currency exchange contracts			
– fair value losses, net		**(7,594)**	(52,718)
– transferred to income statement		**(8,487)**	(24,618)
– deferred income tax effect		**4,678**	10,734
– net investment hedge			
– fair value gains / (losses), net		**3,407**	(9,484)
Currency translations of subsidiaries and associates		**(24,487)**	(11,505)
Total items that will be recycled to profit and loss		**(17,766)**	(112,780)
Other comprehensive expenses for the period, net of tax		**(26,527)**	(111,770)
Total comprehensive income / (expenses) for the period, net of tax		**99,119**	(9,666)
Total comprehensive income / (expenses) attributable to:			
Shareholders		**95,514**	(12,443)
Non-controlling interests			
Share of profits for the period		**4,870**	4,264
Currency translations		**(1,265)**	(1,487)
		99,119	(9,666)

The notes on pages 40 to 75 form an integral part of this condensed consolidated interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

		Unaudited								
		Attributable to shareholders of JEHL								
	Note	Share capital US$'000	Other reserves* US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2016		(69,780)	(161,657)	159,048	17,516	2,005	1,895,446	1,842,578	42,174	1,884,752
Profit for the period		–	–	–	–	–	120,776	120,776	4,870	125,646
Other comprehensive income / (expenses):										
Hedging instruments										
– raw material commodity contracts										
– fair value gains, net		–	–	–	–	5,925	–	5,925	–	5,925
– transferred to inventory and subsequently recognised in income statement		–	–	–	–	11,700	–	11,700	–	11,700
– deferred income tax effect		–	–	–	–	(2,908)	–	(2,908)	–	(2,908)
– forward foreign currency exchange contracts										
– fair value losses, net		–	–	–	–	(7,594)	–	(7,594)	–	(7,594)
– transferred to income statement		–	–	–	–	(8,487)	–	(8,487)	–	(8,487)
– deferred income tax effect		–	–	–	–	4,678	–	4,678	–	4,678
– net investment hedge										
– fair value gains, net		–	–	3,407	–	–	–	3,407	–	3,407
Defined benefit plans										
– remeasurements	11	–	–	–	–	–	(6,775)	(6,775)	–	(6,775)
– deferred income tax effect		–	–	–	–	–	978	978	–	978
Investment property										
– revaluation surplus realised upon disposal		–	(32)	–	–	–	32	–	–	–
– deferred income tax effect		–	(1,546)	–	–	–	–	(1,546)	–	(1,546)
Share of other comprehensive expenses of associates		–	–	–	–	–	(1,418)	(1,418)	–	(1,418)
Currency translations of subsidiaries and associates		–	–	(23,185)	–	(37)	–	(23,222)	(1,265)	(24,487)
Total comprehensive income / (expenses) for the first half of FY2016/17		–	(1,578)	(19,778)	–	3,277	113,593	95,514	3,605	99,119
Transactions with shareholders:										
Appropriation of retained earnings to statutory reserve		–	272	–	–	–	(272)	–	–	–
Incentive share schemes										
– shares vested	12	10,419	(1,031)	–	(9,388)	–	–	–	–	–
– value of employee services	21	–	–	–	4,782	–	–	4,782	–	4,782
Acquisition of non-controlling interests	23	–	(7,996)	–	–	–	–	(7,996)	(11,316)	(19,312)
FY2015/16 final dividend paid		–	–	–	–	–	(37,673)	(37,673)	–	(37,673)
Total transactions with shareholders		10,419	(8,755)	–	(4,606)	–	(37,945)	(40,887)	(11,316)	(52,203)
As of 30 September 2016		**(59,361)****	**(171,990)**	**139,270**	**12,910**	**5,282**	**1,971,094**	**1,897,205**	**34,463**	**1,931,668**

* Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, equity component of convertible bonds (net of taxes), statutory reserve and goodwill on consolidation.

** The total of US$(59.4) million is comprised by share capital of US$5.7 million and shares held for incentive share schemes of US$(65.1) million.

The notes on pages 40 to 75 form an integral part of this condensed consolidated interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

		Unaudited								
		Attributable to shareholders of JEHL								
	Note	Share capital US$'000	Other reserves* US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2015		(55,401)	(159,299)	169,473	13,926	114,837	1,778,782	1,862,318	38,594	1,900,912
Profit for the period		–	–	–	–	–	97,840	97,840	4,264	102,104
Other comprehensive income / (expenses):										
Hedging instruments										
– raw material commodity contracts										
– fair value losses, net		–	–	–	–	(38,392)	–	(38,392)	–	(38,392)
– transferred to inventory and subsequently recognised in income statement		–	–	–	–	8,225	–	8,225	–	8,225
– deferred income tax effect		–	–	–	–	4,978	–	4,978	–	4,978
– forward foreign currency exchange contracts										
– fair value losses, net		–	–	–	–	(52,718)	–	(52,718)	–	(52,718)
– transferred to income statement		–	–	–	–	(24,618)	–	(24,618)	–	(24,618)
– deferred income tax effect		–	–	–	–	10,734	–	10,734	–	10,734
– net investment hedge										
– fair value losses, net		–	–	(9,484)	–	–	–	(9,484)	–	(9,484)
Defined benefit plans										
– remeasurements	11	–	–	–	–	–	562	562	–	562
– deferred income tax effect		–	–	–	–	–	448	448	–	448
Investment property										
– revaluation surplus realised upon disposal		–	(108)	–	–	–	108	–	–	–
Currency translations of subsidiaries and associate		–	–	(10,321)	–	303	–	(10,018)	(1,487)	(11,505)
Total comprehensive income / (expenses) for the first half of FY2015/16		–	(108)	(19,805)	–	(91,488)	98,958	(12,443)	2,777	(9,666)
Transactions with shareholders:										
Appropriation of retained earnings to statutory reserve		–	295	–	–	–	(295)	–	–	–
Incentive share schemes										
– shares vested		7,621	(1,502)	–	(6,119)	–	–	–	–	–
– value of employee services	21	–	–	–	4,802	–	–	4,802	–	4,802
– purchase of shares		(21,573)	–	–	–	–	–	(21,573)	–	(21,573)
FY2014/15 final dividend paid		–	–	–	–	–	(37,802)	(37,802)	–	(37,802)
Total transactions with shareholders		(13,952)	(1,207)	–	(1,317)	–	(38,097)	(54,573)	–	(54,573)
As of 30 September 2015		(69,353)	(160,614)	149,668	12,609	23,349	1,839,643	1,795,302	41,371	1,836,673

* Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, equity component of convertible bonds (net of taxes), statutory reserve and goodwill on consolidation.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2016

	Note	Unaudited Six months ended 30 September 2016 US$'000	2015 US$'000
Cash flows from operating activities			
Earnings before interest, taxes, depreciation and amortisation	21	**225,316**	163,256
Other non-cash items and adjustments	21	**5,188**	(2,446)
Change in working capital	21	**(39,597)**	(60,774)
Cash generated from operations	21	**190,907**	100,036
Interest paid		**(3,171)**	(1,736)
Income taxes paid		**(18,881)**	(20,637)
Net cash generated from operating activities		**168,855**	77,663
Investing activities			
Purchase of property, plant and equipment and capitalised expenditure of investment property, net of subsidies		**(137,693)**	(77,695)
Proceeds from disposal of property, plant and equipment and investment property		**4,158**	15,081
Capitalised expenditure of engineering development	5 & 16	**(3,347)**	(2,462)
Finance income received		**570**	3,990
		(136,312)	(61,086)
Business combination *	22	**(87,618)**	(1,987)
Acquisition of non-controlling interests	23	**(19,312)**	–
Purchase of financial assets at fair value through profit and loss		**–**	(42,983)
Proceeds from sale of financial assets at fair value through profit and loss		**189**	140
Net cash used in investing activities		**(243,053)**	(105,916)

* On 18 May 2016, the Group acquired AML Développement, the holding company of the AML Group ("AML"). In the first half of FY2016/17, cash consideration net of cash and debt in subsidiaries acquired in relation to this acquisition amounted to US$64.7 million. For details, please refer to Note 22.

This also includes Stackpole acquisition of a previously leased property and allied item of US$22.9 million.

In the first half of FY2015/16, cash outlay in relation to the acquisition of Stackpole amounted to US$2.0 million. The acquisition was completed in the second half of FY2015/16.

	Note	Unaudited Six months ended 30 September 2016 US$'000		2015 US$'000
Financing activities				
Purchase of shares held for incentive share schemes		**–**		(21,573)
Proceeds from bank borrowings		**63,832**	(a)	–
Repayments of bank borrowings and finance leases		**(19,179)**	(b)	(9,079)
Dividends paid to shareholders		**(37,673)**		(37,802)
Net cash generated from / (used in) financing activities		**6,980**		(68,454)
Net decrease in cash and cash equivalents		**(67,218)**		(96,707)
Cash and cash equivalents at beginning of the period		**193,325**		773,172
Currency translations on cash and cash equivalents		**(1,797)**		1,129
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**124,310**	**	677,594

** Cash and cash equivalents as of 30 September 2016 comprised cash and deposits of US$130.8 million and bank overdraft of US$(6.5) million.

The reconciliation of liabilities arising from financial activities is as follows:

	Borrowings (current) US$'000	Borrowings (non-current) US$'000	Convertible bonds US$'000	Finance lease liability US$'000	Total US$'000	
As of 31 March 2016	98,434	121,706	202,387	6,473	429,000	
Currency translations	(1,019)	(168)	–	(52)	(1,239)	
Cash flows						
– inflow from financing activities	54,292	9,540	–	–	63,832	(a)
– outflow from financing activities	(2,703)	(15,560)	–	(916)	(19,179)	(b)
– outflow from operating activities	–	–	(1,000)	–	(1,000)	
Bank overdraft	6,478	–	–	–	6,478	
Non-cash changes						
– finance costs	–	–	3,611	314	3,925	
– reclassification	163	(163)	–	–	–	
As of 30 September 2016	155,645	115,355	204,998	5,819	481,817	

The notes on pages 40 to 75 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE INTERIM ACCOUNTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

The principal operations of Johnson Electric Holdings Limited ("JEHL") and its subsidiaries (together, "the Group") are the manufacture and sale of motion systems. The Group has manufacturing plants and sales operations throughout the world.

JEHL, the parent holding company, is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The shares of JEHL are listed on The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information is presented in US Dollars, unless otherwise stated and has been approved for issue by the Board of Directors on 9 November 2016. It has been prepared in accordance with Hong Kong Accounting Standard ("HKSA") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

1.2 Basis of preparation

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2016, except that the Group adopted all new standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") effective for the accounting period commencing 1 April 2016, which are disclosed in Note 28.

The preparation of interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2016.

1. GENERAL INFORMATION AND BASIS OF PREPARATION *(Cont'd)*

1.3 Exchange rates

The following table summarises the exchange rates which are frequently used on the consolidated financial statements.

		Closing rate		Average rate for the period	
				Six months ended 30 September	
1 USD to foreign currency		**30 September 2016**	31 March 2016	**2016**	2015
Canadian Dollar	CAD	**1.315**	1.297	**1.296**	1.267
Swiss Franc	CHF *	**1.035**	1.036	**1.028**	1.050
Euro	EUR *	**1.122**	1.134	**1.123**	1.110
British Pound	GBP *	**1.297**	1.438	**1.374**	1.541
Hong Kong Dollar	HKD	**7.756**	7.754	**7.759**	7.752
Hungarian Forint	HUF	**274.725**	277.778	**277.778**	278.552
Israeli Shekel	ILS	**3.754**	3.782	**3.810**	3.857
Indian Rupee	INR	**66.845**	66.357	**66.934**	64.185
Japanese Yen	JPY	**101.010**	112.486	**105.042**	121.803
Mexican Peso	MXN	**19.410**	17.229	**18.420**	15.853
Polish Zloty	PLN	**3.834**	3.768	**3.879**	3.730
Chinese Renminbi	RMB	**6.670**	6.484	**6.599**	6.189
Serbian Dinar	RSD	**109.890**	108.696	**109.890**	108.696

* Exchange rates for CHF, EUR and GBP are presented as 1 foreign currency unit to USD

2. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (as defined in HKFRS). The chief operating decision maker has been identified as the Group's Executive Committee. The Group has one operating segment.

The Group's management assesses the performance of its operating segment based on the measure of operating profit, excluding items which are not directly related to the segment performance. These include non-operating income / (expenses) such as interest income and expense, rental income, fair value gains / (losses) on investment property and gains / (losses) on disposals of fixed assets and investments.

The reconciliation of the operating profit presented to management to the consolidated income statement is as follows:

	Six months ended 30 September	
	2016 US$'000	2015 US$'000
Operating profit presented to management	**137,954**	100,898
Other income and gains, net (Note 13)	**9,747**	14,045
Operating profit per consolidated income statement	**147,701**	114,943

Sales from external customers by business unit was as follows:

	Six months ended 30 September	
	2016 US$'000	2015 US$'000
Automotive Products Group ("APG")		
– Existing business	**743,884**	703,880
– Stackpole and AML	**296,387**	–
Industry Products Group ("IPG")	**326,503**	318,490
	1,366,774	1,022,370

The Powertrain Cooling business (included in APG) is primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers. Sales for this business unit accounted for 19% of the total sales of the Group for the first half of FY2016/17 (first half of FY2015/16: 25%). The change in percentage year-on-year is due to the effect of the acquisitions enlarging the total Group.

2. SEGMENT INFORMATION *(Cont'd)*

Sales by geography

Sales to external customers by region of destination was as follows:

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Europe *	**515,203**	418,109
North America **	**411,614**	230,500
People's Republic of China ("PRC")	**321,101**	268,532
Asia (excluding PRC)	**99,681**	89,176
South America	**14,477**	13,112
Others	**4,698**	2,941
	1,366,774	1,022,370

* Included in Europe are sales to external customers in Germany of US$115.7 million and France of US$99.9 million for the first half of FY2016/17 (first half of FY2015/16: Germany of US$109.5 million and France of US$48.0 million).

** Included in North America are sales to external customers in USA of US$355.9 million for the first half of FY2016/17 (first half of FY2015/16: US$200.8 million).

No single external customer contributed 10% or more of the total Group sales.

Segment assets

For the first half of FY2016/17, the additions to non-current assets (other than deferred tax assets, other financial assets and defined benefit pension plan assets) were US$130.2 million (first half of FY2015/16: US$83.6 million) excluding the additions from acquisitions.

As of 30 September 2016, the total of non-current assets (other than goodwill, deferred tax assets, other financial assets and defined benefit pension plan assets) located in HK/PRC was US$430.4 million (31 March 2016: US$415.2 million) and the total of these non-current assets located in other countries was US$863.0 million (31 March 2016: US$791.9 million).

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, leasehold land and buildings US$'000	Machinery and equipment US$'000	Assets under construction US$'000	Moulds and tools US$'000	Other assets * US$'000	Total US$'000
First half of FY2016/17						
As of 31 March 2016	108,075	299,184	153,180	61,362	45,688	667,489
Currency translations	(765)	(5,522)	(1,610)	(1,418)	(418)	(9,733)
Business combination and acquisition ** (Note 22)	22,924	5,867	2,990	1,342	861	33,984
Additions	1,327	16,482	102,777	6,920	3,104	130,610
Transfer	12,402	57,061	(86,179)	11,942	4,774	–
Disposals	(1,304)	(273)	–	(43)	(245)	(1,865)
Provision for impairment (Note 16 & 21)	(1,850)	(13)	–	(517)	(26)	(2,406)
Depreciation (Note 16)	(6,157)	(33,729)	–	(13,397)	(5,542)	(58,825)
As of 30 September 2016	**134,652**	**339,057**	**171,158**	**66,191**	**48,196**	**759,254**
First half of FY2015/16						
As of 31 March 2015	88,231	156,464	64,416	57,216	44,251	410,578
Currency translations	158	(3,293)	(215)	(959)	(339)	(4,648)
Additions	942	11,506	52,609	5,077	1,941	72,075
Transfer	5,709	24,985	(41,113)	7,777	2,642	–
Disposals	(212)	(77)	–	(33)	(69)	(391)
Provision for impairment (Note 16 & 21)	–	(37)	–	(1,304)	(150)	(1,491)
Depreciation (Note 16)	(5,655)	(17,159)	–	(10,214)	(4,678)	(37,706)
As of 30 September 2015	89,173	172,389	75,697	57,560	43,598	438,417

* Other assets comprise computers, furniture and fixtures, motor vehicles and aircraft.

** This includes the acquisition of AML of US$13.0 million and Stackpole acquisition of a previously leased property of US$21.0 million.

4. INVESTMENT PROPERTY

	2016 US$'000	2015 US$'000
As of 31 March	**91,530**	82,035
Currency translations	**(201)**	(250)
Fair value gains (Note 13 & 21)	**–**	4,332
Capitalised expenditure	**46**	17
Disposals	**(366)**	(412)
As of 30 September	**91,009**	85,722

5. INTANGIBLE ASSETS

	Goodwill US$'000	Technology US$'000	Patents and engineering development US$'000	Brands US$'000	Client relationships US$'000	Land use rights US$'000	Total US$'000	
First half of FY2016/17								
As of 31 March 2016	692,328	76,259	16,577	78,398	217,088	2,755	1,083,405	
Currency translations	(3,773)	(427)	(364)	(617)	(3,193)	(75)	(8,449)	
Business combination (Note 22)	39,747	3,792	866	–	12,490	–	56,895	*
Additions (Note 16)	–	–	3,347	–	–	–	3,347	
Amortisation (Note 16 & 21)	–	(6,668)	(1,857)	(1,221)	(8,723)	(109)	(18,578)	
As of 30 September 2016	**728,302**	**72,956**	**18,569**	**76,560**	**217,662**	**2,571**	**1,116,620**	**
First half of FY2015/16								
As of 31 March 2015	432,036	55,824	12,866	39,900	51,590	3,362	595,578	
Currency translations	(1,719)	(137)	438	(160)	91	(116)	(1,603)	
Additions (Note 16)	–	–	2,462	–	–	–	2,462	
Amortisation (Note 16 & 21)	–	(4,589)	(985)	(1,247)	(4,127)	(119)	(11,067)	
As of 30 September 2015	430,317	51,098	14,781	38,493	47,554	3,127	585,370	

* Intangible assets acquired from business combination are US$55.0 million relating to the acquisition of AML (see details in Note 22) and a US$1.9 million goodwill adjustment relating to acquisition of Stackpole completed in last year.

** Total intangible assets as of 30 September 2016 and 31 March 2016 are denominated in the following underlying currencies:

	USD equivalent	
	30 September 2016 US$'000	31 March 2016 US$'000
In CAD	**492,080**	503,463
In CHF	**461,864**	471,188
In USD	**83,604**	82,423
In EUR	**67,207**	12,600
In GBP	**9,294**	10,976
In RMB	**2,571**	2,755
Total intangible assets	**1,116,620**	1,083,405

6. OTHER FINANCIAL ASSETS AND LIABILITIES

	30 September 2016			31 March 2016		
	Assets US$'000	(Liabilities) US$'000	Net US$'000	Assets US$'000	(Liabilities) US$'000	Net US$'000
Cash flow hedge						
– raw material commodity contracts (Note a (i))	3,222	(33,582)	(30,360)	1,164	(47,422)	(46,258)
– forward foreign currency exchange contracts (Note a (ii))	140,513	(106,482)	34,031	142,881	(92,729)	50,152
Net investment hedge (Note b)						
– forward foreign currency exchange contracts to hedge European subsidiaries	34,454	-	34,454	23,384	–	23,384
– cross currency interest rate swaps	-	(1,618)	(1,618)	–	(2,203)	(2,203)
Fair value hedge						
– forward foreign currency exchange contracts to hedge EUR cash balance	-	-	-	7,825	–	7,825
Held for trading (Note c)	488	(287)	201	156	(645)	(489)
Others	113	-	113	116	(120)	(4)
Total (Note d)	178,790	(141,969)	36,821	175,526	(143,119)	32,407
Current portion	39,448	(30,942)	8,506	38,434	(31,271)	7,163
Non-current portion	139,342	(111,027)	28,315	137,092	(111,848)	25,244
Total	178,790	(141,969)	36,821	175,526	(143,119)	32,407

Note:

(a) Cash flow hedge

(i) Raw material commodity contracts
Copper, silver and aluminium forward commodity contracts as per the table below are designated as cash flow hedges. Gains and losses initially recognised in the hedging reserve, will be transferred to balance sheet within inventories and subsequently recognised in the income statement in the period or periods in which the underlying hedged copper, silver and aluminium volumes are consumed and sold.

As of 30 September 2016, the Group had the following outstanding raw material commodity contracts:

	Notional amount	Settlement value (US$ million)	Weighted average contract price (US$)	Spot price (US$)	Mark-to-market rate (US$)	Remaining maturities range (months)	Assets/ (liabilities), net carrying value (US$'000)
Cash flow hedge contracts							
Copper commodity	41,725 metric ton	237.9	5,703	4,832	4,949	1 – 69	(31,441)
Silver commodity	600,000 oz	10.7	17.80	19.35	19.59	1 – 42	1,076
Aluminium commodity	925 metric ton	1.6	1,686	1,659	1,691	1 – 18	5
Total							(30,360)

6. OTHER FINANCIAL ASSETS AND LIABILITIES *(Cont'd)*

(a) Cash flow hedge *(cont'd)*

(ii) Forward foreign currency exchange contracts

The EUR, HUF, PLN, HKD, GBP, ILS, RSD, CAD, JPY, CHF, MXN and RMB forward foreign currency exchange contracts as per the table below are designated as cash flow hedges. The Group has sales in EUR, JPY and GBP, thus it entered into EUR, JPY and GBP forward foreign currency exchange contracts. The Group incurs majority of its operating expenses (including conversion costs) in domestic currencies in China, Hungary, Poland, Switzerland, Israel, Mexico, Serbia and Hong Kong, hence, it entered into forward foreign currency exchange contracts to hedge these expenses. The Group also entered into sell CAD forward foreign currency exchange contract to hedge the material purchase in USD for its operations in Canada. Gains and losses initially recognised in the hedging reserve, will be recognised in the income statement in the period or periods in which the underlying hedged transactions occur (cash realisation).

As of 30 September 2016, the Group had the following outstanding forward foreign currency exchange contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Cash flow hedge contracts								
Sell EUR forward	USD	EUR 581.0	1.41	1.12	1.19	1 – 80	819.9	130,274
Buy HUF forward	EUR	HUF 36,829.5	336.35	308.32	318.38	1 – 58	122.9	6,937
Buy PLN forward	EUR	PLN 369.8	4.58	4.30	4.53	1 – 60	90.6	1,083
Buy HKD forward	USD	HKD 47.4	7.90	7.76	7.74	4 – 9	6.0	118
Sell GBP forward	USD	GBP 2.5	1.34	1.30	1.30	1 – 3	3.4	112
Buy ILS forward	USD	ILS 4.7	3.94	3.75	3.75	1 – 6	1.2	60
Buy RSD forward	EUR	RSD 353.0	127.34	123.33	127.53	10 – 12	3.1	(4)
Sell CAD forward	USD	CAD 74.4	1.32	1.31	1.31	1 – 10	56.4	(208)
Sell JPY forward	USD	JPY 480.0	114.60	101.01	99.32	1 – 24	4.2	(644)
Buy CHF forward	EUR	CHF 67.2	1.07	1.08	1.09	1 – 14	70.6	(1,194)
Buy MXN forward	USD	MXN 1,979.9	16.96	19.41	22.02	1 – 72	116.7	(26,832)
Buy RMB forward	USD	RMB 9,240.1	6.61	6.67	6.98	1 – 63	1,398.8	(75,671)
Total								34,031

* Weighted average contract rate is a ratio defined as notional value / settlement value. The EUR to USD and the GBP to USD are stated in the inverse order.

6. OTHER FINANCIAL ASSETS AND LIABILITIES *(Cont'd)*

(b) Net investment hedge

The EUR forward foreign currency exchange contracts and cross currency interest rate swaps as per the table below are designated as net investment hedges. Gains and losses recognised in the exchange reserve, will be released from equity to profit and loss on the disposal or partial disposal of the foreign operation.

As of 30 September 2016, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Net investment hedge contracts								
Sell EUR forward	USD	EUR 149.0	1.39	1.12	1.16	3 – 39	207.4	34,454
Cross currency interest rate swaps (pay EUR, receive USD)	USD	EUR 94.6	1.11	1.12	1.13	55 – 64	105.0	(1,618)

* Weighted average contract rate is a ratio defined as notional value / settlement value. The EUR to USD and GBP to USD are stated in the inverse order.

In October 2016, the Group entered new cross currency interest rate swap contracts to hedge the EUR currency exposure of its investments in Europe. The notional value of the contracts totalled US$40 million and will be settled by EUR36.1 million from January 2021 to April 2021.

(c) Held for trading

For currency contracts designated as held for trading, fair value gains and losses on the forward contracts are immediately recognised in the income statement. The net fair value changes recognised in the income statement were not material.

As of 30 September 2016, the Group had the following outstanding contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets, net carrying value (US$'000)
Held for trading contracts								
Buy INR forward	USD	INR 1,570.3	77.20	66.84	76.44	1 – 59	20.3	201

* Weighted average contract rate is a ratio defined as notional value / settlement value.

(d) The maximum exposure of other financial assets to credit risk at the reporting date was the fair value in the balance sheet.

6. OTHER FINANCIAL ASSETS AND LIABILITIES *(Cont'd)*

(e) The income statement effect from raw material commodity and foreign currency exchange contracts and the cross currency interest rate swaps recognised in the first half of FY2016/17 was a net loss of US$0.1 million (first half of FY2015/16: net gain of US$18.9 million).

(f) Estimate of future cash flow
In terms of estimating future cash flow, the contracts' rate at maturity compared to the spot rate for the currency and commodity agreements as of 30 September 2016 would result in approximately US$138 million cash flow benefit (31 March 2016: US$145 million).

7. TRADE AND OTHER RECEIVABLES

	30 September 2016 US$'000	31 March 2016 US$'000
Trade receivables – gross	**495,719**	447,370
Less: impairment of trade receivables	**(1,947)**	(2,073)
Trade receivables – net	**493,772**	445,297
Prepayments and other receivables	**95,887**	96,937
	589,659	542,234

All trade and other receivables were due within one year from the end of the reporting period. Accordingly, the fair value of the Group's trade and other receivables was approximately equal to the carrying value.

Ageing of gross trade receivables

(a) The ageing of gross trade receivables based on invoice date was as follows:

	30 September 2016 US$'000	31 March 2016 US$'000
0 – 30 days	**266,253**	325,892
31 – 90 days	**197,665**	98,879
Over 90 days	**31,801**	22,599
Total	**495,719**	447,370

7. TRADE AND OTHER RECEIVABLES *(Cont'd)*

Ageing of gross trade receivables *(Cont'd)*

(b) The Group normally grants credit terms ranging from 30 to 105 days to its trade customers. The ageing of gross trade receivables based on overdue date was as follows:

	30 September 2016 US$'000	31 March 2016 US$'000
Current	**463,629**	429,593
1 – 30 days overdue	**22,846**	12,452
31 – 90 days overdue	**6,300**	3,622
Over 90 days overdue	**2,944**	1,703
Total	**495,719**	447,370

There was no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers and no single customer represents 10% or more of total receivables.

8. TRADE PAYABLES

	30 September 2016 US$'000	31 March 2016 US$'000
Trade payables	**257,122**	250,240

The fair value of the Group's trade payables was approximately equal to the carrying value. The ageing analysis of trade payables based on invoice date was as follows:

	30 September 2016 US$'000	31 March 2016 US$'000
0 – 60 days	**206,579**	178,212
61 – 90 days	**37,415**	47,378
Over 90 days	**13,128**	24,650
Total	**257,122**	250,240

9. BORROWINGS

	30 September 2016 US$'000	31 March 2016 US$'000
Loans based on trade receivables (Note a)	**82,869**	62,376
Loan from International Finance Corporation ("IFC") (Note b)	**74,226**	74,173
Other borrowings – Non-current	**23,929**	35,333
– Current	**89,976**	48,258
Total borrowings	**271,000**	220,140
Current borrowings	**155,645**	98,434
Non-current borrowings	**115,355**	121,706

Note:

(a) Subsidiary companies have borrowed US$82.9 million in the USA, Europe and Hong Kong as of 30 September 2016 (31 March 2016: US$62.4 million) based on trade receivables. These loans are placed such that the interest expense will match the geography of the operating income as follows:

- Unsecured borrowings in the USA of US$32.0 million, with a covenant that trade receivables shall not be pledged to any parties (31 March 2016: US$27.5 million).

- Borrowings in Europe of US$33.7 million (EUR30.0 million) (31 March 2016: US$22.7 million (EUR20.0 million)), which are secured by trade receivables and require an over-collateralisation level of 20% of the amount loaned (US$40.4 million as of 30 September 2016 and US$27.2 million as of 31 March 2016).

- Unsecured borrowings in Hong Kong of US$17.2 million with a covenant that trade receivables shall not be pledged to any parties (31 March 2016: US$12.2 million).

(b) Loan from IFC – US$74.2 million (principal US$75.0 million less US$0.8 million transaction costs) was drawn in January 2016. This is an 8-year loan for projects in Serbia, Mexico, Brazil and India with quarterly repayments beginning from April 2019 with final maturity date of 15 January 2024.

9. BORROWINGS *(Cont'd)*

The maturity of borrowings was as follows:

	Bank borrowings and overdraft		Other loans	
	30 September 2016 US$'000	31 March 2016 US$'000	**30 September 2016 US$'000**	31 March 2016 US$'000
Less than 1 year	**154,732**	98,020	**913**	414
1 – 2 years	**17,200**	5,000	**1,034**	164
2 – 5 years	**14,440**	42,200	**45,425**	29,638
Over 5 years	**–**	–	**37,256**	44,704
	186,372	145,220	**84,628**	74,920

As of 30 September 2016, the interest rate charged on outstanding balances ranged from 0.5% to 6.0% per annum (31 March 2016: 0.6% to 4.3% per annum) and the weighted average effective interest rate of the borrowings was approximately 1.3% (31 March 2016: 1.8%). Interest expense is disclosed in Note 15.

As of 30 September 2016, borrowings of subsidiary companies amounting to US$186.4 million (31 March 2016: US$145.2 million) were guaranteed by JEHL. The Group has financial covenants as part of its various borrowing agreements. The Group was in compliance with all covenants as of 30 September 2016 and expects to remain compliant in future periods.

Moody's Investors Service awarded Johnson Electric a "Baa1" investment grade rating with stable outlook in May 2015. Also, Standard & Poor's (S&P) Ratings Services awarded Johnson Electric a "BBB" investment grade rating with stable outlook in December 2014. As of 30 September 2016, the Group maintained these investment grade ratings from both agencies.

The fair value of borrowings approximately equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate and are within level 2 of the fair value hierarchy.

10. CONVERTIBLE BONDS

	30 September 2016 US$'000	31 March 2016 US$'000
Convertible Bonds (Liability component)	**204,998**	202,387

JEHL issued convertible bonds in an aggregate principal amount of US$200 million on 2 April 2014. These convertible bonds bear interest as cash coupon at the rate of 1% per annum, payable semi-annually. They have a maturity of 7 years to 2 April 2021 and a 5 year put option for the bondholders. The bondholders have the option of requiring JEHL to redeem all or some of the convertible bonds on 2 April 2019 at 109.31% of the principal amount. Otherwise, unless previously redeemed, converted or purchased and cancelled, JEHL will redeem each convertible bond at 113.41% of its principal amount on the maturity date. The effective interest rate of the liability component is 3.57%.

The funds raised by this bond issue were utilised for the acquisition of Stackpole International in FY2015/16.

The bondholders have the right to convert their bonds into ordinary shares of JEHL at the conversion price at any time on or after 13 May 2014 up to the maturity date. No such conversions had occurred as of 30 September 2016.

With effect from 28 July 2016, the conversion price was adjusted to HK$38.85 per share as a result of the final dividend for FY2015/16.

The fair value of the liability component of the Group's convertible bonds was approximately equal to its carrying value as of 30 September 2016. The fair values of convertible bonds are within level 2 of the fair value hierarchy.

11. PROVISION OBLIGATIONS AND OTHER LIABILITIES

	Retirement benefit obligations US$'000	Legal and warranty US$'000	Severance costs US$'000	Finance lease liability US$'000	Long service payment and others US$'000	Total US$'000
As of 31 March 2016	19,581	23,652	8,999	6,473	4,168	62,873
Currency translations	405	(164)	(68)	(52)	78	199
Business combination (Note 22)	1,879	2,441	–	–	–	4,320
Provisions (Note 14)	2,271	6,895	8,375	314	3,404	21,259
Utilised	(2,522)	(3,290)	(7,176)	(916)	(2,730)	(16,634)
Remeasurements *	6,775	–	–	–	–	6,775
As of 30 September 2016	**28,389** **	**29,534**	**10,130**	**5,819**	**4,920**	**78,792**
Provision obligations and other liabilities:						
Current portion	–	23,907	10,130	1,307	946	36,290
Non-current portion	32,642	5,627	–	4,512	3,974	46,755
Defined benefit pension plan assets:						
Non-current portion	(4,253)	–	–	–	–	(4,253)
As of 30 September 2016	**28,389**	**29,534**	**10,130**	**5,819**	**4,920**	**78,792**
As of 31 March 2015	21,319	23,794	3,983	3,710	3,827	56,633
Currency translations	296	388	153	–	(76)	761
Provisions (Note 14)	2,728	5,036	–	–	2,699	10,463
Utilised	(2,555)	(7,631)	(194)	(495)	(2,517)	(13,392)
Remeasurements *	(562)	–	–	–	–	(562)
As of 30 September 2015	21,226	21,587	3,942	3,215	3,933	53,903
Provision obligations and other liabilities:						
Current portion	–	15,266	3,942	1,080	467	20,755
Non-current portion	28,012	6,321	–	2,135	3,466	39,934
Defined benefit pension plan assets:						
Non-current portion	(6,786)	–	–	–	–	(6,786)
As of 30 September 2015	21,226	21,587	3,942	3,215	3,933	53,903

* Remeasurements represent actuarial gains and losses.

** The retirement benefit obligations were mainly denominated in CHF, GBP, EUR and CAD as of 30 September 2016. These retirement benefit obligations of US$28.4 million (31 March 2016: US$19.6 million) comprised gross present value of obligations of US$164.9 million (31 March 2016: US$149.7 million) less fair value of plan assets of US$136.5 million (31 March 2016: US$130.1 million).

12. SHARE CAPITAL

Number of shares (thousands)	Share capital – ordinary shares (at par value)	Shares held for the incentive share schemes (at purchase cost)	Total
As of 31 March 2015	880,542	(19,108)	861,434
Repurchase and cancellation of issued capital	(1,697)	–	(1,697)
Shares purchased by trustee for the incentive share schemes	–	(6,495)	(6,495)
Shares vested to Directors and employees for the incentive share schemes	–	2,527	2,527
As of 31 March 2016	878,845	(23,076)	855,769
Shares vested to employees for the incentive share schemes	–	3,364	3,364
As of 30 September 2016	**878,845**	**(19,712)**	**859,133**

As of 30 September 2016, the total authorised number of ordinary shares was 1,760.0 million (31 March 2016: 1,760.0 million) with a par value of HK$0.05 per share (31 March 2016: HK$0.05 per share). All issued shares were fully paid.

12. SHARE CAPITAL *(Cont'd)*

	Share capital – ordinary shares (at par value) US$'000	Shares held for the incentive share schemes (at purchase cost) US$'000	Total US$'000
As of 31 March 2015	5,681	(61,082)	(55,401)
Repurchase and cancellation of issued capital	(11)	–	(11)
Shares purchased by trustee for the incentive share schemes	–	(22,014)	(22,014)
Shares vested to Directors and employees for the incentive share schemes	–	7,646	7,646
As of 31 March 2016	5,670	(75,450)	(69,780)
Shares vested to employees for the incentive share schemes	–	10,419	10,419
As of 30 September 2016	**5,670**	**(65,031)**	**(59,361)**

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at JEHL's AGM held on 14 July 2016 empowering the Board to repurchase shares up to 10% (87.9 million shares) of the aggregate nominal amount of the issued share capital of JEHL. This mandate which had also existed in the previous year was extended to the next 12 month period. No shares were purchased in the first half of FY2016/17 for cancellation (first half of FY2015/16: nil).

12. SHARE CAPITAL *(Cont'd)*

Incentive share schemes

Share awards under the Long-Term Incentive Share Scheme ("Share Scheme") are granted to directors, senior management and other employees as recommended by the Chairman and Chief Executive and approved by the Remuneration Committee of the Group. The Share Scheme was approved by the shareholders on 24 August 2009 and was further amended and approved by the shareholders on 20 July 2011.

On 9 July 2015, a new share scheme, the Johnson Electric Restricted and Performance Stock Unit Plan ("Stock Unit Plan") was approved by the shareholders and no further grants of share awards under the Share Scheme could be made afterwards. The rules of the Stock Unit Plan provide a better framework to support the use of equity-based compensation on a global scale as Johnson Electric continues to grow its footprint. Unvested share awards granted under the Share Scheme continue to be valid subject to the provisions of the Share Scheme. Under the Stock Unit plan, the Board may grant time-vested units and performance-vested units to such eligible Directors and employees of the Group as the Remuneration Committee may select at its absolute discretion.

Senior management of the Group regularly receive annual grants of time-vested units (Restricted Stock Units or RSUs) and performance-vested units (Performance Stock Units or PSUs). According to current granting policy, time-vested units typically vest after three years. Performance-vested units vest after three years, subject to achievement of performance conditions over a three-year performance period. The primary performance condition consists of the achievement of a three-year cumulative earnings per share target that is set at the time of grant. If the primary condition is met in full, then the entire grant of PSUs will vest at the end of the vesting period. If the primary performance condition is not met, then the secondary performance conditions are considered. The secondary performance conditions consist of a series of one-year earnings per share targets set at the beginning of each year of the three-year performance period. Partial vesting occurs if one or more of the one-year earnings per share targets are met.

The three-year cumulative goal for diluted earnings per share by year are as follows:

	Three-year cumulative goal for earnings per share
Fiscal years of 2014/15 through 2016/17	64.0 US cents *
Fiscal years of 2015/16 through 2017/18	77.0 US cents
Fiscal years of 2016/17 through 2018/19	65.4 US cents

* The fiscal years program of 2014/15 through 2016/17 is based on basic earnings per share

Once vested, the directors have the discretion to deliver either shares or the cash equivalent of the vested shares to eligible employees.

12. SHARE CAPITAL *(Cont'd)*

Movements in the number of unvested units granted were as follows:

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested units outstanding, as of 31 March 2015	4,518	5,530	10,048
Units granted to Directors and employees during the year	2,487	2,312	4,799
Units vested to Directors and employees during the year	(1,275)	(1,252)	(2,527)
Forfeited during the year	(122)	(113)	(235)
Unvested units outstanding, as of 31 March 2016	5,608	6,477	12,085
Units granted to Directors and employees during the period	3,300	3,504	6,804
Units vested to employees during the period	(1,334)	(2,030)	(3,364)
Forfeited during the period	(377)	(607)	(984)
Unvested units outstanding, as of 30 September 2016	**7,197**	**7,344**	**14,541**

The weighted average fair value of the unvested units granted during the period was HK$18.74 (US$2.40) (first half of FY2015/16: HK$28.12 (US$3.61)).

As of 30 September 2016, the number of unvested units outstanding under both the Share Scheme and the Stock Unit Plan on a combined basis was as follows:

	Number of unvested units granted (thousands)		
Vesting year *	Restricted Stock Units	Performance Stock Units	Total
FY2016/17	5	–	5
FY2017/18	1,270	1,870	3,140
FY2018/19	2,398	2,071	4,469
FY2019/20	3,524	3,403	6,927
Total unvested units outstanding	**7,197**	**7,344**	**14,541**

* Shares are typically vested on 1 June of the year

13. OTHER INCOME AND GAINS, NET

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Gross rental income from investment property	**2,002**	2,068
Gains on investments, net	**73**	25
Gains on disposal of property, plant and equipment and investment property (Note 21)	**1,927**	6,156
Fair value gains on investment property (Note 4 & 21)	**–**	4,332
Fair value gains / (losses) on other financial assets / liabilities	**1,127**	(413)
Subsidies and other income	**4,618**	1,877
	9,747	14,045

14. SELLING AND ADMINISTRATIVE EXPENSES

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Selling expenses	**47,073**	45,579
Administrative expenses	**192,079**	148,575
Legal and warranty (Note 11)	**6,895**	5,036
Net gains on realisation of other financial assets and liabilities and revaluation of monetary assets and liabilities (Note 16)	**(17,601)**	(17,768)
	228,446	181,422

Note: Selling and administrative expenses included operating lease payments for the first half of FY2016/17 of US$3.6 million (first half of FY2015/16: US$3.0 million).

Selling and administrative expenses included severance costs due to right-sizing for the first half of FY2016/17. Please refer to details in Note 16.

15. FINANCE INCOME / (COSTS), NET

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Interest income	**570**	3,990
Interest expense	**(2,485)**	(735)
Interest expense on convertible bonds (Note 18)	**(3,611)**	(3,521)
Net finance costs (Note 21)	**(5,526)**	(266)

Borrowings are discussed in Note 9. Convertible bonds are discussed in Note 10.

16. EXPENSES BY NATURE

Operating profit was stated after crediting and charging the following:

	Six months ended 30 September	
	2016 US$'000	2015 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	**58,825**	37,706
Less: amounts capitalised in assets under construction	**(541)**	(460)
Net depreciation (Note 21)	**58,284**	37,246
Engineering expenditure *		
Engineering expenditure	**76,287**	65,236
Capitalisation of engineering development costs (Note 5)	**(3,347)**	(2,462)
Net engineering expenditure	**72,940**	62,774
Employee compensation		
Wages and salaries	**366,174**	289,250
Severance costs **	**8,375**	–
Share-based payments	**4,782**	4,767
Social security costs	**32,258**	29,774
Pension costs – defined benefit plans	**2,271**	2,728
Pension costs – defined contribution plans	**2,421**	2,484
	416,281	329,003
Less: amounts capitalised in assets under construction	**(3,646)**	(3,283)
	412,635	325,720
Other items:		
Cost of goods sold ***	**1,000,374**	740,050
Auditors' remuneration	**1,333**	1,211
Amortisation of intangible assets (Note 5 & 21)	**18,578**	11,067
Provision for impairment of property, plant and equipment (Note 3 & 21)	**2,406**	1,491
Net gains on realisation of other financial assets and liabilities and revaluation of monetary assets and liabilities (Note 14)	**(17,601)**	(17,768)
Provision / (write back) for impairment of trade receivables / bad debt expense	**165**	(1,229)

* Engineering expenditure as a percentage of sales was 5.6% in the first half of FY2016/17 (first half of FY2015/16: 6.4%).

** Severance costs due to right-sizing of US$3.5 million were included in production overheads and US$4.9 million were included in selling and administrative expenses (first half of FY2015/16: nil).

*** Cost of goods sold comprised materials, direct labour costs (including their social costs) and production overheads including operating lease payments of US$8.5 million (first half of FY2015/16: US$7.1 million).

17. INCOME TAX EXPENSE

The amount of taxation in the consolidated income statement represents:

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Current income tax		
Provision for the period	**24,441**	17,960
Over provision in prior years	**(1,671)**	(1,123)
	22,770	16,837
Deferred income tax	**(4,222)**	(3,798)
Total income tax expense	**18,548**	13,039
Effective tax rate	**12.9%**	11.3%

Tax has been provided at the applicable rates on the estimated assessable profit in the respective countries of operations for the period. The overall global effective tax rate for the first half of FY2016/17 was 12.9% (first half of FY2015/16: 11.3%). The Group's effective tax rate differed from the statutory tax rate of Hong Kong of 16.5% (first half of FY2015/16: 16.5%) as follows:

	Six months ended 30 September 2016		Six months ended 30 September 2015	
		US$'000		US$'000
Profit before income tax		**144,194**		115,143
Tax charged at Hong Kong profits tax rate	**16.5%**	**23,792**	16.5%	18,999
Effect of different tax rates in other countries				
– Countries with taxable profit	**0.2%**	**246**	2.3%	2,664
– Countries with taxable loss	**(2.8)%**	**(4,103)**	(0.6)%	(759)
Effect of income, net of expenses, not subject to tax	**(5.1)%**	**(7,309)**	(3.8)%	(4,355)
Over provisions in prior years (current and deferred)	**(1.3)%**	**(1,801)**	(1.0)%	(1,135)
Effect of tax losses (recognised) / unrecognised, net of (utilisation)	**(0.8)%**	**(1,208)**	0.3%	362
Other timing differences unrecognised as an asset and other taxes *	**6.2%**	**8,931**	(2.4)%	(2,737)
	12.9%	**18,548**	11.3%	13,039

* Net of (utilisation)

18. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share was calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by JEHL and held for the incentive share schemes.

	Six months ended 30 September	
	2016	2015
Profit attributable to shareholders (thousands US Dollar)	**120,776**	97,840
Weighted average number of ordinary shares in issue (thousands)	**858,165**	861,982
Basic earnings per share (US cents per share)	**14.07**	11.35
Basic earnings per share (HK cents per share)	**109.19**	87.99

Diluted earnings per share

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares as per basic earnings per share, to include the weighted average number of all the dilutive potential ordinary shares.

	Six months ended 30 September	
	2016	2015
Profit attributable to shareholders (thousands US Dollar)	**120,776**	97,840
Adjustments for convertible bonds		
– Interest (thousands US Dollar) (Note 15)	**3,611**	3,521
– Deferred income tax effect (thousands US Dollar)	**(386)**	(371)
Adjusted profit attributable to shareholders (thousands US Dollar)	**124,001**	100,990
Weighted average number of ordinary shares issued and outstanding (thousands)	**858,165**	861,982
Adjustments for incentive shares granted		
– Incentive share schemes – Restricted Stock Units	**6,131**	4,396
– Incentive share schemes – Performance Stock Units	**1,402**	2,568
Adjustments for convertible bonds		
– assumed conversion of convertible bonds	**39,959**	39,025
Weighted average number of ordinary shares (diluted) (thousands)	**905,657**	907,971
Diluted earnings per share (US cents per share)	**13.69**	11.12
Diluted earnings per share (HK cents per share)	**106.23**	86.22

19. INTERIM DIVIDEND

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Interim, of 16 HK cents (2.05 US cents) per share, to be paid in January 2017 (first half of FY2015/16: 15 HK cents or 1.92 US cents)	**17,723** *	16,599

* Proposed dividend is calculated based on the total number of shares as of 30 September 2016. Actual dividend will be paid on 6 January 2017 to shareholders whose names appear on the Register of Shareholders of JEHL on 23 December 2016.

20. COMMITMENTS

	30 September 2016	31 March 2016
	US$'000	US$'000
Capital commitments for property, plant and equipment		
Contracted but not provided for	**39,122**	48,782

21. CASH GENERATED FROM OPERATIONS

	Six months ended 30 September 2016 US$'000	Six months ended 30 September 2015 US$'000
Profit before income tax	**144,194**	115,143
Add: Depreciation of property, plant and equipment (Note 16)	**58,284**	37,246
Amortisation of intangible assets (Note 5 & 16)	**18,578**	11,067
Finance expense, net (Note 15)	**5,526**	266
Associates dividend receipts less share of profits	**(1,266)**	(466)
EBITDA*	**225,316**	163,256
Other non-cash items and adjustments		
Gains on disposal of property, plant and equipment and investment property (Note 13)	**(1,927)**	(6,156)
Provision for impairment of property, plant and equipment (Note 3 & 16)	**2,406**	1,491
Net realised and unrealised gains on financial assets at fair value through profit and loss	**(73)**	(90)
Share-based compensation expense	**4,782**	4,802
Fair value gains on investment property (Note 4 & 13)	**–**	(4,332)
Acquisition transaction costs	**–**	1,839
	5,188	(2,446)
EBITDA* net of other non-cash items and adjustments	**230,504**	160,810
Change in working capital		
Increase in inventories	**(17,179)**	(14,603)
Increase in trade and other receivables	**(24,329)**	(8,303)
Decrease / (increase) in other non-current assets	**5,747**	(1,369)
Decrease in trade payables, other payables and deferred income	**(9,444)**	(31,167)
Increase / (decrease) in provision obligations and other liabilities **	**5,228**	(2,929)
Change in other financial assets / liabilities	**380**	(2,403)
	(39,597)	(60,774)
Cash generated from operations	**190,907**	100,036

* EBITDA: Earnings before interest, taxes, depreciation and amortisation
** Net of defined benefit pension plan assets

22. BUSINESS COMBINATION

On 18 May 2016, the Group acquired the entire share capital of AML Développement, the holding company of the AML Group for a consideration of US$72.3 million (EUR65 million).

AML Développment together with its subsidiaries ("AML") is a leading manufacturer of headlamp levelers, smart actuators and headlamp cleaning systems for the automotive industry and is headquartered in Le Bourget, France. Acquiring AML will complete Johnson Electric's product portfolio in the headlamp actuation segment. With AML's know-how and over 20 years of experience in the segment, the combined business will be able to offer solutions that improve visibility and enhance safety of drivers and other road users.

The acquired business contributed revenue of US$52.3 million and net profit of US$2.4 million to the Group for the period from the date of acquisition to 30 September 2016.

If the acquisition had occurred on 1 April 2016, the Group's consolidated income statement for the first half of FY2016/17 would show pro forma revenue of US$1,391.1 million (AML 2 months: US$24.4 million), EBITDA of US$227.4 million (AML 2 months: US$2.1 million) and net profit to shareholders of US$121.2 million (AML 2 months: US$0.1 million loss).

22. BUSINESS COMBINATION *(Cont'd)*

Details of net assets acquired and goodwill are as follows:

	Six months ended 30 September 2016 US$'000
Purchase consideration	72,347
Fair value of net assets acquired – shown as below	(34,534)
Goodwill *	**37,813**

	Fair Value US$'000
Property, plant and equipment	13,004
Intangible assets	17,148
Deferred income tax assets	1,346
Other non-current assets	166
Inventories	11,686
Trade receivables and other receivables	32,442
Income tax recoverable	844
Cash and deposits	14,334
Trade payables and other payables	(37,809)
Current income tax liabilities	(1,672)
Borrowings	(6,691)
Provision obligations and other liabilities	(4,320)
Deferred income tax liabilities	(5,944)
Net assets acquired	34,534
Purchase consideration settled in cash	
Cash	72,347 **
Cash and deposits, net of debt in subsidiaries acquired	(7,643)
Cash outflow on acquisition	**64,704**

* None of the goodwill recognised is expected to be deductible for income tax purpose. This does not include the US$1.9 million goodwill adjustment relating to acquisition of Stackpole completed in last year.

** This does not include the cash flow for Stackpole acquisition of a previously leased property and allied item of US$22.9 million.

As of 30 September 2016, the Group has substantially completed the fair value assessments for net assets acquired (including intangible assets) from the business combination activities. The fair values of net assets stated above are on a provisional basis subject to the final valuation of certain assets and liabilities.

23. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

On 15 September 2016, the Group completed the acquisition of 10% equity interest in Shanghai Ri Yong-JEA Gate Electric Co., Ltd., and a 5% equity interest in Changchun Ri Yong JEA Gate Electric Co., Ltd and Chengdu Ri Yong JEA Gate Electric Co Ltd. The transaction is accounted for as a transaction with non-controlling interest. Accordingly, the difference between the fair value of consideration paid and the combined carrying value of 10% of the non-controlling interest acquired is recorded as a reduction in equity.

	Six months ended 30 September 2016 US$'000
Consideration (RMB 128 million)	19,312
Reduction of carrying amount of non-controlling interest	(11,316)
Net effect charged against equity	7,996

24. RELATED PARTY TRANSACTION

24.1 Directors' remuneration

The remuneration of directors for the first half of FY2016/17 was as follows:

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Fees	**219**	182
Salary *	**958**	993
Discretionary bonus	**319**	1,918
Employer's contribution to retirement benefit scheme	**108**	118
	1,604	3,211

* Salary Included basic salaries, housing allowances and other benefits in kind.

24.2 Senior management compensation

Other than the directors' remuneration disclosed above, emoluments paid to 8 (first half of FY2015/16: 10) senior management as set out in the section Profile of Directors and Senior Management of our 2016 annual report were as follows:

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Salaries, allowances and other benefits	**2,655**	3,096
Retirement scheme contributions	**252**	268
Share-based payment	**3,069**	3,732
Bonuses	**1,051**	3,588
	7,027	10,684

Except as disclosed in Note 23 and above, the Group had no material related party transactions during the period.

25. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, fair value interest rate risk and commodity price risk), customer credit risk, liquidity risk and capital risk.

This condensed consolidated interim financial information does not include all financial risk management information and disclosure required in the annual financial statements, it should be read in conjunction with the Group's annual financial statements as of 31 March 2016.

There have been no changes in the Group's risk management policies since 31 March 2016.

26. FAIR VALUE ESTIMATION

The fair value of the Group's assets and liabilities is classified into a 3 levels hierarchy based on measurement according to HKFRS 7 and HKFRS 13 requirements and disclosed as below:

Level 1 : No financial assets and liabilities of the Group are quoted in public markets.

Level 2 : The Group's level 2 other financial assets and liabilities are traded in the market and the fair values are based on bank valuations. The Group's level 2 investment property is valued on an open market basis.

Level 3 : The Group's level 3 investment property is not traded actively in the market and the fair values are obtained by appraisals performed by independent, professional qualified valuers. The fair values of the Group's level 3 other financial assets / liabilities are based on the valuations issued by investment banks.

26. FAIR VALUE ESTIMATION *(Cont'd)*

The following table presents the Group's assets and liabilities that are measured at fair value as of 30 September 2016 and 31 March 2016.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As of 30 September 2016				
Assets				
Investment property				
– Commercial building	–	–	59,873	59,873
– Industrial property	–	–	25,694	25,694
– Residential property and car parks	–	91	5,351	5,442
Other financial assets				
– Derivatives used for hedging	–	178,189	–	178,189
– Derivatives held for trading	–	488	–	488
– Others	–	–	113	113
Total assets	–	178,768	91,031	269,799
Liabilities				
Other financial liabilities				
– Derivatives used for hedging	–	141,682	–	141,682
– Derivatives held for trading	–	287	–	287
Total liabilities	–	141,969	–	141,969
As of 31 March 2016				
Assets				
Investment property				
– Commercial building	–	–	59,827	59,827
– Industrial property	–	–	25,895	25,895
– Residential property and car parks	–	457	5,351	5,808
Other financial assets				
– Derivatives used for hedging	–	175,254	–	175,254
– Derivatives held for trading	–	156	–	156
– Others	–	–	116	116
Total assets	–	175,867	91,189	267,056
Liabilities				
Other financial liabilities				
– Derivatives used for hedging	–	142,354	–	142,354
– Derivatives held for trading	–	645	–	645
– Others	–	–	120	120
Total liabilities	–	142,999	120	143,119

26. FAIR VALUE ESTIMATION *(Cont'd)*

There were no transfer of assets / liabilities between the level 1, level 2 and level 3 fair value hierarchy classifications during the period.

The following summarises the major methods and assumptions used in estimating the fair values of the assets and liabilities classified as level 2 or 3 and the valuation process for assets and liabilities classified as level 3:

(i) Investment property

Level 2

Fair values of car parks are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties in close proximity, which have recently transacted. The most significant input into this valuation approach is unit price per parking space.

Level 3

Fair values of commercial building, industrial property and residential property are derived using the income capitalisation and market comparison method. Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have referenced to valuers' view of recent lettings, within the subject property and other comparable property. The market comparison method takes into account properties that are similar in nature in the general locality, which have recently transacted, with adjustments made on factors such as size, age, location and condition. The most significant input in this valuation approach is the price per square feet.

Discussion of valuation processes and results are held between the Group's senior management and valuers to validate the major inputs and validation process.

Significant inputs used to determine the fair value of investment property are as follows:

		As of 30 September 2016		As of 31 March 2016	
Property	Valuation method	Market rate / rent per month	Market yield	Market rate / rent per month	Market yield
Commercial	Market comparison	HK$4,227/sq.ft		HK$4,227/sq.ft	
Industrial	Income capitalisation	HK$4.5 to HK$7.0/sq.ft	7.4% to 11.0%	HK$4.5 to HK$7.0/sq.ft	7.4% to 11.0%
Residential	Market comparison	HK$17,920/sq.ft		HK$17,920/sq.ft	

Market rates / rents are estimated based on valuers' view of recent lettings, within the subject property and other comparable property. The higher the rents, the higher the fair value.

Market yields are estimated by valuers based on the risk profile of the property being valued. The lower the rates, the higher the fair value.

26. FAIR VALUE ESTIMATION *(Cont'd)*

(ii) Other financial assets / liabilities

The majority of the Group's other financial assets / liabilities are classified as level 2. The Group relies on bank valuations to determine the fair value of financial assets / liabilities which in turn are determined using discounted cash flow analysis. These valuations maximise the use of observable market data. Commodity price and foreign currency exchange prices are the key observable inputs in the valuation.

The following table presents the changes in level 3 assets / (liabilities) for the first half of FY2016/17 and FY2015/16:

	Investment property									
	Commercial building		Industrial property		Residential property		Other financial assets / (liabilities)		Total	
	Sep 16 US$'000	Sep 15 US$'000	**Sep 16 US$'000**	Sep 15 US$'000	**Sep 16 US$'000**	Sep 15 US$'000	**Sep 16 US$'000**	Sep 15 US$'000	**Sep 16 US$'000**	Sep 15 US$'000
As of 31 March	**59,827**	–	**25,895**	76,003	**5,351**	5,351	**(4)**	124	**91,069**	81,478
Currency translations	**–**	–	**(201)**	(249)	**–**	–	**–**	–	**(201)**	(249)
Capitalised expenditure	**46**	17	**–**	–	**–**	–	**–**	–	**46**	17
Transfer	**–**	50,291	**–**	(50,291)	**–**	–	**–**	–	**–**	–
Disposal	**–**	–	**–**	–	**–**	–	**(114)**	(76)	**(114)**	(76)
Fair value gains / (losses) recorded in income statement	**–**	4,143	**–**	–	**–**	–	**231**	(415)	**231**	3,728
As of 30 September	**59,873**	54,451	**25,694**	25,463	**5,351**	5,351	**113**	(367)	**91,031**	84,898
Change in unrealised gains / (losses) for the period included in income statement for assets held at balance sheet date	**–**	4,143	**–**	–	**–**	–	**233**	(415)	**233**	3,728
Total gains / (losses) for the period included in income statement under "Other income and gains, net"	**–**	4,143	**–**	–	**–**	–	**231**	(415)	**231**	3,728

27. FINANCIAL INSTRUMENTS BY CATEGORY

According to HKFRS 7 and HKFRS 9, financial assets represent assets with contractual rights to receive cash flows. Financial liabilities represent liabilities with contractual obligations to pay the cash flows to one or more recipients. The financial instruments of the Group are classified into 2 categories disclosed as below:

	Financial assets / (liabilities) at amortised cost US$'000	Financial assets / (liabilities) at fair value US$'000	Total US$'000
As of 30 September 2016			
Assets as per balance sheet			
Other non-current assets	2,589	–	2,589
Other financial assets	–	178,790	178,790
Trade and other receivables excluding prepayments	519,606	–	519,606
Pledged deposits	6,172	–	6,172
Cash and deposits	130,788	–	130,788
Total financial assets	659,155	178,790	837,945
Liabilities as per balance sheet			
Other financial liabilities	–	(141,969)	(141,969)
Trade payables	(257,122)	–	(257,122)
Other payables	(123,200)	–	(123,200)
Borrowings	(271,000)	–	(271,000)
Convertible bonds	(204,998)	–	(204,998)
Finance lease	(5,819)	–	(5,819)
Total financial liabilities	(862,139)	(141,969)	(1,004,108)
As of 31 March 2016			
Assets as per balance sheet			
Other non-current assets	4,850	–	4,850
Other financial assets	–	175,526	175,526
Trade and other receivables excluding prepayments	475,137	–	475,137
Pledged deposits	9,119	–	9,119
Cash and deposits	193,325	–	193,325
Total financial assets	682,431	175,526	857,957
Liabilities as per balance sheet			
Other financial liabilities	–	(143,119)	(143,119)
Trade payables	(250,240)	–	(250,240)
Other payables	(124,295)	–	(124,295)
Borrowings	(220,140)	–	(220,140)
Convertible bonds	(202,387)	–	(202,387)
Finance lease	(6,473)	–	(6,473)
Total financial liabilities	(803,535)	(143,119)	(946,654)

28. EFFECT OF ADOPTING NEW, REVISED AND AMENDED HKFRS

In the first half of FY2016/17, the Group adopted the following revised and amended standards of HKFRS below, which are relevant to its operations and have an impact on the condensed consolidated financial information:

HKAS 1 (amendment)	Presentation of financial statement – Disclosure initiative
HKAS 16 (amendment) and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation
HKAS 27 (amendment)	Separate financial statements – Equity method in separate financial statements
HKFRS 10 (amendment), HKFRS 12 (amendment) and HKAS 28 (amendment)	Investment entities: applying the consolidation exception
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations
Annual improvements 2014	Annual improvements 2011-2014 reporting cycle

The adoption of such revised and amended standards did not have material impact on the condensed consolidated financial information.

CORPORATE AND SHAREHOLDER INFORMATION

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

CORPORATE INFORMATION

Board of Directors

Executive Directors

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive
Winnie Wing-Yee Wang
Vice-Chairman
Austin Jesse Wang

Non-Executive Directors

Yik-Chun Koo Wang
Honorary Chairman
Peter Kin-Chung Wang
Peter Stuart Allenby Edwards *
Patrick Blackwell Paul *CBE, FCA* *
Michael John Enright *
Joseph Chi-Kwong Yam
GBM, GBS, CBE, JP *
Christopher Dale Pratt *CBE* *

* *Independent Non-Executive Director*

Company Secretary

Lai-Chu Cheng

Auditor

PricewaterhouseCoopers

Registrars and Transfer Offices

Principal Registrar:
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

Registrar in Hong Kong:
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Head Office

12 Science Park East Avenue, 6/F
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel : (852) 2663 6688
Fax : (852) 2897 2054
Website : www.johnsonelectric.com

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Commerzbank AG
Bank of China (Hong Kong) Limited
Mizuho Bank, Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Hang Seng Bank Limited
Citibank, N.A.
JPMorgan Chase Bank, N.A.
BNP Paribas
Standard Chartered Bank

Rating agencies

Moody's Investors Service
Standard & Poor's Ratings Services

LISTING INFORMATION

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited

Stock Code

The Stock Exchange of Hong Kong Limited : 179
Bloomberg : 179:HK
Reuters : 0179.HK

SHAREHOLDERS' CALENDAR

Register of Shareholders

Closure of Register (both dates inclusive)
21 – 23 December 2016 (Wed – Fri)

Dividend (per Share)

Interim Dividend : 16 HK cents
Payable on : 6 January 2017 (Fri)

Johnson Electric Holdings Limited

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